ANTECEDENTS AND CONSEQUENCES OF SERVICE QUALITY IN ONLINE BANKING: A STUDY IN SELECTED CITIES OF KERALA

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INTRODUCTION

Organizations in the move toward new quality concept and customer satisfaction need to assess their service quality. The new concept of quality lays the stress on understanding and study of customer expectations (Parasuraman, Zeithaml, and Berry, 1985)\(^1\). It means that any improvement in service quality should be based on the feedback organizations receive from customers by giving constant attention to customer wishes, and in doing so, they will manage to improve overall organization performance (Madu and Madu, 2002)\(^2\).

Due to the highly diverse and dynamic nature of service environment characterized by a wide range of services offered by a variety of service providers to divergent groups of customers, a fixed set of qualitative standards, like what has been established for manufactured products, could not be set for services. Hence, service quality has an unspecified and complex structure which makes its control and evaluation difficult (Cronin and Taylor, 1992)\(^3\).

Banking industry today is undergoing rapid changes, hence before introduction of a new service, preliminary studies need to be done to see whether


the new service is economically justifiable and corresponds to market demands, if so, how and through which channels the new service can be best offered to customers (Abdollahpour and Kaviani, 2011). Thus, before implementation of new service provision systems in banking, they have to be first acclimatized.

Internet banking as a new channel of service provision gives financial institutes plenty of opportunities to expand their operations. Therefore, these institutes by investing on Electronic-Customer Relationships aim to strengthen their relationship with customer and thereby to secure customer loyalty and retention (Shafer and Byrd, 2000).

NEED FOR THE STUDY

The Internet banking has opened a new avenue to exploit to make a distinction between banks and deliver a superior service compared to competitors. It involves the use of the Internet by consumers to get in touch with their banks and check their accounts and carry out banking transactions. The migration to internet banking has greatly influenced the distribution policies of banks and the mode of interaction with the banking and service experience for consumers. Thus, retention and attraction of consumers are largely determined by the quality of services delivered. There should be consistent enrichment of service quality in online banking especially in the urban areas. Hence, it is essential to study the


customers’ expectation and perception on it. Hence, the present study focuses on this aspect.

**SCOPE OF THE STUDY**

With the introduction of electronic banking, banks are moving their focus of payments from the physical presence of money to the use of electronic money. In this new digital market place, banks and financial institutions are not lagging behind and have started providing services electronically over the internet. This type of services provided by the banks on internet, called e-banking, lower the transaction cost, add value to the banking relationship and empowers customers. In this IT world e-banking is unavoidable one and it provides 24 hours a day, 7 days a week and 365 days a year service to the customer. Today most of the customers of the bank expected such type of e-concept. So, the researcher has to analyze the importance of service quality in e-banking and customer’s satisfaction on e-banking. The study has been approached for the e-services point of view and hence it does not include other aspects like ordinary course of banking business that is accepting deposits and lending loans to the customers.

**Research Gap**

Eventhough, there are so many studies related to the online banking service quality at the national level and state level, there is no exclusive study on the antecedents consequences of the online banking in major cities at Kerala and also linkage between those aspects. The present study has made an attempt to fill up the research gap.

**OBJECTIVES OF THE STUDY**

The objectives of the study is confined to

1. To reveal the profile of the customers; and their online banking behaviour;
2. To examine the antecedents of online banking service quality among the customers;

3. To analyse the customer’s view on service quality of online banking and its linkage with its antecedents;

4. To examine the service quality gap in online banking;

5. To identify the discriminant service quality factors and its antecedents among the customers in private and public sector banks;

6. To explain the various consequences of service quality in online banking and

7. To evaluate the direct and indirect effect of online banking service quality on customer loyalty.

RESEARCH DESIGN

The present study is descriptive in nature since the study describes the characteristics of service quality in banking industry. It is also marked by the prior formulation of specific hypothesis. It is preplanned and structured design. The methods followed to collect the data are well structured questionnaire. Since the study describe the characteristics of customers in banks, their view on the factors leading to choose the bank, determining the perception and estimations on antecedents service quality in online banking, online banking service quality and its consequences, determining the degree of associations between the profile variables and their view on these above said aspects it is descriptive in nature.

Sampling Frame Work of the Study

The applied sampling procedure in the present study is purposive sampling. Initially, ten important cities in Kerala namely Tiruvandram, Quilon, Cochin,
Ernakulam, Idukki, Kozhikodu, Palkad, Guruvayur, Tiruchur and Mangalore have been selected on the basis of the permission granted by the banks managers.

The sample size of the study is determined with the help of pre test conducted at the ten cities. The customer satisfaction on online banking offered by the banks at the ten cities is rated at five point scale in the pilot study. The standard deviation of the customers’ satisfaction is used to determine the sampling size in each city.

**Determination of Sample Size**

The sample size of the study is determined by the given formula

$$n = \left[ \frac{Z\sigma}{D} \right]^2$$

whereas $z - Z$ statistics at 5 per cent level; $\sigma$ - standard deviation of customer satisfaction on online banking at pilot study and $D$-Degree of acceptance. The pilot study was conducted among 20 customers at selected cities.

The total sample size at Tiruvandram and Ernakulam are higher (256 and 276 customers) since its standard deviations are 0.4082 and 0.4241 respectively. The total sample size came to 1618. These are equally divided into private and public sector banks in all ten cities. The allotted sample sizes are distributed among the private and public sector banks in each city at judgment of the researchers. Hence, the applied sampling procedure is the judgment sampling

**Collection of Data**

The primary for the present study is collected with the help of structured questionnaire. The questionnaire was divided into three important parts. The first part of the questionnaire includes the various backgrounds of customers and the online banking behaviour among the customers. The second part of the questionnaire covers the various antecedents of online banking service quality of the customers namely basic, self service technology quality and critical service quality and online banking service quality. The final part of the questionnaire
includes the various consequences of online banking namely customer satisfaction, customer trust, customer relationship management and customer loyalty. The relevant variables of the above said concepts have been drawn from the reviews of previous studies.

A pilot study was conducted among the 20 customers in all ten cities selected for the study (equally from PRSBs and PUSBs). Based on the feedback of from the pilot study, certain modifications, additions and deletions have been carried out. Final questionnaire was prepared to collect the primary data from the customers.

**Response Rate on the Questionnaire**

The questionnaire was sent though the e-mail of the customers. Totally, two attempts have been made to collect the relevant data from the customers. The response rates from the customers in successive two attempts at ten cities are presented.

The response rate on the questionnaire at the I, II and III attempts in PRSBs are 15.08, 16.81 and 16.07 per cent to its total of 809 customers respectively. In the PUSBs, these are 11.62, 14.46 and 14.21 per cent to its total of 809 customers. Hence, the total response rates among the customers in PRSBs and PUSBs are 47.96 and 40.29 per cent to its total respectively. The overall response rate on the questionnaire is 44.13 per cent.

**FRAMEWORK OF ANALYSIS**

In order to analyze the data collected from the customers, the appropriate statistical tools have been selected on the basis of the objectives of the study and the nature of data. The included statistical analyses are given below:
Exploratory Factor Analysis

In the study, factor analysis has been applied to narrate the variables into the important factors in antecedents of online service quality, components of online banking service quality, factors leading to choose the bank.

Confirmatory Factor Analysis (CFA)

In the present study, the CFA has been used to analyze the validity and reliability of variables included in various aspects of service quality in online banking customer satisfaction, customer trust, customer loyalty and antecedents of online banking service quality.

Two Group Discriminant Analysis

In the study, two group discriminant analyses is used to find out important discriminant factors leading to choose the bank, service quality factors in online banking its consequences among customers PRSBs and PUSBs.

Reliability test

In the present study, the Cronbach alpha has been computed to test the reliability of variables in each construct related to antecedents of online service quality in customer satisfaction, customer trust, CRM, customer loyalty.

Multiple Regression Analysis

In the study, the multiple regression analysis has been used to find out the impact of antecedents of online banking service quality on the consequences of online banking service quality.

One way Analysis of Variance

In the study, the one-way analysis of variance has been administered to find
out the association between the profile of customers and their various factors leading to choose the bank, various antecedents of online banking service quality, components of online banking service quality and the various consequences of online banking service quality.

LIMITATIONS OF THE STUDY

The present study is subjected with the following limitations

1. The scope of study is confined to only PRSBs and PUSBs at major ten cities in Kerala;

2. The customers attitude on online banking service quality is only discussed;

3. The descriptive variables in the present study is converted into questionnaire variables with the help of Likert’s five point scale;

4. The linear relationship between the dependent and independent variables are assumed;

5. Even though, the sample size is determined scientifically and the samples are identified purposively with the help of the bank branch managers at PRSBs and PUSBs at 10 major cities in Kerala; and

6. The total study is subjected with the memory bias of the bank customers.

CHAPTERISATION OF THE STUDY

The present study is classified into six important chapters for its neat and clear presentation.

Chapter-I includes the introduction, need for the study, statement of the problem, objectives, methodology, operational definitions of concepts used, framework of analysis, limitations and Chapterisation.

Chapter-II covers the review of previous studies, research gap and proposed research model.
Chapter-III explains the background of the respondents and their e-banking behaviour.

Chapter-IV examines the customers’ perception and expectation on basic, self service technology, and critical service quality in online banking, overall online banking service quality and also the service quality gap, association between the profile of the customers and their service quality gap and the discriminant service quality factors among the customers in private and public sector banks.

Chapter-V discusses the various consequences of the online banking service quality, customers’ satisfaction, customers trust, customer’s relationship management and customer loyalty, the impact of online banking service quality on the various consequences of online banking service quality.

Chapter-VI shows the summary of findings, conclusions, policy implications and scope for future research.

SUMMARY OF FINDINGS

Based on the finding of the study, the following details are drawn.

1. Descriptive Statistics

The number of customers included for the present study is identified as higher in public sector banks than in private sector banks. The important gender among the customers in both private and public sector banks is male customers. The important age group among the customers is 20 to 30 years. The most important age group among the customers in private and public sector is 20 to 30 and 31 to 40 years respectively.

The dominant marital status of the customers is ‘married’ which is commonly seen in private and public sector banks. The important educational qualification of the customers in both groups of banks is degree/diploma. The
important occupational background of the customers is Government employment and housewives. The most important occupation among the customers in private and public sector banks is Government employment.

The important monthly income among the customers is Rs.10001 to 20000 and Rs.20001 to 30000. The most important monthly income among the customers in private and public sector banks is Rs.10001 to 20000. The important family size of the customers is 3 to 4 members and 5 to 6 members. The most important family size among the customers in private and public sector banks is 3 to 4 members.

The important nativity among the customers is semi urban and urban whereas the most important nativity among the customers in private and public sector banks is semi-urban. The important frequency of transaction per month among the customers is 6 to 15 transactions. The most important frequency of transaction per month among the customers in private and public sector banks is 6 to 15 transactions. The important frequency of visit of bank branch in past one month among the customers is 1 to 5 and 6 to 10 times. The most important frequency of visit among the customers in private and public sector banks is 1 to 5 times.

Factors Leading to Select the Bank

The important variables leading to select the bank among the customers in private sector banks is innovative and new technology based services whereas among the customers in public sector banks, it is proximity to work place. The significant difference among the two groups of customers has been noticed in the case of 15 variables out of 17 variables to select the bank.

The important factors leading to select the bank narrated by the factor analysis are basic service, modern service, referrals, personal and popularity which
reveal the findings of Khalfan et al., 2006. The variables included in factor explain it to a reliable extent. The discriminant validity among the factors is also confirmed. The highly viewed factors leading to select the bank by the customers in private and public sector banks is modern service and popularity respectively. Regarding the perception on factors, the significant difference among the two groups of customers have been noticed in the case of modern service, referral and personal which is similar to the findings of Kolodinsky et al., (2004).

The significantly associating profile variables with the view on the factors leading to select the bank are their educational qualification, occupational status, nativity and frequency of visit. The important discriminant factors among the customers in private and public sector banks is modern service which is highly perceived by the customers in private sector banks than by the customers in public sector banks.

The important type of services availed by the customers from the bank is both depository and credit services. The important type of account kept at the bank among the customers is savings account. The important years of using online banking among the customers is 1 to 2 years and less than 1 year. The years of experience in using online banking service among the customers in private sector banks is higher than experience using the customers in public sector banks. The significantly associating profile variables with the years of experience of using online banking are age, educational qualification, monthly income, nativity,


frequency of transaction and frequency of visit, which replicates the findings of Pikkarainen et al., (2004)⁸.

**Online Banking Behaviour among the Customers**

The important purpose of using online banking among the customers in private sector banks is download the previous banking transaction history and online bill payment whereas among the customers in public sector banks, these are inter-account transfer and e-ticket. The significant difference among the two groups of customers has been identified in the case of eight purposes out of 13 purposes.

The important purposes to use online banking narrated by the factor analysis are information, payment, credit and shopping. The included variables in the above said important purposes are explaining it to a reliable extent. There is discriminant validity among the four important purposes. The highly viewed important purposes by the customers in private and public sector banks is shopping regarding the view on important purposes, the significant difference among the two group of customers have been noticed in the case of information, payment and shopping, which is similar to the findings of Karjaluoto et al., (2002)⁹.

The significantly associating profile variables with the view on important purposes among the customers are educational qualification, monthly income, frequency of transaction and years of using online banking. The important

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discriminant purposes among the customers in private and public sector banks is information and shopping which are highly viewed by the customers in private sector banks than by the customers in public sector banks, which is similar to the findings of Ramsay and Smith et al., (1999)\textsuperscript{10}.

**Antecedents of Online Banking Service Quality**

The antecedents of service quality on online banking is measured with the help of basic, self service technology and critical service quality of online banking. The highly expected variable in basic service quality among the customers in private and public sector banks is willingness to help and technical function respectively. Regarding the level of expectation on basic service quality of online banking, the significant difference among the two group of customers have been identified in the case of nine variables out of 16 variables in it which reveals the findings of Kim et al., (2006)\textsuperscript{11}.

The important basic service quality factors identified by the factor analysis are efficiency, privacy, responsiveness, reliability and fulfillment. The included variables in the basic service quality factors explain it to a reliable extent. The discriminant validity among the factors has been confirmed. The highly expected basic service quality factors by the customers in private and public sector banks are reliability and privacy. The significant difference among the two groups of


\textsuperscript{11} Kim, B.M., T.Yilnazer, R., Widdow, (2006), Adoption of internet banking payment choices”, Working Paper, Pindue University, West Lafayette, IN.
customers has been noticed in the level of expectation on efficiency and privacy, which is similar to the findings of Kolodinsky (2004)\textsuperscript{12}.

The highly perceived basic service quality factors by the customers in private and public sector banks are reliability. Regarding the level of perception on basic service quality factors, the significant difference among the two groups of customers has been noticed in efficiency, responsiveness, reliability and fulfillment. The higher basic service quality gap is noticed in the case of privacy and efficiency among the customers in private sector banks whereas in public sector banks, it is identified in the case of privacy and responsiveness. The significant difference among the two group of customers have been noticed in the case of service quality gap on efficiency, privacy, responsiveness and fulfillment, which is similar to the findings of Lee and Lee (2001)\textsuperscript{13}.

The significantly associating profile variables of the customers with their level of service quality gap on basic service quality of online banking are their educational qualification, occupational status, monthly income and frequency of transaction. The important discriminant basic service quality gap among the customers in private and public sector banks is responsiveness and privacy which is higher among the customers in public sector banks than in private sector banks. In total, the level of perception on basic service quality of online banking is higher among the customers in private sector banks than that in public sector banks.


Self Service Technology Quality (SSTQ)

The self service technology quality of online banking has been estimated with the help of nine dimensions namely ease of use, security, informative, accessibility, empathy, updation, interaction, usability and system. The variables used in the above said nine dimension of SSTQ explain it to a reliable extent, which replicates the findings of Liao and Cheung, (2008)\textsuperscript{14}. The discriminant validity among the nine value added service factors are assured.

The highly expected SSTQ factors among the customers in private sector banks are ease of use and system whereas among the customers in public sector banks, it is system and ease of use. Regarding the level of expectation on SSTQ factors, the significant difference among the two groups of customers have been noticed in the case of ease of use, security, informative, accessibility and empathy. The important discriminant expectation of SSTQ factors among the customers in private and public sector banks is empathy and security which is highly expected by the customers in private sector banks than by the customers in public sector banks, which reveals the findings of Ravi et al., (2007)\textsuperscript{15}.

The highly perceived SSTQ factors by the customers in private sector banks is informative and system whereas among the customers in public sector banks, those is empathy and informative. Regarding the level of perception on SSTQ factors, the significant difference among the two groups of customers have been noticed in the case of ease of use, security, informative, accessibility and interaction. The level of perception on SSTQ of online banking is higher among


the customers in private sector banks than in the public sector banks. The important discriminant perceived SSTQ factors among the customers in private and public sector banks is accessibility and empathy which are higher among the customers in private sector banks than the customers in public sector banks, which replicates the findings of Jun and Cai, (2001)\textsuperscript{16}.

The SSTQ gap indicates that the level of perception on it is lesser than the level of expectation among both groups of customers. The higher service quality gap is seen in the case of ease of use and interaction among the customers in private sector banks whereas it is seen in the case of usability and ease of use among the customers in public sector banks. The significantly associating important profile variables with the level of service quality gap of SSTQ are educational qualification, monthly income and years of using online banking.

**Critical Service quality in Online Banking**

The critical service quality of online banking have been examined with the help of five dimensions namely ATM, telephone banking, internet banking, price and product range. The included variables in the above said five dimension of critical service quality of online banking explain it to a reliable extent. The highly expected critical service quality factors by the customers in private and public sector banks are price. Regarding the level of expectation on critical service quality, the significant difference among the two group of customers have been

noticed in the case of ATM, telephone banking, internet banking and product range, which is similar the findings of Bawer et al., (2005)\textsuperscript{17}; and Khurna (2009)\textsuperscript{18}.

The highly perceived critical service quality factors by the customers in private and public sector banks is ATM. Regarding the level of perception, the significant difference among the customers in private and public sector banks have been noticed in the case of ATM, telephone banking, internet banking, price and product range. The important discriminant expected critical service quality factors among the customers in private and public sector banks is product range which is highly expected by the customers in private sector banks than by the customers in public sector banks which is similar the findings of Khan and Mahapatra (2009)\textsuperscript{19}.

The highly perceived critical service quality factors by the customers in private and public sector banks is product range which is highly perceived by the customers in private sector banks. The level of perception on critical service quality factors in online banking are not up to the level of expectation on it among the customers in private and public sector banks. The significant mean differences between the level of expectation and perception have been noticed in all five


critical service quality factors which is similar to the findings of Jayawardhena (2004)\(^\text{20}\).

The significantly associating profile variables with the critical service quality gap among the customers are monthly income and years of using online banking. The levels of perception on critical service quality factors on online banking are higher among the customers in private sector banks than among the customers in public sector banks. In total, the level of perception on online banking service quality is higher among the customers in private sector banks than among the customers in public sector banks, which is similar to the findings of Yiu et al., (2007)\(^\text{21}\).

**Service Quality in Online Banking**

The service quality in online banking is measured with the help of 25 variables. The important components of online banking service quality identified by the factor analysis are website attributes, trust, informative, fulfillment, efficiency, and security which is similar to the findings of Broderick and Vachiraporupuk (2002)\(^\text{22}\), The highly viewed components by customers in PRSBs

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and PUSBs are efficiency and website attributes respectively which recalls the findings of Santos (2003)\textsuperscript{23}.

In total, the service quality in online banking is highly perceived by the customers in PRSBs compared to the customers in PUSBs which is similar to the findings of Siu and Mou, 2005\textsuperscript{24}. The important discriminant component of online banking service quality factor among the customers in PRSBs and PUSBs is efficiency and trust which is similar to the findings of Wang, et al., (2003)\textsuperscript{25}. The significantly influencing antecedents on the level of online banking service quality among the customers are core, self service technology and critical service quality which are similar to the findings of Zavareh, et al., (2012)\textsuperscript{26}.

The important consequences of service quality of online banking have been examined by customers satisfaction, customers trust, customer relationship management and customers loyalty.

**Customer Satisfaction on Online Banking**

The highly viewed variable in customer satisfaction by the customers in private and public sector banks are information characteristics and technological

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characteristics. Regarding the perception on variables in customers’ satisfaction towards online banking, the significant difference among the customers in private and public sector banks have been noticed in all five variables in customers’ satisfaction. The included variables in customers’ satisfaction explain it to a reliable extent. The level of customers’ satisfaction towards online banking is higher among the customers in private sector banks than in public sector banks.

The significantly associating profile variables with the level of customers’ satisfaction on online banking are age, educational qualification, frequency of transaction, frequency of visit and years of using online banking. The significantly and positively influencing online banking service quality on customers satisfaction among the customers in private sector banks are basic, value added and critical service quality. In the case of public sector banks, these are basic and SSTQ. The changes in the perception on various service quality of online banking explain the changes in customers’ satisfaction to a higher extent among the customers in private sector banks than among the customers in the public sector banks which relates the findings of Black et al., (2001)\textsuperscript{27}.

The customers trust on online banking among the customers has been measured with the help of six variables. The highly viewed variable in customers trust among the customers in private and public sector banks is ‘online banking provide update information exactly’ and no manual bias in online banking service respectively. Regarding the perception on variables in customer trust, the significant difference among the two group of customers have been noticed in the case of five variables out of six variables in customers trust. The included variables in customers trust explain it to a reliable extent. The level of customers

trust is highly viewed among the customers in private sector banks than the customers in public sector banks which are similar to the findings of Boateng and Molla (2006)\(^\text{28}\).

The significantly associating profile variables with the level of customers trust among the consumers is age, educational qualification, monthly income, nativity, frequency of transaction, frequency of visit and years of using online banking. The significantly influencing antecedents of service quality of online banking on customers trust towards online banking are basic, self service technology and critical service quality factors among the customers in private sector banks whereas among the customers in public sector banks, these are basic and SSTQ. The changes in the perception on antecedents of service quality of online banking explain the changes in customers trust towards online banking to a higher extent in private sector banks than in public sector banks which recalls the findings of Casalo et al., (2007)\(^\text{29}\).

**Customer Relationship Management**

The customer relationship management (CRM) in commercial banks has been measured with the help of 12 variables. The highly viewed variable in CRM among the customers in private and public sector banks is trust and binding, and inter-personal relationship respectively. Regarding the perception on variables in CRM, the significant difference among the two groups of customers has been identified in the case of 9 variables out of 12 variables in CRM. The included 12


variables in CRM explain it to a reliable extent. The level of customer relationship management is identified as higher among the customers in private sector banks than in public sector banks which is similar to the findings of Eriksson et al. (2005)\(^{30}\).

The significantly associating profile variables of the customers with their view on CRM are age, educational qualification, occupational status, monthly income, and years of using online banking. The significantly influencing service quality of online banking on the view on CRM among the customers in private sector banks are basic, value added and critical service quality factors whereas among the customers in public sector banks, these are basic and SSTQ. The changes in the view on service quality of online banking explain the changes in the view on CRM among the customers to a higher extent in private sector banks than in public sector banks which is similar to the findings of Liao and Cheung (2003)\(^{31}\).

**Customer Loyalty**

The customer loyalty towards the banks has been measured with the help of four variables. The highly viewed variable in customers’ loyalty among the customers in private and public sector banks is ‘increase the frequency of online banking usage’. The significant difference among the customers in private and public sector banks have been noticed in their view on three variables out of four variables in customers’ loyalty. The included four variables in customer loyalty explain it to a reliable extent. The higher customer loyalty is seen among the

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customers in private sector banks than in public sector banks which recall the findings of Singh and Malhotra (2004)\textsuperscript{32}.

The significantly associating profile variables with the level of customer loyalty towards the banks are age, educational qualification, occupational status, monthly income, frequency of transaction and years of using online banking. The significantly influencing service quality of online banking on the customer loyalty among the customers in private sector banks is SSTQ but no service quality of online banking has a significant impact on customer loyalty among the customers in public sector banks which replicate the findings of Suganthi et al., (2001)\textsuperscript{33}.

The result of structural equation modeling reveals that the perception on service quality of online banking has no significant direct impact on customer loyalty towards banks but it has a significant indirect impact on customer loyalty especially through customer satisfaction, customer trust and customer relationship management. All the three mediator variables are having a direct significant impact on customer loyalty. The highly influencing mediator variable is customer trust. The higher total effect is seen in the case of customer satisfaction. Hence, the highly influencing mediator variable among the three variables in between the service quality of online banking and customer loyalty is customer satisfaction which is similar to the findings of Zafar et al., (2011)\textsuperscript{34}.


CONCLUDING REMARKS

The present study concludes that the level of customers’ perception on basic, self service technology and critical service quality of online banking is higher in the private sector than in the public sector. But even in the private sector banks, the level of perception on the service quality of online banking is not up to their level of expectation. The level of customer satisfaction, trust and customers relationship management is identified as higher in private sector banks than in public sector banks. The level of impact of online banking service quality on the three outcome variables is higher in private sector banks than in public sector banks. Even though, the service quality of online banking has a significant impact on all three outcome variables, it has no significant impact on customer loyalty. But it has a significant impact on customer loyalty through all three mediator variables namely customer satisfaction, customer trust and customer relationship management. The powerful mediator variable in between the service quality of online banking and customer loyalty is customers’ satisfaction.