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The Impact of Quality Service Factors on Banking service Sector Case study in Erbil banks

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Abstract :

Electronic Banking became one of the basic subject in the financial service. the privileges the client have it make all traditional client change quickly to this kind of service and in the same time it change the way of doing business.

This research is about quality service and it effects in internet banking. The meaning of these subjects to attention for the future in internet dealing especially between the bank and customers.

We distributing 70 questioners Al Baraka bank and obtain 50 only. The results and findings of this research are analyzed by SPSS to build analysis and draw conclusion. The research findings showed distinctive relation between measuring dimensions and E-Banking.

المستخلص

أصبح المصرفية الإلكترونية واحدة من الموضوع الأساسي في الخدمة المالية. الامتيازات التي يتمتع بها العميل تجعل كل عميل يتغير بسرعة إلى هذا النوع من الخدمة وفي الوقت نفسه يغير طريقة ممارسة الأعمال.

هذا البحث يدور حول جودة الخدمة وتأثيرها في الخدمات المصرفية عبر الإنترنت. معنى هذه المواضيع في الاهتمام بالمستقبل في التعاملات عبر الإنترنت وخاصة بين البنك والعملاء.

نقوم بتوزيع ٧٠ بنك بنك البركة والحصول على ٥٠ فقط. يتم تحليل نتائج ونتائج هذا البحث بواسطة SPSS لبناء التحليل واستخلاص النتائج. أظهرت نتائج البحث وجود علاقة مميزة بين أبعاد القياس والخدمات المصرفية الإلكترونية.

الكلمة الأساسية: الخدمات المصرفية الإلكترونية ، الجودة ، الخدمات عالية الجودة ، الخدمات المصرفية الإلكترونية.

1. Methodology

1.1 Research Problem

Erbil banks adopted E- Banking service since 2000, however, there are obstacles on the adoption and usage of e-banking financial service. So, the reason of this research is to investigate the know the quality service and it impact on customer satisfaction in e- banking
Therefore, the research problem is: what is the impact of quality service on the e-banking service?

1.2 Research Importance

1. To examine the relationship between the quality service and e-banking.
2. To answer research question and test the hypothesis and give conclusion and recommendation.
3. To present a theoretical background of the quality service and e-banking.

1.3 Research Hypothesis

According to the research problem and importance, this study specified the basic hypothesis as below:

H1: the quality service have an importance affect on e-banking.

H2: the Reliability have an importance affect on e-banking.

H3: the Responsiveness have an importance affect on e-banking.

H4: the Communication have an importance affect on e-banking.

H5: the Access have an importance affect on e-banking.

H6: the Security have an importance effect on e-banking.

1.4 Research Methods

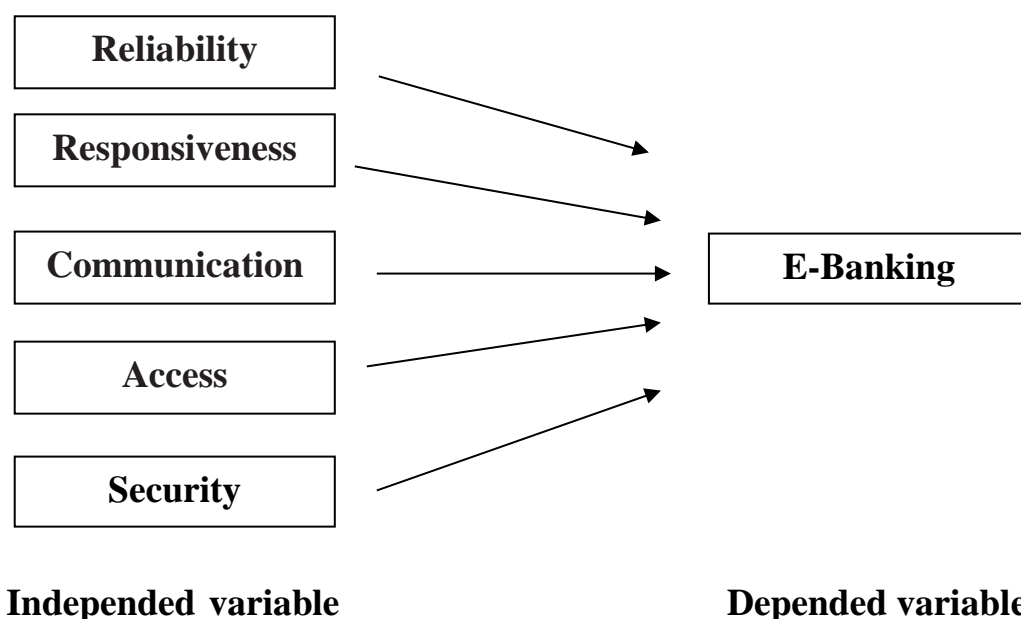
This research uses qualitative approaches on the primary data and the secondary data. The primary data was collected from questionnaire distributed aiming customers of Erbil bank. Only 50 randomly sets of questionnaires from 70 sets that has been distributed are obtained. The secondary data was collected from books, journals and websites.

1.5 Research framework

The researcher selected Erbil Bank and selected customers from this bank. For measuring the quality in e-banking, by the customer in bank:

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2. Review of Related Literatures

2.1 E-banking

2.1.1 Historical of E- Banking

Before 50 years ago many financial service development especial in electronic bank sector. (Devlin ,1995) mention that until the 1970 the function was making in traditional way and that was affect on the competition in domestic market and global market . So, there was totally dependence on local branch to providers of banking service .between 1980 and 1990, service change, whilst during this time, the interest in technology and communications increasingly raise every day.

The Digital world become the best way for making banking services. Its early form of Current e- bank services. However, it not have acceptance from customer, but, with quick changes of other services, banks back again to depend the e-service in their branches. (Berger,2007)

2.1.3 E- Bank definition

E-Banking service is defined as a provision of services, products by electronic channels like electronic payments, and all that making electronically (Yibin,2003). Electronic banking, or electronic funds transfer (EFT), is the new use of electronic service to transmit money or other service from account to another by depend on internet.(Shah & Clarke,2009).

According to (Vyas,2009) E-bank is the e- bank that provides their services for the customer by Internet.

electronic banking as “an umbrella term for the process by which a customer may perform banking transactions electronically without visiting a brick-and-mortar institution”.(Driga &Isak,2014).

2.1.4 The Impression of electronic banking on traditional banking

According to (Yibin,2003), (Cristina & Others ,2001), (Oyewole,2013) the impact of e-bank on the conventional bank as following :

1. E-banking dealings are much inexpensive than traditional transactions. This could make competitive advantage in traditional bank as a comparative disadvantage
2. E-banks are easy in treatment, make new entrants will come and gives consumers more choice to remain loyal.
3. e-service is presented a new transmit canal. So is give the customer a modernistic serving.
4. E-banks make a profitable once easy than traditional bank.
5. E-Banking transaction needs interface for communicate with customer.
6. The electronic devices which perform interact with customers and with other systems is called electronic banking delivery channels.

2.1.5 Types of E-Banking Services

According to (Driga & Isak,2014), (Chovanová,2006), (Wisdom,2012), there are many types of E-bank services :

1. **Home banking:** it allows the customers to have information about personal accounts that make available access to the data, and customer can make a translate from his account to another through telephone call.
2. **PC banking:** it is one of bank service making the client doing there dealing by using program.
3. **E- Banking service:** it is a service make the customer arrival to his information in bank by using his computer.
4. **Mobile banking:** is a device make the finance service available through a mobile, see the figure.

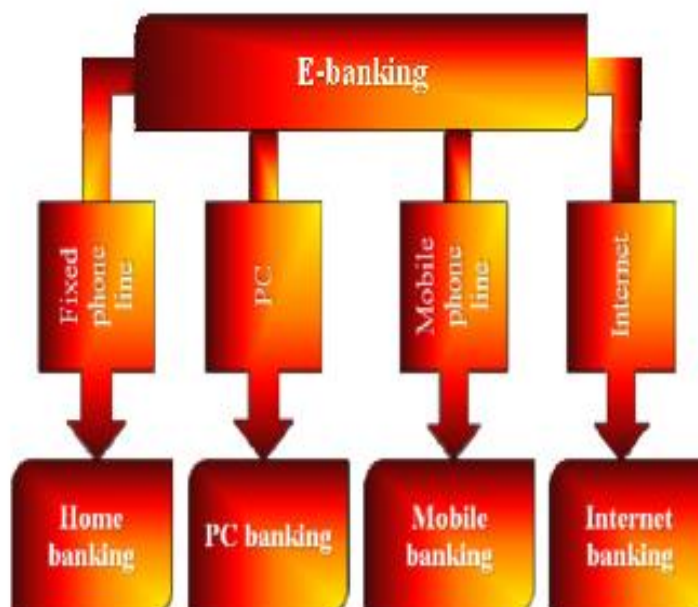


Figure (1) e-banking service

Source: Driga, I., 2014, E-Banking services- features, challenges and benefit, 7.

2.1.6 The services of E-banking

The E- banking give to customer many function and services in bank sector, so these function are: (Hernando & Nieto, 2007)

1. The client can ask about any information in their account, such as the history of their account or the translate in their account.
2. Balance Transfer, the customer can make a transfer to another account in different country.
3. Electronic Funds Transfer, make all transfer process on PC without paper.
4. Reporting about loss the account, the customer can report to the bank missing his account or be stolen.
5. Customer account management, the customer can modify his account by change the password, name of account, depend a new card.

2.1.7 The Various forms of E-Banking

According to (Elavarasi & Surulivel, 2014) there many forms of e-Banking:

1. Automatic Teller Machine (ATM)

An electronic computerized communication gadget that authorize a customers using IT communication to allow to the bank accounts and check their account without the need for a human bank teller.

2. Tele Banking

Telephone Banking is an automated telephone banking service which is convenient and easy to use ,the customers can chosen any

place and time to access to his information and account, through Interactive Voice Response (IVR) system by introducing on-line Tele banking services .the benefit if this service are :

1. Generally access available all time and every day.
2. Review account balances and transactions history.
3. Transmit funds between the linked account.
4. Transfer money for pay by Credit Card account or pay for bank loan.
5. Pay the bills.
6. Organize current and previous statements for, savings or payment.

3. Debit Card

It is a card for "pay now." The transaction by debit card happened directly, it mean the payment go directly to a recipient account.(Hayashi&Others,2003)

4. Smart Card

Smart card is a kid of credit card, with microchip inside it. This microchip have all information about the cardholder account

5. E-cheque

The e-cheque has all capacity and potential of the paper cheque. it using in different payment, such as conditional, loan, governmental, and it includes important fields such as number, coding key, payer's banking details, The way that of the e-cheque work is different from country to another depending on the rules and regulations of each country.

2.2Quatlity Service

2.2.1 Quality Service definition

(Zeithaml & Bitner, 1996) quality service can be defined as judgment from the customer towards the service about acceptance to measure the customer satisfaction.

While (Kumar,2009) said that quality service is not about the services only , but about the product , time ,and the nature of the employees behaviors towards the client , transmission process , opinions about the way that the service is performed.

So, from our opinion the quality service is about the measuring the product or service form the production process to the use it by the customer to see the satisfaction level.

2.2.2 The Characteristics of Quality Service

According to (Davis & Others, 2009), (Newman, 2000) the quality service so importance in institutions as follows:

1. Intangibility is a measure the mixed between the performance and experience
2. Heterogeneity, which means that the quality of the service is different from person to another by performances.
3. Production and consumption, Quality of the service is measuring the service from the production process to the delivery, and the satisfaction from the delivery to the using by customer.
4. Avoidance of "Price" Competition – it depend on the quality service by choosing a strategy enables from competition based on a differentiation.
5. Reduction of Costs, the focus on quality prevents errors and reduce the maintenance and cost.

2.2.3 Factors Related to Service Quality and customers in banks

According to (Zeithaml & Others, 1990), (Ghimire, 2012) and (Qadeer, 2013) these are the factors that affect on service quality in any institutions:

1. Providing a Reliable Service:

The bank has to be honest in dealing with customers because the reliability so important for customer satisfaction.

2. Instilling Confidence in the Customer:

Confidence is the responsibility of the bank employees because the behavior and the gentle handling encourage customers to deal with the bank.

3. Providing Physical Cues (Intangibles):

Service can be tangible cues for example, for example the after-sales service and product guarantee

4. Empathize with the Customer:

Customers should feel that their needs are important to the organization. So one of these attention is making feedback about the customer opinion in a service or product.

5. Responsiveness and Promptness:

The quality service mean that any request from the customer "delivery or complain" must be responded quickly and at a specific time.

2.2.4 The Gap of Quality Service

There are many problem happened when the bank offer some service especially Quality of these services. They are (Cronin & Taylor, 1993), (Sultana & Rana, 2010):

1. **Knowledge Gap:** This gap happened when the management take decisions by depend information not matching the needs and expectations of customers.
2. **Standard Gap:** occur when the services level is mismatching with the customer's expectation.
3. **Delivery Gap:** This gap happens when incompatibility occur between the delivery time and services making.
4. **Internal Communication Gap:** it happens when there is a big difference between the employees who make the product and the delivery time
5. **Perception Gap:** It is the disagreement between the existing service or product and the customer's expectation
6. **Illustration Gap:** it occur when the service mismatch with the promises to customer.
7. **Service Gap:** When the actual services is not match with customer's expectation.

2.2.5 The factors that affect on e- banking service

According to (Camilleri & Others, 2014) the factors that affect on e- banking are:

1. **Reliability:** capability to implement the service with high perform and high accurately.
2. **Responsiveness:** providing service and handling with troubles in time.
3. **Communication:** the electronic and traditional communication should be clear for the customer and featuring high accuracy and reliability.
4. **Access:** it mean the easy access to the bank and financial information by the customers.
5. **Security:** it associated with safety process of transactions and preventing any unauthorized access from unknown source to bank accounts and personal information.

3. Empirical Study

3.1 Data Collection and Analysis

Table (1) Demographical Data

Factors	Factors	Percentage
Gender	Male	60%
	Female	40%
Age	Below 25	20%
	26 – 35	60%
	36-46	15%
	Above 46	5%
Education	Diploma	11%
	Bachelor Degree	85%
	Master Degree	4%
	Doctorate Degree	0

Source: created by Researchers.

3.2 Multiple Regressions:

These researches summarize the regression analysis results in table 4 as below:

Table (2) Regression Analysis Result

R Square	0.612
Significant value	0.041

Source: by Researchers.

For checking the dependency of e-banking services on insight, multiple regression analysis was done. R^2 are .612 this mean this rate (61%) of the difference factors can be indispensable. The significant value is 0.041. so the first hypothesis is supported. It means 61% change occurring in dependent variable due to independent variable.

Table (3) Correlation Analysis Result

In depended Variable	Measuring Factors
Dependent	
E-Banking	0.501*

*p < (0.05)

N=100

For checking the dependency of quality service on perception, multiple regression analysis was done. R^s are .0.501 this mean this rate (50%) of the difference factors can be indispensable.

Table (4) Coefficients (a)

Standardized coefficient	Beta	P
Reliability	0.288	.048*
Responsiveness	0.175	.033*
Communication	0.013	.055N.S
Access	0.344	.038*
Security	0.223	0.39*

*P<0.05

N.S= Not Significant

Source: created by Researchers

Dependent Variable:

Indicates the Reliability is indispensable and positive, that mean hypothesis 2 is acceptable. Indicates the Responsiveness is indispensable and positive, that mean hypothesis 3 is acceptable. Indicates the Access is not indispensable and negative, that mean hypothesis 4 is not acceptable. Indicates the Communication is indispensable and positive, that mean hypothesis 5 is acceptable. Indicates the Security is indispensable and positive, that mean hypothesis 2 is acceptable.

4. Conclusion and Recommendation

4.1 Conclusion

1. The bank have a positive situation in commutation and security in the service that offer to the customers.
2. The bank have a weak quality when it relate on dealing with customers in access or respond to them.
3. The banks focus in the inside environment and make sure every service done smoothly without interesting in the customers opinions.
4. From the result we note there are strong relationship between the quality service and e-banking.

4.2 Recommendation

1. The bank should focus on customers opinion about the service that bank offer it to them.
2. The bank must make a good relationship between the employee and customer to increase the trust between them.
3. The bank must use easy applications to make the access to the information easy by the customers.

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