THE QUALITY OF SELF SERVICE TECHNOLOGY ON CUSTOMER LOYALTY IN BANKING SECTOR

JESNI RAJENDRAN

DEPARTMENT OF MANAGEMENT

FACULTY OF COMMERCE AND MANAGEMENT

EASTERN UNIVERSITY, SRI LANKA

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ABSTRACT

In Sri Lanka banking industry, application of self-service technology is growing rapidly with the advent of new technology. Self-service technologies deliver services via ATM, SMS banking, Internet banking, and Telephone banking facilities. Banks seek to improve the range of self-service facilities in order to attract customers to avail banking services and also they need to give high attention to customer loyalty factors due to the high competition within banking industry. The aim of this study is to explore the quality of self-service technology and its effect on customer satisfaction and customer loyalty. An empirical gap has been observed regarding the quality of self-service technologies on customer loyalty in the banking sector. Based on the literature review, the most frequently used dimensions were chosen for this study namely; reliability, security, efficiency, ease of use, convenience and those date collected through a structured questionnaire. This study surveyed 300 customers from six dominating commercial banks located in Batticaloa. The collected data were analyzed using descriptive statistics, correlation and regression analysis in order to find the results of study objectives. Based on the results of the study, it concludes that both banking self-service technology quality and customer satisfaction are at high level among selected bank customers. But the customer loyalty is at moderate level. The result also revealed that there is strong positive relationship between self-service technology quality, customer satisfaction and customer loyalty. Self-service technology quality has an impact on customer loyalty and customer satisfaction mediates the partial relationship between self-service technology quality and customer loyalty. Moreover, results indicated all the dimensions have positively impact on customer loyalty. On the other hand, customer loyalty was largely influenced by the predictors of ease of use, efficiency, and security.

Key words: Self-service technology quality, customer loyalty, customer satisfaction.

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