SERVICE QUALITY, CUSTOMER VALUE, SATISFACTION AND LOYALTY IN AN INTERNET BANKING ENVIRONMENT

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ABSTRACT
Recent advancements in technology-based systems, especially the Internet and World Wide Web has resulted in a mind shift regarding the interaction between banks and customers. These have compelled banks to use alternative delivery channels such as electronic banking to attract more customers, create value for customers, enhance customer satisfaction and ultimately obtain customer loyalty. Within the South African context, a gap in research was identified that dealt with the conceptualisation and measurement service quality, customer value, satisfaction and loyalty in an Internet banking environment. The purpose of this study was to establish the causal relationships amongst the constructs of Internet banking service quality, customer value, satisfaction and loyalty. The Internet Banking Service Quality (IBSQ) questionnaire was used to collect data from 310 Internet banking customers. Exploratory factor analysis was used to identify the underlying dimensions of the IBSQ. Correlation analysis was conducted to establish the linear association amongst the constructs. Following this, a regression analysis was conducted to further examine the causal relationships amongst the said constructs. The results revealed that Internet banking service quality does translate into customer value, enhance customer satisfaction and foster customer loyalty. In turn, customer satisfaction was found to be a predictor of customer loyalty. However, the influence of customer value was limited only in influencing customer satisfaction – not directly on customer loyalty. Future studies could incorporate and test a model incorporating other variables such as corporate image, reputation and company trust in influencing customer loyalty.

Field of Research: Internet banking service quality, customer value, satisfaction, loyalty.

1. Introduction
In the last few decades, a number of interrelated socio-economic and technological trends have led to the emergence and continuous growth of electronic forms of service. Electronic services, also known as high-technology services, can be defined as knowledge intensive services or composite service offers, interactively co-produced by the customer, through or with the help of electronic communication media (Akinyele and Olorunleke, 2010). Santos (2003) asserts that electronic service has been recognised increasingly by both researchers and practitioners as one of the key drivers of success in e-commerce. Similarly, Lovelock and Wright (1999) observe that there is an industry-wide shift from high-contact bank branches to low-contact banking such as telephone and ATM banking. This shift, which emanates from the differences between online and offline service settings, has serious implications on what to consider regarding the measurement of service quality. Ladhari (2010) points out certain significant differences in which online service settings differ from traditional service settings. The first difference is convenience and efficiency. Consumers using the
online environment have the convenience of saving time and effort in comparing the prices (and some technical features) of products more efficiently. The second difference is safety and confidentiality; participation in the online environment involves users in distinctive issues regarding privacy, safety, and confidentiality. The third difference is the absence of face-to-face contact. Customers in the online environment interact with a technical interface (Fassnacht and Koese, 2006). The absence of person-to-person interaction means that the traditional concepts and ways of measuring service quality, which emphasise the personal interaction of the conventional service encounter, are inadequate when applied to electronic service quality (Bressolles and Durrieu, 2010). The fourth difference lies in the co-production of service quality. Customers in the online environment play a more prominent role in co-producing the delivered service than is the case in the traditional retail context (Fassnacht and Koese, 2006).

Research into traditional service quality has been popular over the past few decades. However, Parasuraman, Zeithaml and Berry (2005) indicate that only a limited number of scholarly articles deal directly with how customers assess in an electronic/online environment and its antecedents and consequences. Furthermore, Parasuraman et al. (2005) opine that studying electronic service quality requires scale development that extends beyond merely adapting offline scales. Cronin, Brady and Hult (2000) indicate that while the study of service quality, service value and satisfaction issues have dominated the service literature, there has been little uniformity concerning which of the three variables influence customers’ behavioural intentions. This paper intends to contribute to this body of knowledge by establishing the causal inter-relationship amongst service quality, customer value, satisfaction and loyalty in an online environment (Internet banking environment) in an emerging economy, South Africa.

2. Literature review
2.1 Internet banking service quality

The terms Internet banking, e-banking or online banking are often used to describe online technology-driven electronic offerings of services. Electronic banking is a generic term used to describe the process by which a customer may perform banking transactions electronically without visiting a banking institution (Ombati, Mangatu, Nyamwange and Nyaoa, 2010). Similarly, Sayar and Wolfe (2007) describe Internet banking from a customer’s perspective as conducting transactions on the Internet. Internet banking in this study is defined as an Internet portal through which customers can use different kinds of banking services, ranging from bill payment to making investments (Pikkarainen, Pikkarainen, Karjaluoto and Pahnila, 2004). It involves the provision of services such as accessing accounts, transferring funds, and buying financial products or services online. Therefore, banks’ websites that offer only information on their pages, without the possibility of making any transactions, are excluded as online banking services for the purpose of this study.

Developed from Internet marketing and the traditional service quality literature, the concept of service quality in e-commerce (e-service quality) can be described as the consumers’ overall evaluation and judgement of the excellence and quality of e-service offerings in the virtual marketplace (Santos, 2003). Similarly, Parasuraman et al. (2005) define electronic service quality as the extent to which a website facilitates efficient and effective shopping, purchasing and delivery. This definition makes it clear that the concept of electronic service quality extends from the pre-purchase phase (ease of use, product information, ordering information, and personal information protection) to the post-purchase phase (delivery, customer support, fulfilment, and return policy). Internet banking service quality, in this study, is defined as the customers’ overall evaluation and judgement of excellence and quality of Internet banking service offerings.
2.2 Customer value
Any attempt by an organisation in providing quality service is to create value for customers so it can enable them to remain competitive and profitable in the long-run. Services are economic activities that create value and provide benefits for customers at specific times and places, as a result of bringing about the desired change on behalf of recipient of the service (Lovelock and Wright, 1999). The core of this definition lies in the fact services are rendered to create value and provide benefits for customers. Zeithaml (1988) defines customer value as “the consumer’s overall assessment of the utility of a product based on perceptions of what is received and what is given”. In this context value, therefore, is a trade-off between what the customer received such as quality, benefits, worth or utilities and what the customer gave up to acquire and use the product for example price or any other sacrifice. Value is the customer’s perception of the balance between the benefits received and sacrifices made to experience those benefits.

2.3 Satisfaction
The relevance of satisfaction in financial services has been widely investigated and assessed over the years (Arbore and Busacca, 2009). Following an increase in positive evidence, the focus on customer satisfaction has become a primary goal, especially in the retail banking industry. A full understanding of its antecedents has therefore become a critical issue for both researchers and practitioners of service marketing. Although varieties of alternative definitions exist, the most popular definition of customer satisfaction/dissatisfaction is that it is a comparison of customer expectations regarding the actual service encounter. Bloemer and DeRuyter (1998) define satisfaction as “the outcome of the subjective evaluation that the chosen alternative meets or exceeds expectations”. The basis of this definition stems from the disconfirmation paradigm as a post-purchase evaluation (Torres, Summers and Belleau, 2001). Szwarc (2005) is of the view that customer satisfaction is how customers view an organisation’s product or services in light of their experiences with that organisation, as well as by comparison with what they have heard or seen about other companies that provide similar products and services.

Customer satisfaction research has developed around two types of evaluation, namely transaction-specific satisfaction and cumulative satisfaction (Johnson, Gustafsson, Andreassen, Lervik and Cha, 2001; Kuo, Wu and Deng, 2009; Zeithaml, Bitner and Gremler, 2009). Zeithaml et al. (2009) highlight the fact that customers may have perceptions of satisfaction based on single, transaction-specific encounters as well as overall perceptions based on all their experiences. In the case of the transaction-specific approach, a bank customer, for instance, will have a perception of how the customer was treated in a particular encounter with an employee at a branch and will form a perception of that particular transaction based on elements of the service experienced during that specific transaction (Zeithaml et al., 2009).

From a cumulative perspective, satisfaction is described as customers’ overall experience with the service provider after a series of service encounters (Johnson et al., 2001). A majority of past studies on satisfaction view the construct from a cumulative perspective (Ganguli and Roy, 2010). In a cumulative approach, the same customer will have global perceptions of the bank based on all his/her encounters over a period of time. The experiences might include multiple in-person encounters at the bank branch, online banking experiences and experiences using the bank’s ATMs across different cities. Even at a macro level, the customer may have perceptions of banking services or the whole banking industry as a result of all the customer’s experiences with banks and everything the customer knows about banking (Zeithaml et al., 2009).

2.4 Loyalty
Loyalty is defined as “a consumer’s inclination to patronise a given firm or chain of firms over time” (Knox and Denison, 2000). According to this definition, loyalty is seen as a long-term feeling of...
attachment to a supplier of service or product, and is thought to occur when buyers are satisfied and have an investment in a relationship with a supplier, which is too great to sacrifice for a cheaper or lower-quality alternative. There is also evidence that people do become loyal at the point of purchase and return to buy from the same supplier (Young, 2005). Loyalty is also viewed as a primary determinant of profit and growth because loyal buyers produce greater cash flow, cost less to service and spread positive word-of-mouth recommendations (Young, 2005). According to Harris and Goode (2004), loyal customers buy more, are willing to spend more, are easier to reach, and act as enthusiastic advocates for organisations. The authors further state that, given the prevalent acceptance of the link between loyalty and performance, it is perhaps not surprising to find that customer loyalty for ‘brick-and-mortar’ firms has been linked to antecedent factors ranging from customer relationship and service reliability to service attribute.

Taking into account the foregoing discussion, the purpose of this study was to establish the causal relationships amongst the constructs of Internet banking service quality, customer value, satisfaction and loyalty in South Africa.

3. Conceptual research framework

The research model proposed by Cronin et al. (2000) is followed in this study. It is been adapted to suit the online environment (Internet banking). The Cronin et al. (2000) model conceptualises and empirically tests the effects of quality, satisfaction and value on consumers’ behavioural intentions (loyalty) in multiple service industries. The study empirically tests the simultaneous direct and indirect effect of service quality, customer value, satisfaction on customer loyalty. Based on this conceptual framework and the objective of this study, the following alternative hypotheses are formulated:

- \( H_1: \) Internet banking service quality has significant and positive influence on customer value.
- \( H_2: \) Internet banking service quality has significant and positive influence on satisfaction.
- \( H_3: \) Internet banking service quality has significant and positive influence on loyalty.
- \( H_4: \) Customer value has significant and positive influence on satisfaction.
- \( H_5: \) Customer value has significant and positive influence on loyalty.
- \( H_6: \) Satisfaction has significant and positive influence on loyalty.

4. Research methodology

The study employed both qualitative and quantitative methods (Churchill, 1979; Parasuraman, Zeithaml and Berry, 1988; Ho and Lin, 2010). Following a critical study of the extant literature and initial generation of a pool of items, focus group interviews and in-depth interviews were conducted with Internet banking users to generate original items and descriptions of what constitutes service quality of Internet banking, customer value, satisfaction and loyalty in a South African context. The second phase employed a quantitative approach, which involved the use of a questionnaire to collect data, and refine and validate of the scale through various interactive statistical applications. The study was conducted in Southern Gauteng, South Africa in 2015.

Since a sampling frame could not be obtained from the bank for security and privacy reasons, a probability sampling could not be used in this study. Therefore, snowball and convenience sampling, both non-probability techniques were applied to conduct the study. A total of 310 Internet banking customers participated in the study. This figure is consistent with similar studies conducted on Internet banking services using a non-probability sampling technique (Santos, 2003; Hu and Liao, 2011; Ariff et al., 2012). The questionnaire was pre-tested to check whether any changes were required. Furthermore, the questionnaire was pilot tested to establish the initial reliability of the
scales before it was administered in the main study. A mall-intercept and Survey Monkey were used to collect data from respondents. The transcripts of focus group and in-depth interviews were analysed using the Atlas.ti software package. The statistical programs IBM SPSS version 22 for Microsoft Windows was used to perform analysis for the quantitative data.

5. Findings and discussion

5.1 Sample description

The demographic data revealed that out of the 310 respondents, 53% (n=163) were male and 47% (n=144) were female. The majority of the respondents were aged 25-34 (34%) followed by age cohort 35-44 (33%) and age cohort 45-54 (13%). The youngest age cohort (18-25) and the oldest age cohort (54-64) were in the minority representing 8 and 12% of the respondents respectively. Forty three percent of the respondents had either diplomas or degrees and 44% had post-graduate qualifications (honours, Masters or PhDs). The remaining 12% had either matric or certificates. The majority (31%; n=95) of the respondents earned an annual income in the category R250 001 to R350 000, followed by 29% (n=89), R350 001 to R450 000, and 15% (n=46) in the R450 001 to R550 000 category. The majority (66%) of the respondents indicated that they use Internet banking for most of their banking needs suggesting that they had adequate knowledge and experience of the service provided. In terms of how long the respondents had been using Internet banking, 65% (n=199) of the respondents indicated that they had been using Internet banking for more than three years, indicating a solid experience of usage of the service.

5.2 Factor analysis

Factor analysis was conducted for item reduction and data purification before the variables were entered in the regression model. The dataset was first assessed for its suitability for factor analysis using sample size determination, the Kaiser-Meyer-Olkin (KMO) and the Bartlett’s test of sphericity. In terms of sample size, it is recommended that the size should be more than 150 and there should be ratio of at least five cases per variable (Pallant, 2013). In this study, the sample (310) yielded a ratio of ten cases for each variable. As indicated earlier, this figure is consistent with similar studies conducted that used non-probability sampling technique. The Internet banking service quality comprised eight composite factors, namely reliability, system availability, privacy and security, website aesthetics, ease of use, functionality, efficiency, and contact and responsiveness. Eight of the factors accounted for approximately 79 percent of the variance. The Cronbach alpha reliability for each factor was above 0.8 portraying very good reliability (Hair, Black, Babin and Anderson, 2010). The cumulative variance for customer value, satisfaction and loyalty were approximately 67 percent, 74 percent and 63 percent respectively. The Cronbach alpha reliability for these three constructs also portrayed very good reliability. Most factor loadings of the items had absolute value scores >0.5 indicating convergent validity. Furthermore, the average inter-item correlation fell between 0.15 and 0.50 supporting discriminant validity (Clark and Watson, 1995).

5.3 Correlation analysis

Correlation analysis was conducted to examine the relationship amongst four of the constructs, namely Internet banking service quality, customer value, satisfaction and loyalty. A two-tailed significance level is assumed at the cut of level p<0.1. On inspection of each pair of correlation, the Pearson’s correlation coefficient at p<0.01 level of significance, indicate a positive linear association between each of the dimensions, and the four constructs suggesting nomological validity (Hair et al., 2010). The Pearson’s correlation coefficient (r) was used to analyse the bivariate relationship between the eight dimensions that explained IBSQ, customer value, satisfaction and loyalty. In assessing the size of the correlation coefficients, Cohen’s d-measure of effect sizes was used to measure the importance of an effect. A value ranging from 0.10 to 0.29 denotes a weak relationship, values between 0.30 and 0.49 represent a medium relationship and a value of 0.50 to 1.00 indicates a strong relationship between the variables (Pallant, 2013). The Pearson’s correlation coefficient between each of the eight dimensions and EBSQ was above 0.6 at p<0.01 level of significance.
showing practical significance. Similarly, the Pearson’s correlation coefficient among the four constructs, namely Internet banking service quality, customer value, satisfaction and loyalty, also revealed practical significance.

5.3 Regression analysis and hypothesis testing
Stepwise regression analysis was used to determine the causal relationship amongst the four constructs, namely Internet banking service quality, customer value, satisfaction and loyalty. In the first scenario, the influence of service quality on customer value is assessed; second scenario the influence of service quality and customer value on satisfaction and the third scenario the influence of service quality, customer value and satisfaction on loyalty.

5.3.1 Service quality influence on customer value
The regression analysis between Internet banking service quality (independent variable) and customer value (dependent variable) indicated by the adjusted $R^2 = 0.257$ suggest that Internet banking service quality explained about 26 percent of the variance on customer value. The ANOVA results, $(F = 107.955, p<.000)$ of this particular relationship indicated the appropriateness of the model and significance of the regression. Furthermore the Beta coefficient of 0.509 suggested a strong positive influence of Internet banking service quality on customer value. That is, quality Internet banking service does in deed create value for customers. Therefore, $H_1$ is accepted.

5.3.2 Service quality and customer value influence on satisfaction
A stepwise regression analysis was conducted to examine the impact of two independent variables named Internet banking service quality and customer value (entered as predictors/ independents) on customer satisfaction (entered as dependent). Table 2 illustrates the results of stepwise regression model. The results indicate both variables (service quality and satisfaction) have significant influence on customer satisfaction. About 92 percent ($R^2=0.922$) in customer satisfaction was accounted for by a model containing both variables. As illustrated on Table 1, customer value alone accounted for 90 percent of the variability while Internet banking service quality accounted for only three percent ($R^2 = 0.026$) on customer satisfaction.

| Table 1: Model summary (Dependent variable: Satisfaction) |
| Model Summary |
| Mode | R | R Square | Adjusted R Square | Std. Error of the Estimate | R Square Change | F Change | df1 | df2 | Sig. F Change | Durbin-Watson |
| 1 | .947 | .896 | .896 | .176005 | .896 | 2660.13 | 1 | 30 | .000 |
| 2 | .960 | .922 | .922 | .152693 | .026 | 102.225 | 1 | 30 | .000 | 1.546 |

a. Predictors: (Constant), CV_tot; b. Predictors: (Constant), CV_tot, Quality; c. Dependent Variable: Satisfaction

Table 2 reflects on the ANOVA results of the stepwise regression model. The model containing both customer value and service quality indicated significant regression. It demonstrated a predictive strength $(F = 1818.307, p<.000)$ of the model suggesting the appropriateness of the model in explaining customer satisfaction in an Internet banking environment.
Table 2: ANOVA (Dependent variable: Customer satisfaction)

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Regression</td>
<td>82.405</td>
<td>1</td>
<td>82.405</td>
<td>2660.130</td>
<td>.000b</td>
</tr>
<tr>
<td>Residual</td>
<td>9.541</td>
<td>308</td>
<td>.031</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>91.946</td>
<td>309</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Regression</td>
<td>84.788</td>
<td>2</td>
<td>42.394</td>
<td>1818.307</td>
<td>.000c</td>
</tr>
<tr>
<td>Residual</td>
<td>7.158</td>
<td>307</td>
<td>.023</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>91.946</td>
<td>309</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Satisfaction; b. Predictors: (Constant), CV_tot; c. Predictors: (Constant), CV_tot, Quality

Table 3 reflects on the Beta coefficients of the stepwise model. The Standardised Beta Coefficients indicated how and to what extent both customer value and service quality influence customer satisfaction. The Beta coefficients indicate that both customer value and service quality have significant and positive influence on customer satisfaction in an Internet banking environment. In addition, the results suggest that customer value has stronger influence (Beta = 0.851, t = 46.007, p<0.000) on customer satisfaction than service quality does in Internet banking (Beta = 0.187, t = 10.111, p<0.000). Therefore, H2 and H4 are accepted.

Table 3: Beta Coefficients (Dependent variable: Customer satisfaction)

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>Correlations</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td>t</td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>.788</td>
<td>.083</td>
<td>9.528</td>
<td>.00</td>
</tr>
<tr>
<td>CV_tot</td>
<td>.847</td>
<td>.016</td>
<td>.947</td>
<td>51.57</td>
</tr>
<tr>
<td>2 (Constant)</td>
<td>.201</td>
<td>.092</td>
<td>2.179</td>
<td>.03</td>
</tr>
<tr>
<td>CV_tot</td>
<td>.762</td>
<td>.017</td>
<td>.851</td>
<td>46.00</td>
</tr>
<tr>
<td>Quality</td>
<td>.207</td>
<td>.021</td>
<td>.187</td>
<td>10.11</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Satisfaction
5.3.3 Service quality, customer value and satisfaction influence on customer loyalty

A stepwise regression analysis was conducted to determine the impact of three independent variables named Internet banking service quality, customer value and satisfaction (entered as predictors/independents) on customer loyalty (entered as dependent). Table 4 reports the results of stepwise regression model indicates about 35 percent (adjusted $R^2=0.35$) in Internet banking loyalty was explained by a model containing Internet banking only Internet banking service quality and satisfaction. Customer value was excluded from the model automatically, because it was found not to be a predictor of customer loyalty. As illustrated on Table 4, customer satisfaction alone accounted for 29 percent of the variability while Internet banking service quality accounted for only five percent (R Square Change = 0.054) on customer loyalty.

Table 4: Model summary (Dependent variable: Customer loyalty)

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>$R^2$</th>
<th>Adjusted $R^2$</th>
<th>Std. Error of the Estimate</th>
<th>Change Statistics</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>.544a</td>
<td>0.296</td>
<td>0.294</td>
<td>0.534551</td>
<td>0.296</td>
<td>129.734</td>
</tr>
<tr>
<td>2</td>
<td>.592b</td>
<td>0.351</td>
<td>0.347</td>
<td>0.514318</td>
<td>0.054</td>
<td>25.709</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Satisfaction; b. Predictors: (Constant), Satisfaction, Quality; c. Dependent Variable: Loyalty

Table 5 reflects on the ANOVA results of the stepwise regression model. The model containing both Internet banking service quality and satisfaction without the inclusion of customer value indicated significant regression. It demonstrated a predictive strength ($F = 82.925$, $p<.000$) of the model suggesting the appropriateness of the model in explaining customer loyalty in an Internet banking environment.

Table 5: ANOVA (Dependent variable: Customer loyalty)

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>$F$</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>37.071</td>
<td>1</td>
<td>37.071</td>
<td>129.734</td>
</tr>
<tr>
<td>Residual</td>
<td>88.009</td>
<td>308</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>125.080</td>
<td>309</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Regression</td>
<td>43.871</td>
<td>2</td>
<td>21.936</td>
<td>82.925</td>
</tr>
<tr>
<td>Residual</td>
<td>81.209</td>
<td>307</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>125.080</td>
<td>309</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Loyalty; b. Predictors: (Constant), Satisfaction; c. Predictors: (Constant), Satisfaction, Quality
Table 6 reflects on the Beta coefficients of the stepwise model. The Standardised Beta Coefficients indicated to what extent and how both Internet banking service quality, and satisfaction influence customer loyalty. Customer value was found not to have influence on customer loyalty and was therefore automatically excluded from the model as indicated previously. The Beta coefficients indicate that both service quality and satisfaction have significant and positive influence on customer loyalty in an Internet banking environment. Furthermore, the results suggest that customer satisfaction has stronger influence (Beta = 0.360, t = 6.133, p<0.000) on customer loyalty than does service quality (Beta = .297, t = 5.070, p<0.000). Accordingly, H₃ and H₆ are accepted whilst H₅ is rejected.

Table 6: Beta Coefficients (Dependent variable: Customer loyalty)

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
<th>Zero order</th>
<th>Partial</th>
<th>Par t</th>
<th>Tolerance</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>1.610</td>
<td>.282</td>
<td>5.719</td>
<td>.00</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Satisfa ction</td>
<td>.635</td>
<td>.056</td>
<td>.544</td>
<td>11.390</td>
<td>.000</td>
<td>.544</td>
<td>.544</td>
<td>1.00</td>
</tr>
<tr>
<td>2</td>
<td>(Constant)</td>
<td>.813</td>
<td>.313</td>
<td>2.597</td>
<td>.010</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Satisfac tion</td>
<td>.420</td>
<td>.068</td>
<td>.360</td>
<td>6.133</td>
<td>.000</td>
<td>.544</td>
<td>.330</td>
<td>.28</td>
</tr>
<tr>
<td></td>
<td>Quality</td>
<td>.385</td>
<td>.076</td>
<td>.297</td>
<td>5.070</td>
<td>.000</td>
<td>.521</td>
<td>.278</td>
<td>.23</td>
</tr>
</tbody>
</table>

6. Discussion

A significant number of conceptual studies have been documented on the relationship between service quality and customer value (Zeithaml, 1988; Bolton and Drew, 1991; Gale, 1994). The results of this study indicated that Internet banking service quality does in deed create value for customers supporting previous empirical research conducted in other service industries (Hrtline and Jones, 1996; Cronin et al., 2000). Internet banking service quality was also found to be a predictor of customer satisfaction (Patterson and Spreng, 1997; Oliver, 1999; Garbarino and Johnson, 1999; Ishaq, 2012), and customer loyalty (Naeem and Arif, 2011; Ishaq, 2012) corroborating previous empirical research.

However, the influence of customer value was limited only in influencing customer satisfaction. A direct influence of customer value on customer loyalty could not be established in this study. The influence of customer value on customer loyalty was mediated via satisfaction because customer satisfaction was found to have significant influence on customer loyalty (Patterson and Spreng, 1997; Cronin et al., 2000), which in turn is influenced by customer value. Thus, customer value could only influence customer loyalty indirectly consistent with the findings of Patterson and Spreng.
(1997). The importance of a loyal customer cannot be overemphasised. Literature suggests that increasing customer retention, or lowering the rate of customer defection, is fundamental in creating sustainable profit for organisations (Zeithaml, Berry and Parasuraman, 1996). A number of benefits are associated with having loyal customers such as lower marketing and sales costs, lower transaction cost, increased in sales, positive word of mouth, increased repurchases.

6. Conclusion and recommendations
The purpose of this study was to establish the causal relationships amongst the constructs of Internet banking service quality, customer value, satisfaction and loyalty in South Africa. The analysis of the stepwise regression models suggest that there exist significant and positive association amongst most of these variables in an Internet banking environment as do in other service industries supporting and contributing to extant literature. The results of this study also provide important implications for marketing practitioners in understanding today’s sophisticated and service savvy consumers. The results indicated that Internet banking service quality does translate into customer value, enhance customer satisfaction and foster customer loyalty. In turn, customer satisfaction was found to be a predictor of customer loyalty. However, the influence of customer value was limited only in influencing customer satisfaction – not directly on customer loyalty. Marketing practitioners in the banking industry need to take note of the intricate causal relationships amongst these variables so they can accrue the benefits of having loyal customers. Future studies could incorporate and test a model incorporating other variables such as corporate image, reputation and company trust in influencing customer loyalty.

References


