
CHAPTER 1

INTRODUCTION

Globally, the banking witnessed a rapid advancement in digital technology, intensifying the digital transformation process and necessitating the development of new technologies or adjustment to current business models (Kaur and Rani, 2024). India's economic growth potential highly depends on banking industry which has undergone tremendous change with the growth of information technology that led to the emergence of e-banking. India has positioned itself as one of the top economies in the developing nations due to its tremendous scientific and technological advancements and its potential for economic growth through technological advancement (Lema et al., 2021; Ghobakhloo and Iranmanesh, 2021). Every nation's economic development is significantly impacted by a healthy banking sector. It is crucial for the development of nation's economy as banks channelise the fund of the society.

Digital technology is employed by banks to provide a range of financial solutions, including online payments, equity and crowd fund raising, peer-to-peer lending, insurance and personal financial management. Financial technologies are changing the whole financial market trading, supervisory and regulatory processes, make financial services more convenient for retail customers (Sathiyavani and Shivani, 2018). The government has to strive for financial inclusion by way of digital payment as a result of digitalisation, banking services are exemplified by the Digital India Program (DIP) (Barik and Sharma, 2019). The access to digital payment platforms grew dramatically as a result of the demonetisation campaign in 2016. This move towards cashless economy improved transparency and formalised the economy while making banking more convenient for individuals and businesses (Mukhopadhyay and Upadhyay, 2022). In 2026-27, the digital payment volume will quadruple and is expected to reach 411 billion digital transactions (Statista, 2025; PwC, 2022).

Today, the number of e-service users tremendously increasing, due to facilitation by anywhere anytime banking transaction with minimum cost and energy. The RBI Payment Index (RBI-DPI) which is often used as an indicator of digital banking adoption, for March 2025 stands at 493.22. This amounts to a 10.70 percent annual growth in e-banking adoption in India which shows rapid growth in digital adoption. As per RBI report (March,

2025), more than 85 percent of all payments made in India in the financial year 2024–2025 were made digitally. As a result of the global economic crisis customers are now more demanding, which has forced businesses to prioritise their customers, make a commitment to deliver top-notch services, and boost organisational effectiveness (UIHaq and Awan, 2020). Due to the high accessibility of information on the internet, the customers are more empowered and able to evaluate bank performance. This evaluation led to developing switching behaviour. Nowadays switching behaviour of the client is a key issue faced by the banks (Nguyen et al., 2023). The bank's primary focus are customers who provide the specifications, which the bank uses to create norms or standards for cutting-edge innovative services (Tahtamouni, 2023).

Private sector banks are facing tough competition from fintech or digital first payment providers. Therefore, it is essential to their growth and viability to retain clients by providing exceptional e-service quality (Sardar and Anjaria, 2023). The customers are more reliant on online banking channels and have higher levels of digital literacy, particularly in metropolitan and semi-urban areas (Khurana, 2019). For improving performance in India, Private sector banks are collaborated with leading IT-BPM (Business Process Management). For instance, ICICI bank contracted with a leading BPM company in 2019 to enable 24*7 accessibility to its customers. To enhance efficiency and customer satisfaction, HDFC Bank teamed with Flywire in 2020. Similarly, Kotak Mahindra Bank partnered with Indian IT firms in 2021 to extend digital services and deploy fraud protection technologies, demonstrating the expanding relevance of IT-BPM in banking as smartphone usage increases (NASSCOM, 2025). The functional mode of Private sector banks are generally customer centric and they offer personalized service to its customers in order to enhance continued usage intention. Private sector banks have given the prime importance to satisfy their customers by offering customized services and maintaining relationship to retain them (Nambiar et al. 2018).

E-banking is the delivery of services and information by the bank to its customers through electronic devices like smart phone, computer, internet and digital television (Almansour and Elkrghli, 2023). E-banking involves the integration of sophisticated network technology and network telecommunications which facilitate the flow of resources, specifically money, into the banking system. Numerous electronic and communication equipment, including personal computers, mobile phones, ATMs, laptops,

and point-of-sale systems, have major effects on information, communication, and data exchanges (Candelore et al., 2016). Customers can now conduct banking transactions electronically without physically visiting a bank or other financial institution (Etim et al., 2023). It provides numerous services to its customers through internet portal and other electronic means (Daka et al., 2019). E-services are the customised services offered by banks through electronic means such as mobile phones, computers and online platforms. Through these channels the bank delivers enormous services to its customers which include fund transfer, bill payment, online requests, online shopping, forex services etc. (Sahut, 2021). Customers can make instant fund transfer, access account statements, view account with minimum effort (Sowmya et al., 2021). Through e-banking, customers avail services like payments alerts and notifications, card management, online shopping, filing income tax return, payment of Government challans and currency exchange (Lim et al, 2023). Offering quality services helps the banks to build better customer relationships and to retain customers. The banks focus on retaining customers other than creating new one (Shared, 2019). E-banking now become an essential part of world economy. It enriches the service quality through faster settlement, increased productivity, reduction in service cost and improved level of e-service satisfaction (Reddy 2021). E-banking enables convenient and faster delivery of e-services with minimum cost (Chaimaa et al., 2021).

The evaluation of the calibre of electronic bank services provided electronically is known as e-banking service quality (Mujinga 2020). Service quality is the gap between what customer expect and what they actually experience the service offered by a bank (Parasuraman et al., 2005). For examining quality of virtual service, Zeithaml, Parasuraman and Malhotra (2000) categorize 11 e-service quality (E-SQ) dimensions namely Reliability, Responsiveness, Access, Flexibility, Ease of navigation, Efficiency, Customer Trust, Privacy, Price, Knowledge, Site aesthetics and Personalisation. It is further limited to four dimensions with 22 items through iterative process by eliminating repeated and unnecessary items. Efficiency, System availability, Fulfilment and Privacy are the four dimensions of e-service quality (E-SQ) and also developed ‘electronic recovery scale’ (E-Rec S-QUAL) with eleven items of three dimensions namely Responsiveness, Contact and Compensation (Parasuraman et al., 2005). Service performance, Website characteristics, Communication and Efficiency are the four dimensions for evaluating online service effectiveness (Kenova et al., 2006). The four E-SQUAL dimensions efficiency, system

availability, fulfilment and privacy are positively influenced by internet service quality (Sun et al., 2009). Efficiency, system availability, fulfilment, privacy and assurance are the core dimensions of E-S-QUAL scale (Padmapriya,2020). Tangibility, reliability, assurance, responsiveness, empathy and image are identified as service quality dimensions. Among them responsiveness is the most influencing factor of service quality (Kant et al., 2017). The recent studies are highlighting the reliability, efficiency, access, website aesthetics and personalisation as the E-S-QUAL dimensions (Nguyen and Dao 2024; Rahardjo and Darma,2025).

The proposed study makes use of “Banking Service Quality model” (BSQ) developed by Bahia and Nantel (2000) comprises of six dimensions as effectiveness and assurance, access, price, tangibles, service portfolio and reliability. Narteh (2018) integrate BSQ and SERVQUAL with dimensions tangibility, reliability, assurance, empathy and price found to have the direct relationships between customer satisfaction. Service charges found to be the most influencing factor of quality of service (Narteh,2018). BSQ considers all particularities of service quality in banking industry and it is proved that BSQ index is more reliable than SERVQUAL dimensions (Bahia et al., 2000). BSQ index is a national indicator which cogitate the degree of quality of service in banking sector (Abdullah et al., 2011) and proved as an accurate and consistent measure of service quality of banks (Bankuoru Egala et al., 2021). The BSQ measures quality of service in terms of service charge, service portfolio and personalized services (Khurana, 2019).

Customer expectation plays pivotal role in determining business success. The expectations of customers are changing according to technological transformation (Nair and Manohar, 2022). Service quality, price, convenience etc are the major determinants of customer expectation (Wolf and Steul-Fischer, 2022). Customer experience is the personal and subjective reaction of the customers resulting from the direct and indirect interaction with the bank and which keep on changing (Komulainen and Makkonen, 2018). Customer experience is concerned with how customers view interactions with companies that cause them to react (Bhatt and Patel, 2020). Once the customer receives expected service features, which reflect delightful experience (Sampaio et al., 2017). Customers who receive satisfactory service not only create incredible memories but also attract new customers (Hsieh and Yuan, 2019). Banks must strike a careful balance between the benefits of

personalised experiences and the responsible and ethical use of client data in order to build and maintain trust (Cain, 2023). Customer experience is seen as a tactic to increase continued usage, decrease complaints, promote customer advocacy, and build loyalty (Wijaya et al., 2019). Young and middle-aged adults, who have different expectations and tastes than the previous generation, make up a sizable share of bank customers nowadays. With the current banking structures, meeting these expectations and preferences is only possible by using updated technologies (Zambon et al. 2019).

In a competitive business environment e-service satisfaction considered as one of the prerequisites of bank's success (Fatikah & Albanna, 2022). E-service satisfaction is the comparison of perceived performances and customers' expectations on services. The customers feel dissatisfied when their service experience is lesser than expectation. If the service experience equals expectation, the customer is satisfied and perceived value is greater than expectations, customer is highly satisfied (Kotler and Armstrong 2012). Satisfied customers are more committed and develop intention to remain with the business (Butt, 2021). E-service satisfaction is a determinant factor of viability and feasibility of a banking business (Khafafa 2013). Satisfied customers are more committed and willing to remain stay and enhance the continued usage of e-services (Sharma et al., 2020). e-Service gratification is influenced by the factors like service quality, client participation, involvement, accessibility and service charge (Gupta et al., 2012). E-service satisfaction facilitates continued usage through service quality dimensions, and service convenience dimensions (Kuara et al., 2015). Satisfaction and quality of e-services are significantly related (Vos et al. 2014; Amin 2016; Khan et al. 2019; Zia et al. 2022).

Nowadays, the customers have decided to stay or leave the organisation based on both emotional and rational cues. Hence, continued usage intention of customers is becoming an increasingly vital managerial concern. The term "continued usage" describes an ongoing business partnership between the customer and the company (Lin et al. 2017). Both customers and banks benefit equally from continued usage of e-services. Customers benefit from ease of use, efficiency, full time accessibility, faster transactions and flexibility and the banks are benefited from lower overhead cost, more availability and increased customer base (Wang et al., 2019). The customers intention to continue usage is influenced by e-service efficiency, satisfaction and trust (Gao and Waechter, 2017).

Businesses are searching for ways to adopt technology in order to thrive and to create unpredictable opportunities. E- banking services can increase productivity and spur expansion by lowering the risks involved in cash transactions and providing affordable, dependable money service support solutions (Rahman et al. 2017). Maintaining current customer base comes at a cheaper expense than acquiring new ones (Alshuridheh, 2019).

In line with the above discussion, the study focused on the e-banking customers who are working at IT&ITeS sector. This customer segment are tech-savvy and frequent users of e-banking services. Their advanced digital skill enables them to evaluate the excellence of banks' e-services as compared to all other groups of bank customers (Ronchi et al., 2019). The IT sector employees are highly depending on efficient digital financial service as they work in time constrained and high-performance environment (Mitra and De, 2025). Since they are having higher expectations for efficient, speedy and seamless transaction, which assist the banks to identify critical gap in expected and perceived quality (Wilson et al., 2020). Hence, the study of impact of e-service quality on intention to continued usage of e-banking services by this customer segment still assist the banks to fix a benchmark for service quality.

As customers increasingly prefer digital interactions over physical visits, their expectations for seamless, fast, and secure services have grown significantly. Meeting or exceeding these expectations is crucial for banks aiming to retain clients in a highly competitive market (Pasha,2018). Particularly in Private sector banks, which are known for their agility and innovation, quality of e-services is essential for designing client perceptions, satisfaction and long-term loyalty. In this scenario, understanding how e-service quality influences continued usage intention is essential for Private sector banks that wish to sustain customer engagement and loyalty.

1.1 Statement of the Problem

In the digital age, banks face significant difficulty in retaining customers. In contrast to traditional banking, which depends heavily on in-person contacts and physical presence to build strong client connections, e-banking depends entirely on the calibre of digital services. A bank's ability to keep customers depends on a number of e-service quality factors, namely, responsiveness, ease of use, safety, dependability, usability,

security, personalisation, and overall user experience. If any of these criteria are neglected, the customers become dissatisfied and switch to competitors who provide better digital experiences. Given the increasing number of banking options accessible to customers, it is vital for sustainable business growth to comprehend the dimensions affecting willingness of customers to continue usage in the e-banking industry.

Enhancing customers' intention to continued usage is very significant criteria for banks' growth and sustainability. It improves customer loyalty, boosts profitability, lowers expenses, and fortifies the bank's position in the market. In order to retain the customers, banks need to enhance quality of e-banking services, customer pleasure, and personalised experiences in the realm of digital banking, where switching costs are minimal for customers. Customer trust is also a vital criterion for leveraging continued usage intention.

E-service quality relates an organization's ability to compete and retain customers. By offering superior service, a bank can differentiate apart from rivals. Over the past ten years, service quality has been emerged as the fascinating research subjects in banking sector. Because of the notable expansion of banks in India, customers have a negotiating advantage. Due to rise in competition among banks (Caussat, 2021), they should constantly raise their service standards. Nothing guarantees that tomorrow's great service will be any better than today's. Banks must create innovative customer-satisfying tactics in order to thrive in the cutthroat banking sector (Roy and Thangaraj, 2020).

In this context, it is highly relevant to conduct this study to understand customer experience and expectations on quality of e-services and also its influence on e-service satisfaction and continued usage intention by moderating customer trust.

The following research questions were identified based on the above discussion.

1. Does any difference exist between customer experience and expectation of e-service quality of select private sector banks?
2. Do customer perception on e-service quality and banking service quality of Private sector banks differ across socio demographic profile?
3. Do the level of customer trust, level of e-services satisfaction and level of continued usage intention vary with regard to socio demographic profile of customers?

4. What is the effect of each elements of E-S-QUAL and BSQ dimensions on e-service satisfaction?
5. Whether e-service satisfaction influences continued usage intention with the moderating effect of customer trust?

1.2 Objectives of the study

The objectives of the study are

- To analyze the customer expectation and experience gap of E-S-QUAL and BSQ dimensions of e-banking services offered by the select Private Sector Banks among IT&ITeS employees,
- To examine e-service quality and Banking Service Quality of select Private Sector Banks across socio-demographic profile of the respondents,
- To identify the level of customer trust, level e-service satisfaction and level of continued usage intention of the respondents on e-banking service of select Private Sector Banks,
- To analyse the effect of the elements of e-service quality and Banking Service Quality on e-service satisfaction among the respondents, and
- To explore the mediating role of e-service satisfaction in the relationship between e-service quality and Banking Service Quality on Continued Usage Intention of the respondents and the moderating effect of Customer Trust in the relationship between e-service satisfaction and continuous usage intention.

1.3 Research Hypotheses

The following hypotheses were developed to fulfill the objectives of the study.

- H₀₁: There is no significant difference between mean ranks of benefits of using e-services by the customers of private sector banks
- H₀₂: There is no significant mean difference between experience and expectation of the customers on e-service quality dimensions of select private sector banks
- H₀₃: There is no significant mean difference between experience and expectation of the customers on banking service quality of select private sector banks
- H₀₄: There is no significant mean difference between the customer experience on e-

service quality dimension of the private sector banks across socio economic profile of the respondents

- H₀₅: There is no significant mean difference between the experience on banking service quality dimension of the private sector banks across socio economic profile of the respondents
- H₀₆: There is no significant association between level of customer trust on e-banking services of select private sector banks and the socio economic profile of the respondents.
- H₀₇: There is no significant association between level of customer trust on e-banking services of select private sector banks and the banking transactions of the respondents.
- H₀₈: There is no significant association between customer's level of e-service satisfaction and the socio economic profile of the respondents.
- H₀₉: There is no significant association between customer's level of e-service satisfaction and the banking transactions of the respondents.
- H₀₁₀: There is no significant association between level of continued usage intention of e-banking services and socio economic profile of the respondents.
- H₀₁₁: There is no significant association between level of continued usage intention of e-banking services and banking transactions of the respondents.

Influence of E-S-QUAL Dimensions on e-Service Satisfaction

- H₁: Ease of use of e-banking have positive influence on e-service satisfaction
- H₂: Efficiency of e-banking have positive influence on e-service satisfaction
- H₃: Safety of e-banking have positive influence on e-service satisfaction
- H₄: Reliability of e-banking have positive influence on e-service satisfaction
- H₅: Responsiveness of e-banking have positive influence on e-service satisfaction
- H₆: Interoperability of e-banking have positive influence on e-service satisfaction

Influence of Banking Service Quality Dimensions on e-Service Satisfaction

- H₇: Service charges have a positive influence on e-service satisfaction
- H₈: Service portfolios have a positive influence on e-service satisfaction
- H₉: Personalized services has a positive influence on e-service satisfaction

Hypotheses for Model Testing

- H₁₀: E-service quality dimensions positively influence e-service satisfaction
- H₁₁: Banking service quality positively influences e-service satisfaction
- H₁₂: E-service quality has a positive effect on continued usage intention of customers
- H₁₃: Banking service quality has a positive effect on continued usage intention of customers
- H₁₄: E-service satisfaction has a positive effect on continued usage intention of customers
- H₁₅: Customer trust has a positive effect on continued usage intention of customers
- H₁₆: E-service satisfaction mediates in the relationship between e-service quality and continued usage intention of customers
- H₁₇: E-service satisfaction mediates in the relationship between banking service quality and continued usage intention of customers
- H₁₈: Customer trust moderates the relationship between e-service satisfaction and continued usage intention of customers

1.4 Significance of the study

In the Indian banking industry, stringent competition and intense pressure to make profits have ushered in new marketing strategies and elevated e-service satisfaction to the forefront of attention. Retaining and growing their current customer base has become critical for banks. The expanding number of bank and their branches has resulted rise in customer concern about the quality of services. It is now essential to measure the quality of service for self-evaluation of service quality and pinpoint areas where improvements are needed. Since competitors readily adopt the majority of the differentiating factors, to stand out from the competition, a lot of banks are concentrating their efforts on providing excellent customer service. E-service satisfaction has also been demonstrated to be substantially influenced by service quality, both theoretically and empirically supported in a range of industries, including the service sector. In order to compete successfully in the liberalised market, the Indian banks must create efficient customer service systems along with updated technology (Ansari and Sen Gupta, 2024). It is impossible to differentiate

products in the banking sector as everywhere; the banks are selling the same products. Therefore, bank management typically uses service quality to set their business apart from rivals. Service quality is a crucial factor in banking industry, as it affects client satisfaction. Quality in banking is a multifaceted notion that encompasses various aspects such as ease, dependability, range of services offered, and most importantly, the personnel providing the service.

E-service quality is a multi-layered and intangible attribute. The e-service quality can be studied in a number of ways, present study suggested the E-S-QUAL and BSQ methods as a means of measuring the quality of e-services of private sector banks. The service elements taken into account in the E-S-QUAL model include ease of use, efficiency, reliability, safety, responsiveness and interoperability. The BSQ model makes use of service fee, service portfolio, and personalized services. e-Service quality has grown to be a crucial element for many businesses to sustain and create competitive advantage. Instead of utilising generic metrics to gauge service quality, managers should make sure they are analysing every facet of their e-services. Therefore, an analysis of the influence of e-service quality on continued usage intention of customers is required.

The study findings will be beneficial to banking industry, academia and banking customers in the following ways.

Banking Industry The banks are able to understand customer experience-expectation gap in each e-service quality measures and which of the service quality features are important to retain the most tech savvy customer segment. Hence the bank can design customized service offerings and take various steps to increase customers' continued usage intention.

Academia The study provides insight to research and the findings will be able to demonstrate the contribution of E-S-QUAL dimensions and BSQ dimensions in enhancing e-service satisfaction and promoting customers continued usage intention.

Customers By emphasising the value of high-quality e-services in the banking experience, the study benefits customers by increasing banks' awareness of their requirements and expectations. Customers can anticipate better, more dependable, and easier-to-use digital banking services that will increase their convenience and general level of satisfaction.

1.5 Limitations

- Evaluation of e-service quality of banks other than select Private sector banks are beyond the scope of research.
- As the primary data is exposed to personal bias, the same could be possible in this study.

1.6 Plan of the Thesis

The chapterisation of the thesis is as follows.

Chapter I Introduction includes the introduction, problem statement, objectives, hypotheses, significance of the study, limitations and plan of the thesis.

Chapter II Review of Literature presents reviews of previous research on the subject as well as a theoretical framework and empirical literature review on E-S-QUAL dimensions, BSQ dimension, e-service satisfaction, customer trust, continued usage intention and the research gap identified from the review of literature.

Chapter III Research Methodology contain locale of the study, research method, population and sampling strategy, sampling method, sample design, data collection tools, reliability and validity, conceptual framework and hypotheses development is presented in this chapter.

Chapter IV Results and Discussions deal with socio economic profile of the respondents, banking transaction of customers, experience-expectation gap with regard to e-banking service quality, level of customer trust, satisfaction and continued usage intention across socio economic variables, mediating role of e-service satisfaction and moderating role of customer trust.

Chapter V Summary and Conclusion include findings, implications, conclusion and scope for future research.