

Customer Satisfaction and Service Quality in Banking Sector: Review of Literature

Bhupinder Kaur**Dr. Cheshta Kayshap***Research scholar**Assistant Professor**Maharishi Markandeshwar University, Sadopur, Ambala**bhupinderkaur750@gmail.com***Article Info****Volume 83****Page Number: 2974 – 2981****Publication Issue:****July-August 2020****Article History****Article Received:** 06 June 2020**Revised:** 29 June 2020**Accepted:** 14 July 2020**Publication:** 25 July 2020**Abstract:**

Nowadays, in this highly competitive market place, providing just quality products is not enough to satisfy customers while how product or service is delivered and consumed is equally indispensable and this way creating positive customer experience is required. Where every banking industry wants to survive and succeed in the dynamic market, find out the best way to attain this objective. And they all are working on their core contributor to the success that is the customer. The banking industry cannot neglect the imperative role of customer satisfaction. The present study is qualitative in nature and conducted to find out literature of review on customer satisfaction, customer experience, and service quality in banking sector.

Keywords: *customer satisfaction, customer experience, service quality, SERVQUAL.*

Introduction

In the fast-moving world, where there is the expeditious augmentation of information technology changed everyone's life, where everyone is the technocrat, used the technology in the best possible manner, due to the shortage of time and want everything at access to their convenience. Revolutionary changes in technology and telecommunication changed every industry. Technology speeds up banking activity in every sphere of activity. The banking industry plays a vital role in the development of the country, due to the coverage of rural as well as urban customers. It is a financial intermediary between savers and users. Various practices followed by the banking industry nowadays and one of the major practices is e-banking,

where banks are providing various banking activities over the internet to its customers. This contemporary practice makes banking facilities anytime activity. The elimination of traditional banking almost gone with the help of e-banking. ATMs, credit cards, and telephone banking were adopted as major application of banking in 1990. And with the passage of it expand its areas.

There have been many spectacular revolutions in Indian banking whether it is nationalization, privatization of banking. After 1991, economic reforms, the Indian banking industry has been flourishing along with unprecedented growth in its and customers. Earlier, banks were providing the same

taste of food to everyone but now they shifted their concern towards individual differences and preferences.

Nowadays, with the remarkable growth in the service sectors and ferocious competition, educated customers, changing profile of the Indian population like growth in the working population, higher disposable income, internet, mobile banking, customer awareness, regulated market, increase in the size of rural banking, etc. demands better quality regarding the services providing by the organization. All these forces make the banking sector pull their socks and provide distinguish and better service quality to the customers for the retention of the customers. As the customer is the main parameter for the success of the banking sector. Long-run profitability, viability and well-being banking sector needs to be focused on customer satisfaction. So, it becomes a necessity day for regular check what customers are expecting and what banks are providing. So, if there are any discrepancies regarding the quality of service, an organization can take timely action regarding improvements and make customers happy and delighted.

Customer satisfaction defined as a situation when customer perception met with their expectation. It is a psychological phenomenon that varies from customer to customer. This appraisal done by the customer himself after getting experience regarding products and services. This is an important tool for measuring the success. Conventional marketing strategies are not enough to hold your customer, relationship marketing should be considered to know what customer actually wants. Customer satisfaction is the yardstick to decide

customer behavior in future (Hill, Roche & Allen 2007.) Usually satisfied customer shows their loyalty and purchase more as well as work as chain to capture potential customers. (Hague & Hague 2016.) Profitability and market share can be achieved through customer satisfaction, customer relationship, and service quality (Rust and Zahorik, 1993).

Customer experience is the actual practice where customer actually deals with the product and service. If customer experience is positive then they will be satisfied. Thus, creating positive impact is the utmost job of the organization.

For the retention of the customer and customer loyalty customer experience must be positive. But, it was found that in recent study it was observed that there was relationship between success of an organization and customer experience (Lemke et al., 2011; Payne, Storbacka, & Frow, 2008; Verhoef et al., 2009). Customer experience composed of three components i.e. communication, service, and usage encounter (Lemke, Clark, and Wilson, 2011).

Service quality

There is continuously mounting competition in the world class market and survival of the organization depends upon the delivery of the quality in goods and services. Evaluation of quality in case of service due to intangibility, heterogeneity, perishability, ownership etc., it is difficult to measure the quality of service (Parasuraman et al. 1985). Service quality is the main component in satisfying the customers and shows that there is correlation between service quality factors and customer satisfaction (S.Ftima et al. 2011).

Author	Topic	Findings
Javed, S. et al (2018)	Assessing the e-services of the banking sector by using e-servqual model: a comparative study of local commercial	It was found that there is no significant difference in local and foreign banks in respect of e-services in Pakistan. And also the dimensions of reliability and

	banks and foreign banks in Pakistan.	privacy has major impact on service quality.
Vencataya,L.,et al . (2019)	Assessing the impact of service qualityDimensions on customer satisfaction inCommercial banks of Mauritius	Five dimensions of SERVQUAL model have significant relationship with customer satisfaction.
Siddiqi, K. O. (2011).	Interrelations between Service Quality Attributes, Customer Satisfaction and Customer Loyalty in the Retail Banking Sector in Bangladesh	Positive correlation among the tangibility, assurance, and empathy dimension and customer satisfaction, reliability and employees performance.
Bowen, J. T., & Chen, S. L. (2001),Doni o et al., 2006;	The relationship between customer loyalty and customer satisfaction.	A little increase in customer satisfaction largely helps in customer loyalty. A high positive correlation between customer satisfaction and customer loyalty.
Al-Wugayan, A,&Pleshko , L. P. (2010).	A study of satisfaction, loyalty, and market share in Kuwait banks.	Satisfaction of the customers doesn't mean customers will be loyal.
Ilyas, A., et al (2013).	Assessing the service quality of Bank using SERVQUAL model.	On the servqual model highest expectation was found in empathy dimension. In case of tangibility, females were not satisfied and males were not satisfied in case of responsiveness dimension.
Prasad,N. (2015).	A Study on the Role of Service Quality on Customer Retention in Banks.	Empathy paly significant role in customer retention along with tangibility and responsiveness. Customer perception helps in delivering better service quality.
Ahmed,M. (2017).	Service quality measurement regarding banking sector.	Study was based on Islamic and conventional banks in Pakistan. In case of Islamic banks service quality gap was found in respect of Tangibility, Reliability, Convenience Competence and Satisfaction.
Kaur, H., &Arora,S. (2019).	Demographic influences on consumer decisions in the banking sector: evidence from India.	Convenience and service delivery were essential factors while considered banks. On the basis of gender, age, education, occupation, income level and type of bank affect customer decision.
Shaikh, R. and Siddiqui, DA (2018).	Bank service quality on customer satisfaction, loyalty: a study based on Islamic banks in Pakistan.	Customer satisfaction was highly effected by tangibility, reliability, responsiveness and empathy but doesn't effected by assurance.

Sawant, K.B.(2016)	A comparative study of factors affecting service quality and level of customer satisfaction in local and foreign banks in Oman.	In Oman, service quality was better in local banks rather than foreign banks, customers were satisfied with local banks performance.
Dewan, M.,& Mahajan, S. (2014).	A Study of the Perceived Service Quality and its Dimensions in Private Sector Banks.	On the basis of demographic features there was significant difference in perception for the private sector banks.
Perule, N., et al (2020).	A Systematic Review for the use of the SERVQUAL Model in Banks in India.	Findings show that there were lack of application of SERVQUAL model in case of cooperative banks in India.
Rijwani, P., Patel, R., & Patel, N. (2017).	Service Quality and Customer Satisfaction: Study of Indian Banks using SERVQUAL.	Statistical tools factor analysis and regression shows that there were significant relationship between service quality and customer satisfaction. All the dimensions of servqual model has positive impact on customer satisfaction.
John, B. M. (2017).	Dynamics of Service Quality in the Indian Banking Sector.Study was conducted in the region of Kerala with reference to commercial banks.	Customers were mostly influenced by tangibility and assurance while customers were not satisfied with responsiveness and empathy. Largest gap was found in them.
Ashraf, E., &Venugopalan, K. (2018).	Service quality and customer satisfaction: A comparison between public and private sector banks in Kerala.	Results revealed that while comparing both public and private sector banks there were no significant difference regarding the service quality and customer satisfaction.
Kant, R., &Jaiswal, D. (2017).	The impact of perceived service quality dimensions on customer satisfaction.	Tangibility, reliability, assurance, responsiveness, empathy, and image were six dimensions of perceived service quality. In case of public sector banks, responsiveness was highly associated with customer satisfaction and positively linked. On the other hand, least significant relationship found in case of “image” but had positive correlation.
Gupta, A., &Dev, S. (2012).	Client satisfaction in Indian banks: an empirical study.	It was found that there were five components that affect customer satisfaction and these factors were service quality, ambience, client participation, accessibility and financial. Quality provided in case of services by HDFC was higher than PNB. In case of both banks, customers were satisfied with responsiveness while tangibility dimension fail to satisfy the customers.

Khurana,S. (2013).	An analysis of service quality gap in Indian banking industry: Some survey-based evidence.	On the basis of study seven factors were found like tangibility, competency, empathy, responsiveness, reliability, credibility, and assurance on the basis of factor analysis. Highest gap was found in tangibility dimension on the other hand lowest gap was found in competency.
Alafeef, M., Singh, D., &Ahmad, K. (2012).	The influence of demographic factors and user interface on mobile banking adoption: a review.	Adoption of the technology affected by various demographic factors like age, gender, income, education and other factors like culture is considered indispensable factor in mobile banking adoption.
Jain, S. K. (2013).	Customer Demographic Characteristics and Service Quality Perceptions in Public and Private Sector Banks: An Assessment.	On the basis of statistical tools like z-test and ANOVA it was analyzed that in case of public sector bank among various demographic factors like age, gender, marital status, income , education and occupation the most significant factors were education and occupation. On the other hand, age, marital status, income and occupation, these were imperative.
Ankit, S. (2011).	Factors influencing online banking customer satisfaction and their importance in improving overall retention levels: An Indian banking perspective	Customers at Vadodara were not aware about internet banking this was the first factor, second factor image of the bank plays an significant role, third factor was convenience, in case of internet banking risk and privacy was indispensable , ambience was the another factor, quick resolution of grievances was the sixth factor, interest policy, charges imposed by banks, and availability. These factors were exaggerated on the basis of factor analysis.
Pandya, T., Mathur, N., &Mathur, M. H. (2016).	Customer satisfaction in public sector bank (A study of South Rajasthan).	Statistical like correlation shows customers were highly influenced by human resource management and human resource department. Parameters like nature of the bank employees, knowledge of banks product and service, willingness to listen and respond to customer need, fast and efficient services , recognition of customer as valued customer, professional and attractive appearance and grievance grievances procedure affects human resource department polices that affect customer satisfaction.

References

1. Perule, N., Shetty, D. K., Naik, N., Maddodi, B. S., Malarout, N., & Jain, M. (2020). A Systematic Review for the use of the SERVQUAL Model in Banks in India. *International Journal of Economic Research*.
2. Rijwani, P., Patel, R., & Patel, N. (2017). Service quality and customer satisfaction: Study of Indian banks using SERVQUAL. *International Journal of Economic Research*, 14(18), 119-211.
3. John, B. M. (2017). Dynamics of Service Quality in the Indian Banking Sector. *Indian Journal of Commerce and Management Studies*, 8(1), 59.
4. Ashraf, E., & Venugopalan, K. (2018). Service quality and customer satisfaction: A comparison between public and private sector banks in Kerala. *International Journal of Research and Analytical Reviews*, 5(3), 567-572.
5. Kaur, M. B. (2020). Service Quality Gaps and Customer Satisfaction in Banking: Review of Literature. *Studies in Indian Place Names*, 40(60), 1274-1294.
6. Gupta, A., & Dev, S. (2012). Client satisfaction in Indian banks: an empirical study. *Management Research Review*.
7. Kant, R., & Jaiswal, D. (2017). The impact of perceived service quality dimensions on customer satisfaction. *International Journal of Bank Marketing*.
8. Khurana, S. (2013). An analysis of service quality gap in Indian banking industry: Some survey-based evidence. *The IUP Journal of Bank Management*, 12(3), 1-15.
9. Gupta, V. P., & Agarwal, P. K. (2013). Comparative study of customer satisfaction in public sector and private sector banks in India (a case study of Meerut region of UP). *International Journal of Management*, MIT College of Management, 1(1), 56-63.
10. Ameme, B., & Wireko, J. (2016). Impact of technological innovations on customers in the banking industry in developing countries. *The Business & Management Review*, 7(3), 388.
11. Ray, J. Customer Satisfaction: A Comparative Study of Public and Private Sector Banks in Bangladesh. *IOSR Journal of Business and Management (IOSR-JBM)*, e-ISSN: 2278-487X, p-ISSN: 2319-7668. Volume 20, Issue 1. Ver. I (January. 2018), PP 15-21.
12. Lemke, F., Clark, M., & Wilson, J. (2011, December). Customer experience quality: An exploration in business and consumer contexts using repertory grid technique. *Journal of the Academy of Marketing Science*, 39, 846–869.
13. Verhoef, P. C., Lenon, K. N., Parasuraman, A., Roggeveen, A., Tsiros, M., & Schlesinger, L. A. (2009). Customer experience quality: Determinants, dynamics and management strategies. *Journal of Retailing*, 85(1), 31–41.
14. Machogu, A. M., & Okiko, L. (2015). E-banking complexities and the perpetual effect on customer satisfaction in Rwandan commercial banking industry: Gender as a moderating factor. *The Journal of Internet Banking and Commerce*, 20(3).

15. Ray, J. (2018). Customer Satisfaction: A Comparative Study of Public and Private Sector Banks in Bangladesh.
16. Rust, R. T., &Zahorik, A. J. (1993). Customer Satisfaction, Customer Retention and Market Share. *Journal of retailing*, 69 (2), 193-215.
17. Ammar, W., Mateen, Z., Ghaffar, A., &Rehman, A. U. (2015). Attaining Customer Loyalty! The Role of Customer Satisfaction and Customer Retention (Mobile Handset Industry-University of Gujrat, Pakistan). *IOSR Journal of Business and Management* Ver. I, 17(3), 2319-7668.
18. Javed, S. (2018). Assessing the e-services of the banking sector by using E-Servqual model: a comparative study of local commercial banks and foreign banks in Pakistan. *Journal of Internet Banking and Commerce*, 23(1), 1-12.
19. Vencataya, L., Pudaruth, S., Juwaheer, R. T., Dirpal, G., &Sumodhee, N. M. Z. (2019). Assessing the impact of service quality dimensions on customer satisfaction in commercial banks of Mauritius. *Studies in Business and Economics*, 14(1), 259-270.
20. Siddiqi, K. O. (2011). Interrelations between service quality attributes, customer satisfaction and customer loyalty in the retail banking sector in Bangladesh. *International journal of business and management*, 6(3), 12.
21. Bowen, J. T., & Chen, S. L. (2001). The relationship between customer loyalty and customer satisfaction. *International journal of contemporary hospitality management*.
22. Donio, J., Massari, P., &Passiante, G. (2006). Customer satisfaction and loyalty in a digital environment: an empirical test. *Journal of Consumer Marketing*, 23(7), 445-457.
23. Al-Wugayan, A., &Pleshko, L. P. (2010). A study of satisfaction, loyalty, and market share in Kuwait banks. In *Allied Academies International Conference. Academy for Studies in International Business. Proceedings* (Vol. 10, No. 1, p. 2). Jordan Whitney Enterprises, Inc.
24. Ilyas, A., Nasir, H., Malik, M. R., Mirza, U. E., Munir, S., &Sajid, A. (2013). Assessing the service quality of Bank using SERVQUAL model. *Interdisciplinary journal of contemporary research in business*, 4(11), 390-400.
25. Prasad, N. (2015). A study on the role of service quality on customer retention in banks. *Journal of Management & Commerce*, 2(1), 6-12.
26. Ahmed, M. (2017). Service quality measurement regarding banking sector. *International Journal of Business and Social Science*, 8(6), 116-127.
27. Kaur, H., & Arora, S. (2019). Demographic influences on consumer decisions in the banking sector: evidence from India. *Journal of Financial Services Marketing*, 24(3-4), 81-93.
28. Shaikh, R., & Siddiqui, D. A. (2018). Bank service quality on customer satisfaction, loyalty: a study based on Islamic banks in Pakistan. *International Journal of Management and Commerce Innovations*, 6(2), 830-839.
29. Jagadeesan, D., &Chinnadurai, P. (2016). SERVQUAL of Private Sector Banks: A Study with Special Reference to Tamilnadu. *Global*

- Journal of Commerce and Management Perspectives*, 5(2), 7-10.
30. Sawant, K. B. (2016). A comparative study of factors affecting service quality and level of customer satisfaction in local and foreign banks in Oman. *Saudi Journal of Business and Management Studies*, 1(3), 112-117.
31. Dewan, M., & Mahajan, S. (2014). A Study of the Perceived Service Quality and its Dimensions in Private Sector Banks. *IOSR Journal of Business and Management*, 16(2), 44-51.
32. Kaur, M. B. (2020). Service Quality Gaps and Customer Satisfaction in Banking: Review of Literature. *Studies in Indian Place Names*, 40(60), 1274-1294.
33. Alafeef, M., Singh, D., & Ahmad, K. (2012). The influence of demographic factors and user interface on mobile banking adoption: a review. *JApSc*, 12(20), 2082-2095.
38. 1-12.
34. Jain, S. K. (2013). Customer Demographic Characteristics and Service Quality Perceptions in Public and Private Sector Banks: An Assessment. *Journal of Commerce and Business Studies, Delhi School of Economics, University of Delhi* (2013).
35. Ankit, S. (2011). Factors influencing online banking customer satisfaction and their importance in improving overall retention levels: An Indian banking perspective. In *Information and Knowledge Management* (Vol. 1, No. 1, pp. 45-54).
36. Pandya, T., Mathur, N., & Mathur, M. H. (2016). Customer satisfaction in public sector bank (A study of South Rajasthan). *Imperial Journal of Interdisciplinary Research*, 2, 550-556.
37. Selvakumar, J. J. (2015). Impact of service quality on customer satisfaction in public sector and private sector banks. *PURUSHARTHA-A journal of Management, Ethics and Spirituality*, 8(1),