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# A STUDY ON SERVICE QUALITY AND CUSTOMER SATISFACTION TOWARDS SERVICES OF PRIVATE SECTOR BANKS

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**Abstract**

The banking sector in India has evolved is marked by intense competition. It place an emphasis on providing a large selection of items in order to generate competitive advantages, but it also places an emphasis on the significance of services, particularly with regard to the upkeep of quality service. Providing high service is one way to achieve success among competing services. This is especially true for businesses that provide services that are nearly identical to one another, as banks, where providing high-quality service is the only way to differentiate oneself from the competition., it is necessary for bankers to place an emphasis on both the quality of their services and the contentment of their clients, as well as the retention of their most valuable customers. The main objectives of the study are i)to measure the service quality of the private sector banks based on the dimensions of SEVQUAL MODEL ii) To find the relationship of dimensions of service quality from the demographic perspective of customers and to analyze the customer satisfaction towards the services of the private sector banks. This is an empirical study made in Chennai City. The service quality of the private sector banks has been measured using the SERVQUAL model. 300 sample respondents are selected from the study are using the non-probability sapling method. The interview schedule is prepared in three parts with demographic nature (Age, gender and annual income), service quality dimensions (expected and perceived service qualities) and satisfaction of the customers. The collected primary data are analyzed using SPSS and AMOS software. , it is concluded that tangibility and reliability are significantly influence on the satisfaction of the customers. Other dimension are insignificant

*Keywords: Service quality,private sector banks and customer satisfaction*

## Introduction

The rivalry in the Indian banking industry has been more intense as a result of the arrival of an increasing number of international banks and new private sector banks. These banks have a leaner and more agile footed structure, superior technology, superior services, and cost efficient strategies. In addition, financial institutions have been venturing into the territory traditionally occupied by banks. Therefore, in order for banks to have pleased clients, they need to place a greater focus on providing high-quality service. With the assistance of primary data obtained by means of a questionnaire, this study makes an attempt to evaluate the level of service provided by public sector banks. In conclusion, it demonstrates that public sector banks should make significant efforts to improve the unfavourable image that the public has of them. Their consumers have reported being unsatisfied due to poor service quality as well as improper behaviour on their part. Banks are only able to continue operating and be profitable if they are able to successfully cater to the numerous requirements and preferences of their clientele(Vijay Anand andSelvaraj 2012)[18].

In today's world, financial institutions are more reliant on various parts of technology, not only in an effort to improve the effectiveness of their business operations but also to improve the level of satisfaction they provide to their customers. The provision of individualized services and the development of goods in such a way as to address the prerequisites and anticipations of consumers have helped financial institutions become increasingly customer-centric. In today's highly competitive climate, financial institutions routinely assess the efficacy of their various services with goal of enhancing the care they give to their clientele in order to assure their continued existence. The operations that are related to the launch of new goods and comprehending their current products are routinely carried out by banks in order to fulfil the ever-increasing demands and expectations of their clients. Because an increase in service quality is likely to lead to an increase in the degree of customer satisfaction, which, in turn, helps a bank to retain its existing customer base in a highly competitive environment, the importance of "service quality" in the banking sector has been gaining momentum over the years. This is due to the fact that improving service quality in the degree of customer satisfaction (Adhikari and Paul, 2016) [2]. The higher the service quality of a company, the more likely it is that the overall performance of the organisation will improve, which in turn will result in a greater degree of customer satisfaction (Negi, 2009)[13].

In the banking industry, service quality is frequently considered to be an important antecedent of customer satisfaction. This is extremely important because the customer is the monarch in any society that has gradually transitioned from a protected or regulatory regime to a new order that is characterized by the characteristics of a capitalist economy. Quality of service and customer satisfaction are inextricably linked, and both of these ideas are of the utmost significance, particularly in the context of the service industry. There is a significant and positive correlation between the quality of service provided and the level of satisfaction experienced by the clientele (Parasuraman et. al., 1988)[14] The degree of happiness of clients can be somewhat determined by the quality of the service. There is a strong correlation between the quality of services provided and the level of client satisfaction in the banking industry. It is not possible to deny the fact that the components of the service quality provided by banks shift with time and also differ from one nation to the next. However, academics from all around the globe have come to a general agreement on a number of the aspects of service quality that have been included in the SERVQUAL model and later on backed by the SERVPERF model.


The implementation of liberalization, globalization, and privatization have cleared the way for the entry of a greater number of private and international actors in practically all of the economic activities of the country, and the banking sector is not an exception to this trend. The financial services sector plays an essential part in hastening the expansion phase of the nation's economy. It does this by fostering a saving mentality among the general population, meeting the financial requirements of businesses, and boosting the rate at which new capital is being created in the nation. Banks are able to cater to the diverse requirements of their consumers because they provide facilities and programmes that are sufficient and appealing respectively. If a bank's clients are unhappy with the service they receive for an extended length of time, the bank will not be able to survive in the long term regardless of whether it operates in the public or private sector. Private sector banks in India, which are relatively new entrants in any market and particularly in small towns, are expected to not only invent new products and services on a continuous basis after understanding the requirements of their existing and potential customers, but also to provide better quality of services in order to effectively satisfy their customers in a competitive environment. This is necessary in order for private sector banks to remain profitable in India's increasingly competitive banking industry.

**Conceptual Background**

In today's world, financial institutions provide a wide range of services, including the ability to create a savings account online, to hold money online, to grant loans, to provide insurance, to rent out safe deposit boxes, and to exchange currency internationally. Their customers came from all walks of life, ranging from ignorant ranchers to salaried groups to multinational corporations with operations in different parts of the world. It is necessary for the banks to meet the needs of all of its customers who participate in a variety of social activities. As a direct result of this, managing an account has become far more challenging, and it now

necessitates the possession of certain skills. People who work in banks act as an extension of the bank between the bank and the customer. They are the people that interact directly with customers and are the first to understand what the customer's needs truly are. Because they are a professional organisation, their role becomes extremely important in the process of shaping the customer's perception of the bank. A significant amount of emphasis is placed by the vast majority of banks on service delivery as a result of the fact that administrations might represent a client's defining moment. A few specialists in the field of service quality have given much thought and research to the question of whether or not there is a link between high service quality and satisfied customers (Agarwal 2012))[1]. The concept of "survival of the fittest" has become increasingly prevalent in modern society. As a result, every financial institution is in fierce competition with one another to acquire and keep the most valuable customers. For the purpose of the research on customer satisfaction in banking, it is of the utmost significance to determine whether or not banking companies fall short in their duty to offer acceptable financial services to their clientele. The focus of this study is on the factors that influence a customer's level of contentment with the financial services that are now offered, as well as how that customer is likely to behave in the future.

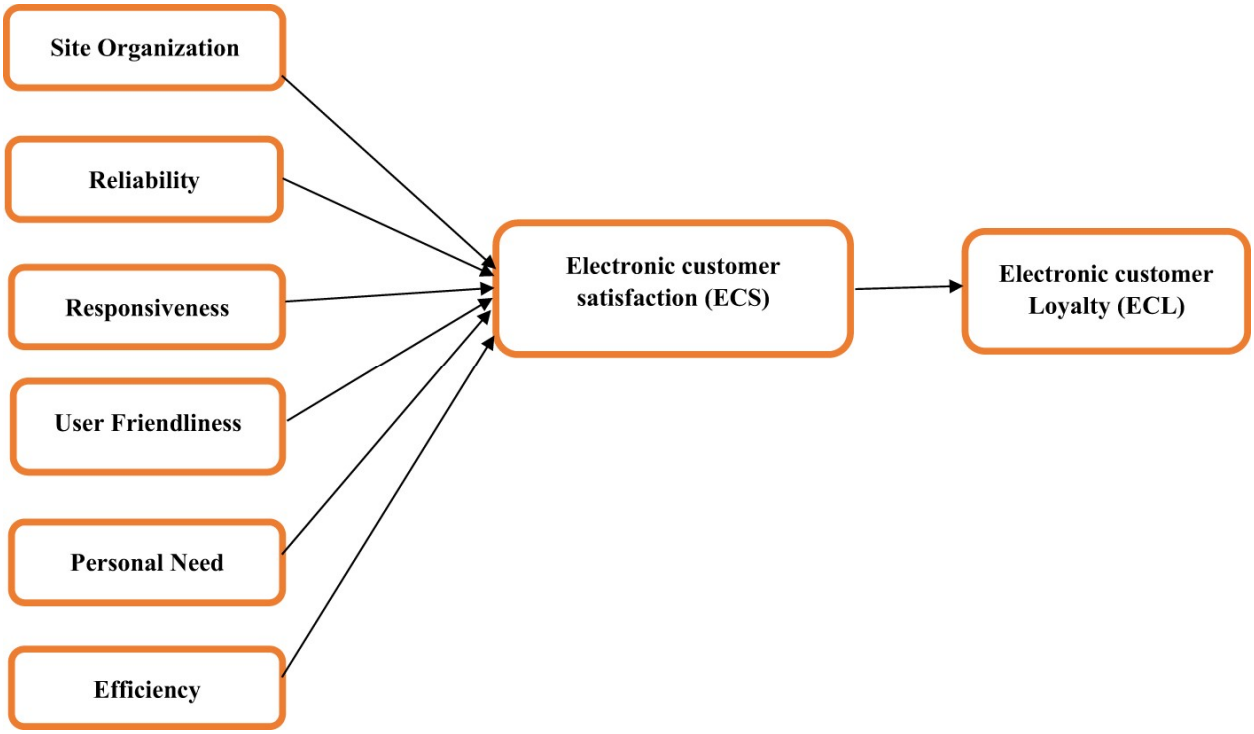
**Recent Expansion in the Banking Industry of India**

The Indian banking industry has officially embraced the digital era in its entirety at this point. The advent of the digital age has led to several enhancements in financial services. Its primary focus was on delivery channels, which ultimately resulted in cheaper costs, higher speeds, and a greater array of services made available via the Internet, automated teller machines, and mobile banking. The implementation of Internet Banking in India was made possible when the IT act was passed. The second set of developments has to do with the actions taken by the regulatory body. The operation of the financial markets has been significantly altered as a result of the introduction of computerized trading platforms, such as the recently implemented negotiated dealing system for bond markets. Thirdly, the age of technology has had an effect on clearing mechanisms for the transfer of cash, in addition to the paper system and the manual system. The electronic era is leading to highly rapid and more reliable transactions, and India offers a range of different types of electronic payment and settlement systems. The progression and growth of the online banking system has also led to the emergence of new danger zones, such as those pertaining to the integrity and safety of data. These demand current and secure approaches of risk management.[2] The performance of the banking industry in India during 2011-12 was significantly impacted by the slowdown that occurred inside the country's own economy. As a direct result of this, the growth of individual banks' balance sheets was more contained than it was the previous year. The major metrics of profitability, such as return on equity (ROE) and return on assets (ROA), both saw a modest decrease. However, the cost to income ratio of financial institutions

[1]Agarwal (2012), "Customer satisfaction in Indian banking services (A Study in Aligarh district). International Journal of Computing and Business Research"Vol. 3, pp. 11-13.

[2]*Wismantoro,Pratiwi, WikanIsthika (2015),"Perceived e-service quality: Study in consumer banking sector. Journal of Contemporary Management Science"Vol.4,pp.79-88*

improved over 2011–2012, which reflects small improvements in operational effectiveness. Even while Indian banks have maintained healthy capital levels, there are rising worries about the growing amount of non-performing assets (NPAs). The exposure that banks had to troubled industries like the electricity and aviation industries contributed significantly to the decline in the quality of their assets. Even while there has been some headway made in broadening banking coverage, there is still room for improvement in terms of achieving real financial inclusion. In order for banks to remain competitive in the face of new threats, they will need to improve their customer service.




In the years that followed the privatization and liberalization of the banking sector in India, significant changes and reforms have taken place in the industry. As a result of the intense rivalry that exists in the financial sector, participants in the banking industry have begun to recognize the significance of service quality as a weapon for attaining a competitive advantage. Banks have recently been devoting a considerable amount of their budgets to expenses that are directly tied to the quality of the services they provide, such as the training of their staff. Studies have shown that if a client's expectations are either fulfilled or surpassed, the consumer is more likely to be happy with the product or service. Customers who are happy with the services they receive from a company are more likely to remain loyal to that company and to provide it with repeat business(George and Gireesh Kumar2014),[3]. The customer's devotion to the service provider was strengthened as a result of this. Because the expense of obtaining a new client is so expensive, it is of the utmost importance for financial institutions to keep their existing customers over an

[3]George and Gireesh Kumar (2014),"Impact of service quality dimensions in internet banking on customer satisfaction. Decision" Vol. 41, pp.73-85.

extended length of time. The information that a client provides regarding how they evaluate the overall quality of the service is extremely important for the design of a successful marketing plan.

**Quality of Service in the Banking Industry**

In the years after India's independence, the country's financial system saw significant transformations. During the course of the past decade, it has been subjected to a significant change in the operating environment. The Indian banking system was in need of revitalization, and in order to tackle the difficulties that lie ahead, a number of reform initiatives, both qualitative and quantitative, were put into effect. The reforms in the Indian banking industry are gaining momentum and speed, and as a result, every facet of the industry's operation, including investment management, human resource development, and foreign exchange management, is going through a period of profound transformation (Ganguli Roy 2011),[7]. The market has undergone significant transformation and shifted its focus almost entirely to the customer. The customer will have an increased ability to make purchases as a result of all of these considerations. The capacity to contact the customer right at his or her front door and to provide individualized attention in the form of specialized goods and services will be essential to achieving success in the new environment. As a result, as a result of these changes, consumers' expectations and perceptions of the quality of the service would most likely alter.

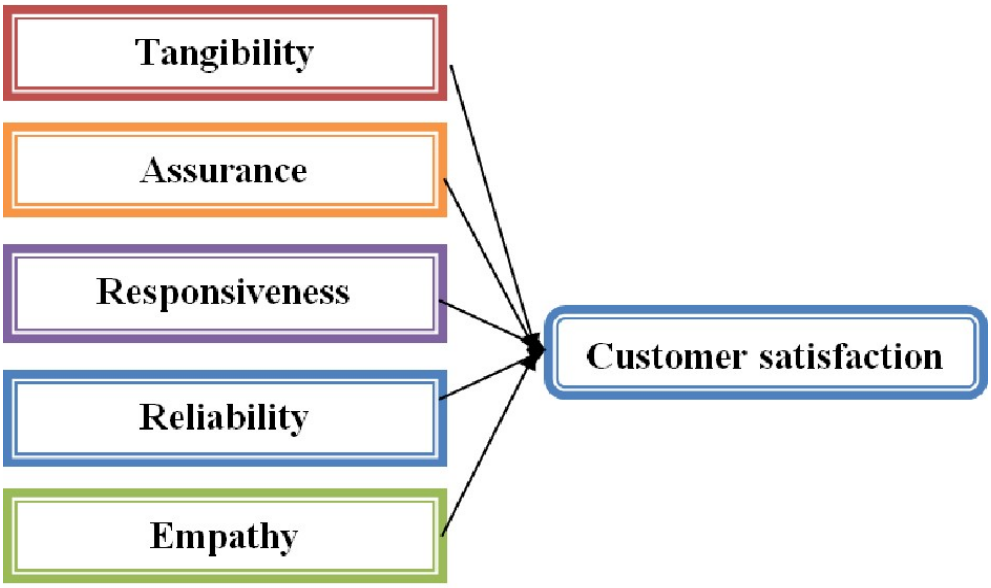
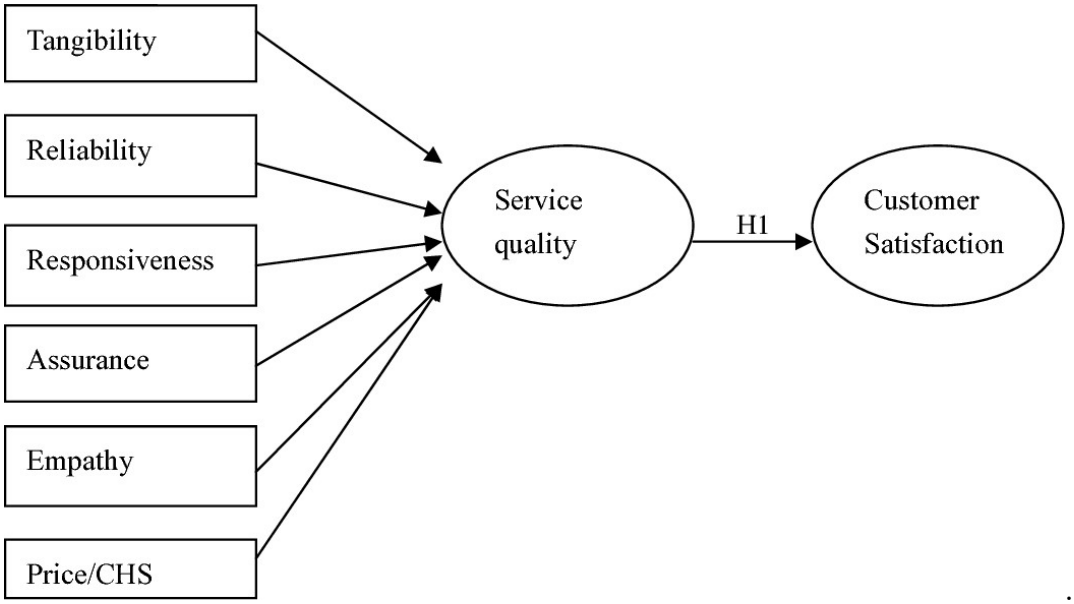



**Figure 1. The Research Framework**

The modern consumer is not going to accept anything that falls short of his or her standards and expectations. Banks are employing a variety of marketing methods in an effort to effectively compete with one another, live up to the expectations of their consumers, and remain at the top of the league. Banks have been concentrating their efforts on the development of strategies that would separate them from their rivals and provide their consumers with banking services and products that are extremely creative and advanced in terms of technology. All financial institutions are putting a higher emphasis on providing high-quality service and ensuring the complete pleasure of their customers as a result of the quick pace of environmental change. Banking institutions are

coming to the realization that even if they have the most advanced technology available, success will not be achieved if the demands of their customers are not considered while creating and providing services. The development of innovative marketing concepts and tactics has led to an increased focus on determining the requirements and expectations of customers and providing them with high-quality services.




Customers play a very significant position in the expansion of the service industries, notably the financial service industries. As a result, providing excellent service to customers is crucial for the banking industry in order to maintain a competitive edge in the current market situation. Due to the intangible character of services, measuring their quality may be challenging. This is especially true in the banking industry, in contrast to the manufacturing industry. The various market participants are increasingly turning to the quality of the services they provide as a strategic weapon more effectively. The provision of high-quality service has emerged as an indispensable need for pleasing and maintaining valuable consumers in financial institutions such as banks.Decreased number of complaints, and improved customer retention, is the primary factor driving the interest. In addition, a happy consumer is more likely to become a regular customer who will provide the bank with further business. Most crucially, the expense of keeping existing clients by enhancing the quality of one's products and services is noticeably less than the expense of acquiring brand-new ones. Without a doubt, this can be attributed to the widespread belief that providing customers with high-quality services is an absolute requirement for achieving customer satisfaction as well as a number of other desirable behavioural outcomes. The research that has been done on the banking industry in India will be expanded by this study. In particular, a survey of consumers who bank with Indian financial institutions will be carried out as part of this research project in order to establish a theoretical and empirical knowledge of the link between Quality of service, Customer Experience, loyalty, and commitment. The determination of this study is to conduct an empirical analysis to determine the degree to which the quality of service affects customer happiness, loyalty, and commitment.

**The extent of the investigation**

The analysis sheds insight on the quality of the service and how it influences the level of satisfaction experienced by customers. In the course of this investigation, an attempt has been made to dissect the mechanisms by which banks attract a variety of customers and the mechanisms by which those customers are satisfied with the level of service provided by business banks. This review will be helpful in drafting an additional strategy for the enhancement of customer satisfaction, and it will serve as information that can be used optionally for further study. The capability of these businesses to generate or acquire new customers is essential to their growth, and the organizations' ability to keep those customers happy is essential to their continued existence over the long term. Banks, with the end goal of maximizing their profits, are competing with one another to provide the best possible service to their customers. The banks will be able to win new customers, thereby increasing their profits in the long run. Banks are responded to the requirements of their customers by paying serious thought to the improvement of service quality while keeping the ultimate objective of maintaining their market position in mind. As a consequence of this, commercial banks are finding that providing high-quality service is becoming increasingly more essential to maintain their customer base. The provision of high-quality administration to customers is one of the ways in which commercial banks may adjust to changing conditions and compete for success and survival.

**The significance of the study**

This study makes a contribution, not only to the prevailing body of literature, but also to the administration of banks. The quality of the services provided by financial institutions has emerged as a prominent differentiator in this age of globalization. As a consequence of the severe rivalry that exists in the banking industry, the findings of the study may provide the management of banks with some suggestions regarding the quality of their services and how these services might be improved. To keep a valuable consumer, it is necessary to improve their overall happiness with the service they receive. In the study, the idea of customer happiness was broken down into its component parts, starting with the fundamentals. When compared to those offered by private banks, the assurance services provided by public banks are superior. The degree of client satisfaction at private banks, on the other hand, is far higher than that of government banks. The private and the nationalized banks, on the other hand, need to focus on areas such as lowering their fees, increasing their accessibility, and improving their ability to communicate effectively. The nationalized banks are responsible for improving staff behaviour and infrastructure. When compared to consumers of the public sector bank, those who bank with private financial institutions have a favourable impression of the quality of the services provided by those institutions. Constructs such as customer service, technology that is simple and intuitive for consumers to use on their own, and reliability all have a positive bearing on the level of contentment and commitment exhibited by customers. The online banking, factors like dependability, responsiveness, fulfilment, privacy, and security all play a key role in determining a customer's overall level of satisfaction. It was determined that, out of the five factors, responsiveness was the most important factor in accurately predicting overall satisfaction with

banking service. Customers were pleased with the quality of the employees, but they were disappointed that keeping accounts and fielding inquiries did not live up to their expectations. Following the assurance component as having the most important association with customer happiness was the empathy dimension of the service quality. The bank has to place a particular emphasis on the dependability component among the five dimensions. Each of the five aspects of service quality demonstrated a positive link with customer satisfaction, and this correlation was statistically significant. Reliability, followed by responsiveness, empathy, and tangibility, is the component most directly responsible for the level of satisfaction experienced by consumers.

**Objectives of the Study**: The following research objectives were used as the basic focus of the investigation.

1. To measure the service quality of the private sector banks based on the dimensions of SEVQUAL MODEL
2. To find the relationship of dimensions of service quality from the demographic perspective of customers.
3. To analyse the customer satisfaction towards the services of the private sector banks

## Research Methodology

This is an empirical study made in Chennai City. The service quality of the private sector banks has been measured using the SERVQUAL model. 300 sample respondents are selected from the study areusing the non-probability sapling method. The interview schedule is prepared in three parts with demographic nature (Age, gender and annual income), service quality dimensions (expected and perceived service qualities) and satisfaction of the customers. The collected primary data are analysed using SPSS and AMOS software.

## Findings, Results and Discussion

The primary data regarding the service quality is collected using 5 point Likert scale. The data for the both expected and perceived service qualities are tested with the Cronbach's Alpha test. The result is given below.

Table 1: Reliability statistics

| Expected | | Perceived | |
|---|---|---|---|
| Cronbach's Alpha | N of Items | Cronbach's Alpha | N of Items |
| 0.865 | 5 | 0.853 | 5 |

The above table shows that the Cronbach's Alpha values for the expected service quality (0.865) and perceived service quality (0.853) are more than 0.800. It is significant and accepts the reliability of the data for the analyzing the service gap.

The service gap analysis is done based on the SERVQUAL model with its 5 dimensions of tangibility, reliability, responsiveness, assurance and empathy. Th expected and perceived service qualities are observed in 5 point Likert scale and the gap has been identified by comparing the expected and perceived qualities. The expected service quality is deducted from the perceived

service quality. Hence, the positive gap indicates that the service quality is better and the negative gap indicates that the respondents are not happy with the service quality dimension. The result is given below.

Table 2: Service gap

| Dimensions | | Perceived | Expected | Gap | t |
|---|---|---|---|---|---|
| Tangibility | Mean | 4.0188 | 2.7178 | 1.3010 | 47.654 |
| | SD | 0.33310 | 0.37203 | | |
| Reliability | Mean | 3.4233 | 2.3039 | 1.1194 | 44.638 |
| | SD | 0.29996 | 0.33272 | | |
| Responsiveness | Mean | 4.1332 | 2.4096 | 1.7236 | 71.053 |
| | SD | 0.32028 | 0.27029 | | |
| Assurance | Mean | 4.1917 | 2.6333 | 1.5584 | 61.445 |
| | SD | 0.29469 | 0.33984 | | |
| Empathy | Mean | 4.3455 | 2.4780 | 1.8675 | 57.256 |
| | SD | 0.39107 | 0.41338 | | |

The Table 2 shows that perceived service quality of the banks for all dimensions are more than the expected service quality. Hence, the service gap for tangibility (1.3010), reliability (1.1194), responsiveness (1.7236), assurance (1.5584) and empathy (1.8675) are positive. It shows that the service quality is better than the expected level. The difference in the perceived and expected service quality is also for significant with the help of t test. The values are greater than the 1.96. The critical values for tangibility (47.654), reliability (44.638), responsiveness (71.053), assurance (61.445) and empathy (57.256) are significant at 1% level. Hence, it is concluded that the service quality of the banks are better than the expected level of the customers.

***Service quality gap according to the nature of the customers***

The respondents' age, gender and annual income are considered as influencing factors on the perception of the customers towards the service quality. They are discussed as below.

The respondents are grouped as young (aged below 30 years), middle (30 to 45 years) and old age group (more than 45 years). It is observed from the result that 81 (27.0%) respondents are from young age group, 152 (50.7%) are belong to the middle age group and 67 (22.3%) are old aged. Their service quality gap is measured as below.

Table 3: Difference in service quality dimensions based on the age group

| Dimensions | Age group | Perceived | | Expected | | Gap | t |
|---|---|---|---|---|---|---|---|
| | | Mean | SD | Mean | SD | | |
| Tangibility | Young | 3.9506 | 0.34605 | 2.6996 | 0.33584 | 1.251 | 24.030 |
| | Middle | 4.0854 | 0.31172 | 2.7643 | 0.35599 | 1.3211 | 34.690 |
| | Old | 3.9502 | 0.33836 | 2.6343 | 0.43349 | 1.3159 | 22.064 |
| Reliability | Young | 3.3642 | 0.31193 | 2.3395 | 0.29279 | 1.0247 | 20.873 |
| | Middle | 3.4518 | 0.30548 | 2.2829 | 0.34368 | 1.1689 | 34.185 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | Old | 3.4303 | 0.26456 | 2.3085 | 0.35326 | 1.1218 | 20.799 |
| Responsiveness | Young | 4.1849 | 0.32480 | 2.4352 | 0.23143 | 1.7497 | 42.337 |
| | Middle | 4.1364 | 0.33293 | 2.3709 | 0.28643 | 1.7655 | 50.677 |
| | Old | 4.0634 | 0.27384 | 2.4664 | 0.26613 | 1.597 | 30.082 |
| Assurance | Young | 4.1385 | 0.30859 | 2.6118 | 0.30181 | 1.5267 | 33.885 |
| | Middle | 4.2264 | 0.29350 | 2.6513 | 0.33199 | 1.5751 | 43.964 |
| | Old | 4.1774 | 0.27289 | 2.6186 | 0.39885 | 1.5588 | 26.799 |
| Empathy | Young | 4.3407 | 0.40024 | 2.5086 | 0.39122 | 1.8321 | 29.557 |
| | Middle | 4.3490 | 0.38907 | 2.4868 | 0.39377 | 1.8622 | 43.010 |
| | Old | 4.3434 | 0.39025 | 2.4209 | 0.47880 | 1.9225 | 24.512 |

The above table reveals that the service gaps for all the dimensions are positive. The service gaps for the middle age group respondents are high towards the tangibility (1.3211), reliability (1.1689), responsiveness (1.7655) and assurance (1.5751). The old age group respondents have high service gap towards the empathy (1.9225). The t values are (>1.96) significant. Hence, it is observed from the test that the perceived service quality is more than the expected level for all the respondents invariably to their age.

The gender of the customers may also influence the perception towards the service quality. Out of 300 sample respondents, 164 (54.7%) are male and 136 (45.3%) are female. Their level of perceived and expected service quality are analysed as below.

Table 4: Difference in service quality dimensions based on the gender

| Dimensions | Gender | Perceived | | Expected | | Gap | t |
|---|---|---|---|---|---|---|---|
| | | Mean | SD | Mean | SD | | |
| Tangibility | Male | 4.0295 | 0.32815 | 2.7591 | 0.39693 | 1.2704 | 33.910 |
| | Female | 4.0060 | 0.33975 | 2.6679 | 0.33426 | 1.3381 | 33.666 |
| Reliability | Male | 3.4604 | 0.29124 | 2.3171 | 0.33801 | 1.1433 | 32.598 |
| | Female | 3.3787 | 0.30528 | 2.2880 | 0.32677 | 1.0907 | 30.600 |
| Responsiveness | Male | 4.1036 | 0.32194 | 2.4177 | 0.27742 | 1.6859 | 51.480 |
| | Female | 4.1689 | 0.31576 | 2.3998 | 0.26212 | 1.7691 | 49.342 |
| Assurance | Male | 4.2263 | 0.30668 | 2.6003 | 0.34543 | 1.626 | 47.949 |
| | Female | 4.1501 | 0.27492 | 2.6732 | 0.32982 | 1.4769 | 39.781 |
| Empathy | Male | 4.3396 | 0.40622 | 2.4524 | 0.43405 | 1.8872 | 42.079 |
| | Female | 4.3526 | 0.37336 | 2.5088 | 0.38634 | 1.8438 | 38.771 |

The service quality gap of the male is higher than female for reliability (1.1433), assurance (1.626) and empathy (1.8872). The gap of female respondents is high for tangibility (1.3381) andresponsiveness (1.7691). But the service gaps for all the respondents belong to the male and female groups are found significant as their t values are higher than 1.96. It is found that the service quality is better for all the dimension from the perception of the both male and female respondents.

The respondents' annual income is also taken as a variable influencing the perception of the customers towards the service quality. For which, the respondents are grouped as low income group (annual income is less than Rs. 5 lakhs), middle income group (Rs. 5 Lakhs to Rs. 10 Lakhs) and high income group (more than Rs. 10 Lakhs earning per annum). 91 (30.3%) respondents are from the low income group, 101 (33.7%) are from the middle income family and 108 (36.0%) belong to the high income group. The level of perception towards the perceived and expected service quality of the bank is analysed. The result is presented in the following table.

Table 4: Difference in service quality dimensions based on the income group

| Dimensions | Income group | Perceived | | Expected | | Gap | t |
|---|---|---|---|---|---|---|---|
| | | Mean | SD | Mean | SD | | |
| Tangibility | Low | 4.0218 | 0.33176 | 2.7106 | 0.38074 | 1.3112 | 24.353 |
| | Middle | 4.0000 | 0.35590 | 2.7327 | 0.34567 | 1.2673 | 31.246 |
| | High | 4.0340 | 0.31389 | 2.7099 | 0.39095 | 1.3241 | 27.742 |
| Reliability | Low | 3.4176 | 0.27708 | 2.2582 | 0.30758 | 1.1594 | 26.234 |
| | Middle | 3.4109 | 0.34766 | 2.3317 | 0.34115 | 1.0792 | 22.792 |
| | High | 3.4398 | 0.27101 | 2.3164 | 0.34402 | 1.1234 | 28.899 |
| Responsiveness | Low | 4.1427 | 0.33010 | 2.3942 | 0.29926 | 1.7485 | 39.496 |
| | Middle | 4.1298 | 0.30709 | 2.4431 | 0.24782 | 1.6867 | 44.820 |
| | High | 4.1284 | 0.32670 | 2.3912 | 0.26425 | 1.7372 | 39.620 |
| Assurance | Low | 4.1889 | 0.29412 | 2.6667 | 0.36740 | 1.5222 | 30.683 |
| | Middle | 4.1716 | 0.28394 | 2.6018 | 0.32518 | 1.5698 | 37.850 |
| | High | 4.2130 | 0.30613 | 2.6348 | 0.32935 | 1.5782 | 37.941 |
| Empathy | Low | 4.3984 | 0.35672 | 2.4945 | 0.39927 | 1.9039 | 35.933 |
| | Middle | 4.3243 | 0.38138 | 2.4614 | 0.42213 | 1.8629 | 36.313 |
| | High | 4.3208 | 0.42543 | 2.4796 | 0.42000 | 1.8412 | 29.292 |

The above table reveals that the respondents from the low income group have high service quality gap than others for reliability (1.1594), responsiveness (1.7485) and empathy (1.9039). The respondents from the high income group have more gap for tangibility (1.3241) and assurance (1.5782). But the service quality gaps for all the respondents from the three income groups are significant. It is concluded that the service quality is looking better for all the dimensions and it does not significantly differ according to the level of income of the respondents.

*Satisfaction of the customers towards the private sector banks*

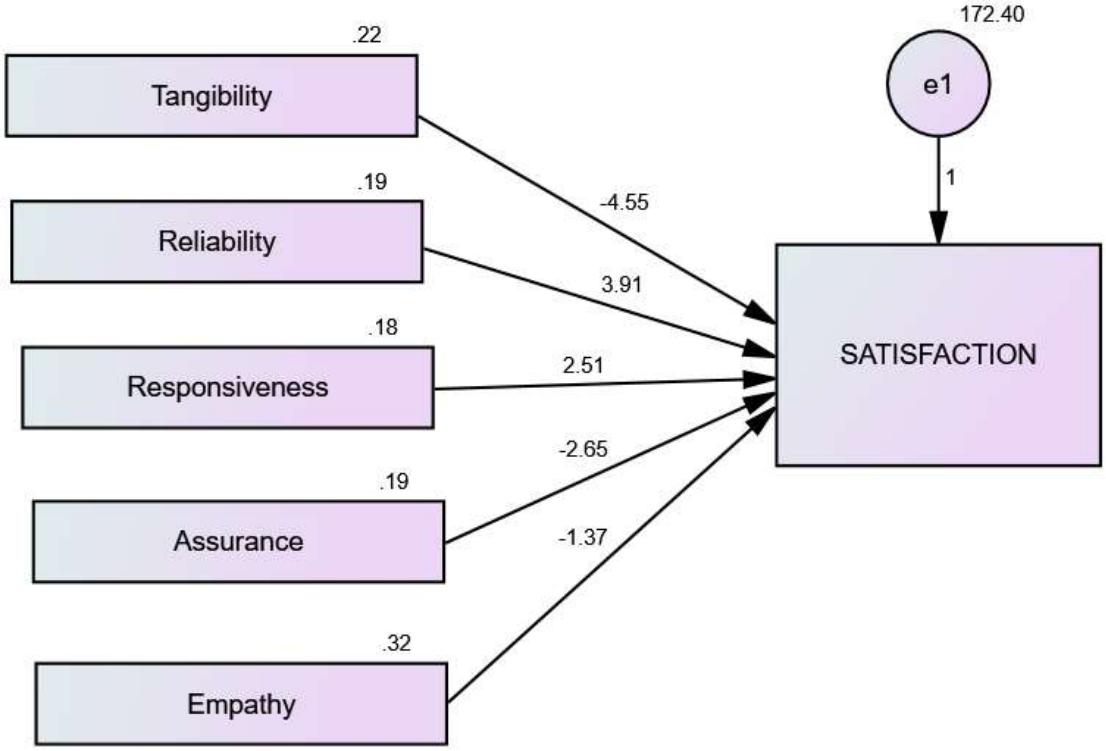
The satisfaction of the customers and the impact of the service quality are measured with the help of a structured equation modeling. The satisfaction of the customers is taken as dependent variables and the service gap of the five dimension i.e., tangibility, reliability, responsiveness, assurance and empathy are taken as predictors in the model. The fitness of the model is described as below.

Table 5: Model fitness

| Name of the Parameter | Value | Suggested value |
|---|---|---|
| CMIN/DF | 2.605 | <3 (Wheaton et. al. 1977) |
| Goodness of Fit Index (GFI) | 0.955 | >0.9 (Hu, L. T., & Bentler, P. M. (1999) |
| Adjusted Goodness of Fit Index (AGFI) | 0.905 | >0.9 (Tanaka, J. S., &Huba, G. J. (1985) |
| Comparative Fit Index (CFI) | 0.961 | >0.9 (Bentler, P. M., & Yuan, K. H. (1999) |
| Tucker-Lewis Index(TLI) | 0.948 | 0.9 (Bentler, P. M., & Yuan, K. H. (1999 |
| Root Mean Square Error of Approximation (RMSEA) | 0.061 | Browne and Cudeck (1993). |

The parameters for testing the fitness of the model are found significant. CMIN/DF is 2.605 (<3), GFI - 0.955, AGFI - 0.905, CFI – 0.961, and TLI is 0.948 which are all above the required level of 0.900. The RMSEA is 0.061 (<0.08). Hence, the result shows that the model is fit. The result of the model is shown in the following diagram.

Impact of service quality dimensions on the satisfaction of the customers




The diagram indicates that tangibility (-4.55), assurance (-2.65) and empathy (-1.37) have adverse impact on the satisfaction. The reliability in the banking services (3.91) and responsiveness of the bankers (2.51) are positive influence on the satisfaction. Mean of the service gap of tangibility (0.22) and empathy (0.32) are higher among the various dimensions. The significance is shown in the following table.

Table 6: Regression Weights

| | | | Estimate | S.E. | C.R. | P |
|---|---|---|---|---|---|---|
| Satisfaction | <--- | Tangibility | -4.551 | 1.608 | -2.829 | 0.005 |
| Satisfaction | <--- | Empathy | -1.371 | 1.346 | -1.018 | 0.309 |
| Satisfaction | <--- | Assurance | -2.647 | 1.731 | -1.529 | 0.126 |
| Satisfaction | <--- | Responsiveness | 2.510 | 1.810 | 1.387 | 0.166 |
| Satisfaction | <--- | Reliability | 3.912 | 1.751 | 2.234 | 0.025 |

The estimates show the level of impact of the service quality dimensions on the satisfaction. The critical values of the tangibility (-2.829) and reliability (2.234) are significant. The p values for these dimensions are less than 0.05. Hence, it is concluded that tangibility and reliability are significantly influence on the satisfaction of the customers. Other dimension are insignificant ($p>0.05$).

**Implications for Future Research**

The level of service offered to customers and their overall happiness was a helpful tool for financial institutions all around the world. The results of this study have a broad variety of potential repercussions for clients living in rural and urban areas, bankers, members of government, and academics. The findings of the study extend directions to bank managers to extend their fullest service to all customers regardless of age, community, geography, and customer needs to be integrated with unsystematic factors. There are three significant repercussions that this review's findings have for academic practitioners, bank managers, and researchers: first, that it would be beneficial to re-examine the findings of this review using a larger sample over a longer period of time; second, that the implications are interconnected; and third, that the implications are interconnected with possible that the existence of service quality and customer satisfaction in banks varies depending on the environment of other banking services, such as mobile banking service, E-banking and digital divide service, and so on. In addition to this, one of the most important aspects of research is on the assessment of service quality and the level of customer satisfaction about banking services supplied by all banks across the many phases of banking financial services and financial inclusion.

**Conclusion**

Service quality is a topic that has received a significant attention from researchers and is the subject of the majority of study. All service providers have made improving their ability to produce high-quality work their primary emphasis, and this has enabled them to more successfully position themselves in the market.It is observed from the test that the perceived service quality is more than the expected level for all the respondents invariably to their age. The findings of this research contain a number of implications that will be of great assistance to private sector banks in the future. These recommendations will allow private sector banks to grow their operations and provide the highest possible level of pleasure to their customers. The banking industry is not an exception to the general rule that it is less expensive for a company to keep the clients it already

has than seek out new ones. The goal of the research is to measure the service quality of the private sector banks based on the dimensions of SEVQUAL MODEL, the study concluded that tangibility and reliability are significantly influence on the satisfaction of the customers. Other dimension are insignificant.

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