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Study of Service Quality, Customer Satisfaction & Customer Loyalty of Banks in India

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Abstract

Banks are required to attract potential customers as well as retain the existing ones. Service quality is defined as the degree of discrepancies between customers' expectations and perceptions of the performance of the service. The SERVQUAL model identifies reliability, tangibility, responsiveness, assurance & empathy as important dimensions affecting service quality and has been widely used in measuring service quality. The present study identifies the important factors affecting service quality and the gap between the customer's expectations and perception/satisfaction. It also studies the relationship between the service quality dimensions, customer satisfaction and customer loyalty. The study was conducted in January–February 2016 among bank customers of Indore city. It concludes that SERVQUAL is a suitable instrument for measuring service quality among Indian banking customers, Empathy is the most important service quality dimension and there is a positive relationship between service quality dimensions and customer loyalty and between customer satisfaction and loyalty.

Keyword: Service Quality, SERVQUAL, Customer Satisfaction, Customer Loyalty

1. Introduction

Banks play an important role in the economic and financial growth of the country. An effective banking system is crucial and affects various sectors of economy. Indian banking sector originated in the last decade of 18th century has undergone many transformations especially after 1991. Before 1991, the level of competition in banking industry was very low. After nationalisation of commercial banks banking sector was majorly dominated by public sector banks in terms of asset size. But in 1991, when India undertook a series of liberalization, privatization and globalization measures the banking industry has completely transformed with new private sector banks opening up, expansion of existing private sector banks and entry of foreign banks. Since then Indian banking sector has witnessed a phenomenal growth. Presently, the scenario of this industry is very dynamic and challenging. It has a large number of banks operating with mixed ownership. Regulators and policy makers are making banking norms in line with international standards with the aim that Indian Banking system progresses with strong fundamentals. This coupled with emergence of new forms of banking services like automatic teller machines (ATM), plastic cards, internet and mobile banking have altered customer behaviour in regards to banking services and the operating environment for banking has become more dynamic and competitive.

In such a competitive set up, banks are required to attract potential customers as well as retain the existing ones (Best, 2005). Banks are now required to capitalise on their core competencies and focus on differentiating their offerings from that of competitors (Tang & Zairi, 1998). Further to this, to maintain and improve their profit position and market share, banks have to design marketing strategies aiming customer satisfaction and loyalty through improved service quality. It is crucial for banks to better understand the changing needs of customers and adopt the latest technological innovations to create a base

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of loyal customers and compete effectively in dynamic and competitive environment (Malhotra & Mukherjee, 2004).

2. Review of Literature

Service quality defined as the degree of discrepancies between customers' expectations and perceptions of the performance of the service (Parasuraman, Berry & Zeithaml, 1985). Customers prefer a particular store because they are assured that they will get expected quality (Lau Cheung, Lam & Chu, 2006). Service quality can be defined as meeting the needs and expectations of the customer (Smith, 1998). Parasuraman, Berry & Zeithaml (1985, 1988, 1991) identified 10 quality dimensions: tangibles, reliability, responsiveness, competence, courtesy, credibility, security, access, communication and understanding of the customer. Ziethmal, Berry & Parasuraman (1990) refined 10 dimensions into 5 items to measure customer's perceived quality which is known as SERVQUAL. The SERVQUAL model adopts meeting expectations paradigm to measure service quality. The SERVQUAL instrument has been widely used in measuring service quality in variety of sectors like hotels (Ingram and Daskalakis, 1999; Oh 1999), parks and recreation (McKay and Crampton, 1990), tourism attractions and resorts (Bigne Sanchez & Sanchez, 2001), leisure/ sports centers (Chang, Chang and Huang, 2006; Howat et al., 1999)) and travel agencies (Luk, 1997). The five dimensions of SERVQUAL which have been developed for service quality are tangibility, reliability, assurance, responsiveness and empathy (Van Iwaarden, Van der Wiele, Ball & Millen 2003). Tangibility refers to physical facilities, equipment's and appearance of staff. Examples of tangible factors related to banks are comfortable flow design, latest equipment's for customer use and sufficient personnel to provide service. Reliability means the ability to perform the service accurately and dependably. In relation to banks this factor includes banks capability to provide appropriate and prompt service and high level of security during transactions. The 3rd dimension is assurance which in relation to bank services means knowledge and courtesy of employees and their ability to inspire trust and confidence in customers regarding the service provided. The 4th dimension is responsiveness which means willingness of employees to help customers and provide them prompt solutions. The final dimension is empathy which includes individualized attention and understanding customer needs and knowledge to solve their problems (Lau, Cheung, Lam & Chu, 2013).

Good service quality is a major factor affecting retention of customers and attracting new customers apart from reducing cost and hence improving corporate image and profitability (Lau, Cheung, Lam & Chu, 2013; Yoon and Suh, 2004; Kang and James, 2004; Cronin, Brady & Hult 2000). Maximizing customer satisfaction through service quality is the ultimate weapon (Berry Bennet & Brown, 1985). In all industries where products are roughly matched, those whose stress is on customer service will win (Davidow and Uttal, 1989). Considering that the banks are offering similar products, it is important for them to concentrate on service quality to gain competitive advantage. Banks providing better services can gain advantage in terms of higher revenue, customer retention & customer loyalty (Kumar, Kee & Charles, 2010).

Customer satisfaction can be defined as the attitude resulting from what customer believes should happen (customer expectations) to what they believe happen (customer perception) (Neal, 1998). Service quality has positive impact on customer satisfaction (Yee, Yeung & Cheng, 2010). Increased satisfaction in turn increases mutual understanding, creates a bond between customer and bank which results in customer retention (Nagabhushnam, n.d.).

A vast number of studies have been done to identify the significance of service quality. Zaim, Bayyurt & Zaim (2010) found that tangibility, reliability are the most important while Mengi (2009) found that responsiveness and assurance are the most important. Munusamy, Chelliah & Mun (2010) in their study on Malaysian banking sector found that tangibles have highest positive correlation with customer satisfaction. Responsiveness and assurance were also found to be positively related to customer satisfaction while reliability and empathy were found to have no bearing on customer satisfaction while another study by Kheng, Mahamad, Ramayah & Rahim (2010), again on Malaysian retail banking, concluded that reliability, empathy and assurance have the highest influence on customer satisfaction. Siddique (2010) in his study on Bangladeshi banking industry found that empathy has the highest positive correlation with customer satisfaction followed by assurance and tangibility and overall service quality has positive correlation with customer satisfaction. The study done by Heryanto (2011) among customers of Bank Nagari, Padang revealed that service quality is very important and consists of factors like quick response, commitment, staff availability and competency and capability of staff in bank and there is a significant relationship between service quality and customer satisfaction. Malik, Naeem & Arif (2011) in their study on banking sector in Pakistan concluded that all dimensions of SERVQUAL model have a role in increasing customer satisfaction. Assurance has higher contribution than reliability but there is a positive relation between service quality and customer satisfaction. Arasli, Smadi & Katircioglu (2005) measured service quality perception among bank customers of Greece and found that reliability dimension of service quality has highest effect on customer satisfaction and positive word of mouth. Jamal & Naser (2002) studied impact of service quality dimensions and customer satisfaction among customers of Abu Dhabi Commercial bank and reported that both core and relational dimensions of service quality are linked to customer satisfaction.

Angur, Nataraajan & Jahera (1999) measured applicability of service quality measures in retail banking industry in India. The study concluded that all dimensions of SERVQUAL are not equally important for customer satisfaction. Reliability and responsiveness are the most important followed by empathy and tangibility. Assurance was found to be least important. The study also concluded that SERVQUAL is the best model to measure service quality in Indian banks. Jain, Gupta & Jain (2012) in their study among customers of Indian private sector banks identified that reliability and responsiveness are most relevant factors for service quality perception. Mehta (2012) in her study to measure service quality in retail banking in Gujarat, India found that reliability dimension has the highest gap while assurance dimension has the lowest gap. Santhiyavalli (2011) studied customer's perception of service quality among customers of State Bank of India and concluded that all five dimensions of SERVQUAL assurance, empathy, tangibility, reliability and responsiveness are important factors affecting service quality. Service quality gaps were found to be least for assurance dimension while empathy dimension had the highest gap. Dutta & Dutta (2009) in their study across customers of all the three banking sectors of India found that service quality perceptions were highest among customers of foreign banks followed by private sector banks and then public sector banks and these perceptions affected financial performance of banks. The study done by Ravichandran, Bhargavi & Kumar (2010) on influence of service quality on banking customer's behavioural intentions and found that service quality variables of tangibility, responsiveness and empathy play an important role in predicting customer's behavioural intentions and customer's perception of service quality.

Customer loyalty is an asset. Studies have proved that customer's satisfaction is positively related to customer loyalty and organization profits (Rust & Zahorik, 1993). Loyalty is direct result of customer satisfaction which is influenced by the quality of services provided to customers (Lau et al., 2013). Boulding, Kalra, Staelin, & Zeithaml (1993); Kelly, Hoffman & Davis (1993) reported that overall service quality perception is positively related with willingness to recommend and negatively related to complaining & switching behavior. The cost of attracting new customer is five times the cost of keeping a current customer satisfied (Kotler & Armstrong, 1999; Schlesinger & Heskett, 1991). It is beneficial for the company to stress on customer satisfaction and create a base of loyal customers. Loyalty has to be developed over a period of time by keeping a record of meetings or surpassing customer's expectations (Teich, 1997). Loyal customers don't come back or recommend to others but they also insist upon their friends to do business with you (Chip Bell cited in Brahmbhatt & Panelia, 2008).

3. Research Methodology

3.1. Objectives of the study

1. To study whether the dimensions of SERVQUAL like tangibility, responsiveness, reliability, assurance and empathy influence customer satisfaction.
2. To study whether the dimensions of SERVQUAL like tangibility, responsiveness, reliability, assurance and empathy influence customer loyalty.
3. To study whether customer satisfaction influences customer loyalty.
4. To study the gap between the expectations and perceptions from the banking services among customers of the bank.

Instrument

Three kinds of assessment scales have been used in the past to measure service quality- SERVQUAL by Parasuraman et al., 1991; SERVPERF by Cronin & Taylor (1992) and Non Difference by Brown, Churchill & Peter (1993). SERVQUAL has emerged as the most popular measure for assessing service quality. Su (1995) compared differences among SERVQUAL, SERVPERF and Non Difference scales and the result have found SERFPERF model has higher reliability & validity. However, Angur et al., (1999) have reported that SERVQUAL model is the best for measuring service quality in Indian Banks. This is the reason we preferred SERVQUAL over SERVPERF model in this study.

The instrument was divided into three sections. Five dimensions of SERVQUAL model as already discussed in the literature review section were measured through a questionnaire consisting of 22 items. It consisted of two sections: an expectation section and a perception section. The expectation section required respondents to indicate on a 5 point scale (5- Strongly Disagree; 1- Strongly Agree) the extent to which an ideal bank should possess the characteristic mentioned in each statement. In the perception section the respondents were required to indicate the extent to which their bank possesses the desired characteristic again on a 5 point scale (5- Strongly Disagree; 1- Strongly Agree). The language of the questionnaire was partially modified to make it easy for respondents to understand so that it can be answered without doubt. Another 4 questions were also included in the instrument to assess customer's loyalty. Through the last section demographic details of the customers were collected. Before the full fledged survey, pilot testing of the questionnaire was done with 40 respondents. Their views were incorporated in the final questionnaire.

Data Collection

A self administered survey was carried out to collect the data. Convenient Sampling method was employed to select the respondents. All the participants belonged to the city of Indore in Central India. They were contacted directly or through internet. The data was collected during January and February 2016. Total number of questionnaire distributed were 250. However, researchers received 206 fully answered questionnaire, all of them were included in the study. Thus the response rate was 82%.

Hypotheses of the study

Keeping the objectives of the study in mind the following hypotheses were framed & tested:

1. H1: Tangibility has an influence on customer loyalty
2. H2: Responsiveness has an influence on customer loyalty
3. H3: Reliability has an influence on customer loyalty
4. H4: Assurance has an influence on customer loyalty
5. H5: Empathy has an influence on customer loyalty
6. H6: Customer satisfaction has an influence on customer loyalty

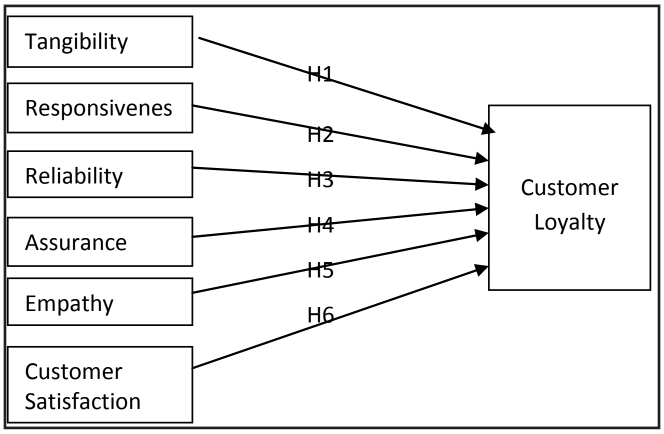

Fig 1: Hypotheses of Study

Data Analysis Tools

To check the reliability of data items of the questionnaire Cronbach's alpha scores were used. Factor analysis using principal component analysis extraction with Varimax rotation was performed to find the extent to which items on a factor measure a single construct. In order to find and analyse the gap between expectations & perception descriptive statistics (mean & standard deviation) and z test were used. Multiple regression analysis was undertaken to study the relationship between various dimensions of SERVQUAL model and customer satisfaction & customer loyalty. The analysis of data was carried out using Statistical Package for the Social Sciences (SPSS) 20.0 for Windows.

Data Analysis

Demographic Characteristics of the sample

Table 1 gives demographic details of the participants. The sample consisted of 138 males and 68 females. A large proportion of respondents were in 26–45 age group.10.7% of respondents had higher secondary as their highest qualification, 23.3% had a graduate degree, 28.2% had a post graduate degree and 37.9% were qualified professionals. The above data indicates that majority of the sample represents highly educated class. Statistics related to occupation reveals that a significant number of the sample belongs to service class (48.1%) followed by professionals (26.7%). 67% of the respondents have annual income less than or equal to Rs. 10 lakhs, while 16.5% of the respondents have income in excess of Rs. 15 lakhs. . It is interesting to note that 50% of the sample uses services of public sector banks and remaining 50% uses services of private sector banks.

Table 1: Demographic Details of the Respondents

		Frequency	*Percent*	*Cumulative Percent*
Gender	Male	138	67	67
	Female	68	33	100.0
	Total	206	100.0	100.0
Age (in years)	18-25	38	18.4	18.4
	26-35	64	31.1	49.5
	36-45	66	32.0	81.6
	Above 45	38	18.4	100.0
	Total	206	100.0	100.0
Education	H.SC	22	10.7	10.7
	Graduate	48	23.3	34
	Post Graduate	58	28.2	62.1
	Professional	78	37.9	100.0
	Total	206	100.0	100.0
Occupation	Service	99	48.1	48.1
	Business	35	17.0	65
	Housewife	17	8.3	73.3
	Professional	55	26.7	100
	Total	206	100	100
Yearly Income	Less than 5 lakhs	52	25.2	25.2
	5 lakhs to 10 lakhs	86	41.7	67.0
	10 lakhs to 15 lakhs	34	16.5	83.5
	Above 15 lakhs	34	16.5	100
	Total	206	100	100
Type of Bank	Public Sector	103	50	50
	Private Sector	103	50	100
	Total	206	100	100

Factor Analysis

Factor analysis provides an enhanced control for assessing the extent to which items on a factor measure one single construct (Ahire, Golhar & Waller, 1996). Principal component factor analysis with Varimax rotation was used to analyse service quality factors. Retaining only such factors which have Eigen values greater than 1, six factors emerged. These results are presented in Table 2. The total variance accounted by six factors is 71.62% of total variance. The factors were labeled 'empathy' (factor 1), 'loyalty' (factor 2), 'responsiveness' (factor 3), 'tangibility' (factor 4), 'reliability' (factor 5), 'assurance' (factor 6). Most of the items had factor loading of over 0.55 which were regarded as strong items in the construct. Only one item (Your bank employees tell you exactly when the services will be delivered) had a loading of 0.464 but it was still included in the study. Factors identified are discussed below:

Empathy: This factor was perceived by the respondents as the most important factor with total variance of 19.837%. Empathy as a service quality dimension includes bank staff knowledge (0.613), right service in first time (0.722), prompt services (0.782), interest in solving customer problem (.727), employees understand individual needs (0 .560), polite employees (.689), bank keeps your interest in mind (.533) and bank understands your problem (0.724).

Loyalty: The second factor revealed by the study is Loyalty. It explains 11.358% of the total variance. It includes sub factors like loyalty to bank (0.884), no intention to switch to another bank (0.866) and intention to continue using the services offered by bank (0.635).

Tangibility: The third factor that emerged is tangibility. It explains 11.115% of total variance. The items included in this factor are physical facilities (0.788), environment of bank is clean (0.752), arrangement of products and facilities (0.695) and modern-looking equipments (0.728)

Responsiveness: This factor explains 10.703% of variance This factor is loaded by four variables – equipped ATMs (.630), services meet your requirement (0.696), full range of services provided (0.615), services are provided on time (0.616)

Reliability: The fifth factor emerged from the study is Reliability. This factor is loaded by two variables safety of transaction with banks employees (0.783) and trustworthy employees (0.816) It explains 10.347% of total variance.

Assurance: This factor explains 8.265% of variance. The items included in this factor are correct price of product and services (0.750), sufficient parking space (0.678), error free statements and documents (0.769) and service delivery time known (0.464).

Table 3: Result of factor analysis

Factor	*Eigen Value*	*% Variance*	*Variable & Questionnaire items*	*Factor Loading*
Empathy	5.158	19.837	• Your bank staff has sufficient knowledge to answer your queries • Your bank's employees gives you right services in first time • Your bank employees serve you promptly • When customers have a trouble, your bank shows a sincere interest in solving it • Bank employees understand your individual needs • Employees are polite • Your bank keeps your interest in mind • Bank understands your problem	0.613 0.722 0.787 0.727 0.560 0.689 0.533 0.724
Loyalty	2.953	11.358	• I am loyal to my bank • I don't want to switch to another bank • I will continue using the services offered by my bank	0.884 0.866 0.635
Tangibility	2.890	11.115	• Your bank's physical facilities are visually appealing. • The environment in your bank is clean • Products and facilities in your bank are neatly arranged • Your bank have modern-looking equipments	0.788 0.752 0.695 0.728
Responsiveness	2.783	10.703	• The ATM's of your bank are technologically well equipped • Services provided by bank meet your requirement • Your bank provides full range of services • Your bank provide services on time	0.630 0.696 0.615 0.616
Reliability	2.690	10.347	• You feel safe in your transactions with the bank employees • You can trust employees of your bank	0.783 0.810

Factor	Eigen Value	% Variance	Variable & Questionnaire items	Factor Loading
Assurance	2.149	8.265	• Products and services of the bank are correctly priced • Your bank provides sufficient parking space • Statements and documents provided by your bank are error free • Your bank employees tell you exactly when the services will be delivered	0.750 0.678 0.769 0.464

Reliability Analysis

Reliability was examined using Cronbach Alpha values (Cronbach, 1951). Table 4 shows Cronbach Alpha values of all the items. All the values are greater than the threshold level of 0.70 except assurance (0.633) (Walsh, 1995). Hence it can be concluded that the items reliably measure the defined constructs.

Table 4: Reliability (Cronbach Alpha) Analysis

Factor	Cronbach Alpha
Empathy	0.927
Loyalty	0.868
Tangibility	0.818
Responsiveness	0.802
Reliability	0.810
Assurance	0.633

Expectations - Perception Gap

"The Gap model is one of the best received and most heuristically valuable contribution to the service literature" (Brown and Bond, 1995). This model is widely used to study & understand shortfalls in service quality dimensions. Customers develop expectations based on the information they collect from various sources. Once they experience the service they compare the satisfaction they get from the service with the expectations and are able to rate their satisfaction level. The Gap model helps to analyse difference or gap in the expectation & perception/ satisfaction. The analysis presented in table 5 clearly indicates that there exist differences between expectation and perception regarding service quality provided by banks on all dimensions. The results of z test show that differences between expectations & perceptions are significant at 1% (Sig<0.01).

Table 5: Expectations - Perception Gap Analysis

Factor		Expectation	Perception	Gap	Sig.
Empathy	Mean	12.3107	19.6311	7.3204	0.00*
	Standard Deviation	3.41025	6.64352		
Tangibility	Mean	7.7379	30.1602	22.4223	0.00*
	Standard Deviation	2.34557	8.80956		
Responsiveness	Mean	7.0194	13.5728	6.5534	0.00*
	Standard Deviation	1.77781	3.78985		
Reliability	Mean	2.5049	4.0680	1.5631	0.00*
	Standard Deviation	0.76348	1.52547		
Assurance	Mean	6.7087	11.4951	4.7864	0.00*
	Standard Deviation	2.02246	3.19565		
Overall Satisfaction	Mean	36.2816	78.9272	42.6456	0.00*
	Standard Deviation	8.15151	22.23905		

Higher the mean, lower the expectations/satisfaction.

Gap represents services are not delivered as per the expectations.

**Differences are significant at 1%*

Multiple Regression

Multiple Regression Analysis between Service Quality Dimensions and Customer Loyalty: The relationship between various service quality dimensions, customer satisfaction and customer loyalty was studied through multiple regression analysis. The results of regression analysis are shown in Table 6. All service quality dimensions are found to be significantly related to customer loyalty at 1% (Sig. < 0.01). A high value of R square (0.803) indicates that service quality dimensions of Assurance, Reliability, Empathy, Responsiveness and Tangibility provide high level of explanation for variances in Customer Loyalty.

Table 6: Multiple Regression Analysis between Service Quality Dimensions and Customer Loyalty

Model		*Unstandardised Coefficients*		*Standardised Coefficients*	*t*	*Sig.*
B		*Std. Error*	*Beta*			
1	**(Constant)**	.841	.334		2.513	.013
	Tangibility	-.403	.046	-1.283	-8.764	.000
	Responsiveness	.669	.048	.915	13.845	.000
	Reliability	-.239	.076	-.132	-3.162	.002
	Empathy	.360	.042	.863	8.501	.000
	Assurance	.468	.069	.540	6.829	.000
	R	0.899				
	R^{-} Square	0.809				
	Adjusted R – Square	0.803				

a. Dependent Variable: Customer Loyalty

b. Predictors: (Constant), Assurance, Reliability, Empathy, Responsiveness, Tangibility

Regression Analysis between Overall Customer Satisfaction and Customer Loyalty: The results of regression analysis between customer satisfaction & customer Loyalty as presented in table 7 indicates that customer loyalty is significantly related to customer satisfaction at 1% (Sig. < 0.01). The R square value of 0.571 indicates a reasonable level of explanation of both the dependent variable (customer Loyalty) & independent variable (Customer Satisfaction) included in the analysis. The results of regression analysis support all hypotheses of the study.

Table 7: Regression Analysis between Overall Customer Satisfaction and Customer Loyalty

Model		*Unstandardised Coefficients*		*Standardised Coefficients*	*t*	*Sig.*
B		*Std. Error*	*Beta*			
1	(Constant)	1.788	.467		3.830	.000
	Overall Customer Satisfaction	.094	.006	.757	16.564	.000
	R	0. 757				
	R^{-} Square	0.574				
	Adjusted R – Square	0.571				

a. Dependent Variable: Loyalty

b. Predictors: (Constant), Overall Customer Satisfaction

4. Results & Discussions

The paper studies the relationship between service quality dimensions, customer satisfaction & customer loyalty among the retail customers of India by using SERVQUAL model. Though the study was geographically restricted to the study of Indore it has wider implications and the results can be applied to the entire Indian banking sector. The study suggests that SERVQUAL model is a suitable instrument for measuring service quality among Indian banking customers. The results are consistent with the results of the study done by Lau, Cheung, Lam & Chu (2013) in the retail banking sector in Hong Kong. The bank managers in India can use SERVQUAL model to assess the service quality in banks.

The five service quality dimensions Empathy, Tangibility, Responsiveness, Reliability and Assurance were found to be significantly related to customer satisfaction and should be emphasised for increasing customer satisfaction. Empathy was found to be the most important factor influencing customer satisfaction. Customers are more satisfied when they are offered personal service or interact with personnel who understand their needs. Customers expect that bank staff to serve them promptly, understand customer's problems, show a sincere interest in solving customer's problems, have sufficient knowledge to address and resolve customer's problems, are polite, give right service in the first instance, understand customer's individual needs and keep customer's interest in mind. The second most important factor that emerged from the study is tangibility. The bank's physical facilities influence customer's satisfaction. Customers expect bank facilities to be visually appealing, neatly arranged, the environment to be clean and the equipments to be modern. Responsiveness is the next important factor impacting customer satisfaction. Well equipped ATMs, service meeting the requirement, range of services offered by bank and service provided on time do influence their perception. Reliability is also a key factor influencing customer satisfaction. Customers are quite satisfied if they feel safe in transacting and interacting with bank employees and if bank employees can instil trust in them. Assurance was found to be least important factor affecting Indian bank customers. Correct price of products and services, error free documents, sufficient parking space and service delivery time are positive predictors of customer satisfaction.

The study also reveals that service quality dimensions and customer satisfaction have an influence on customer loyalty. This result is consistent with the earlier researches done by Lam & Burton (2006), Ehigie (2006), Lau et.al (2013). Customer Loyalty can be enhanced by increasing customer satisfaction. Businesses have realised this and have adopted customer focus strategy in the recent years (Fogli, 2006). Customer satisfaction can be achieved by offering personalised, flexible and adjustable services to suit the needs of customer by Ndubisi (2006). As pointed out by Levesque & McDougall (1996) problem recovery is important to maintain customer satisfaction and a good employee – customer relationship can increase customer satisfaction level.

Though service quality dimensions influence customer satisfaction and loyalty, the study indicates that there exists a gap between the customer expectations and satisfaction from the services offered by the bank. This is not a positive sign. The customers are not satisfied with the quality of services offered by banks and their employees. There is a serious need for the bank managers to look into this gap and employ customer focus strategies to bridge this gap. Banks should ensure that employees are able to provide professional services. Proper training and development can help banks to become more flexible, proactive and customer focused. Bank employees should be provided professional training to increase their knowledge, skills and attitude and be empowered so that they can understand customers' needs and take appropriate decisions to increase customers' perception of the service quality. Bilateral communication is another essential element to satisfy customer and retain loyalty (Lau et al., 2013). Customer satisfaction is improved when the service provided meets or surpasses the customers' expectations. An exchange of information is essential to understand the changing needs of customers and customize services to satisfy changing needs. The bank employees are key to increased customer satisfaction. They need to exhibit politeness and readiness to understand and cater to customers' varying needs and providing them the right service on time. Banks also need to ensure that the customer feels safe while transacting and interacting with bank employees. Trust plays an important role in escalating customer satisfaction. According to Brahmbhatt & Panelia (2008) since it is more expensive to attract a new customer than to retain an existing one, banks should continuously monitor the level of fulfillment of customer's personal needs and satisfaction with the service provided if they wish them to remain loyal and recommend the bank to others.

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