Financial Service Quality and Its Impact on Customer Satisfaction: Evidence from Indian Banking Sector

Krishna Murari*

Abstract

Customer satisfaction and loyalty in long run, prominently depend upon the way the organisations deliver the products and services to the customers. The emergence of digital ways of providing services have forced the bankers to devise different set of policies to attract the customers. Thus, this paper explores the dimensions of financial services quality in Indian banking sector and their impact on customer satisfaction. The underlying model of SERVQUAL with five dimensions, was adopted in this paper with one additional construct i.e. customer satisfaction to evaluate the impact of financial service quality on customer satisfaction among public and private sector banks in India. The findings show that in addition to the four dimensions of SERVQUAL model i.e. Empathy, responsiveness, assurance and tangibles; there is one more significant dimension i.e. Technology, which bothers more to Indian banking customers in assessing the financial service quality. Further, results of linear regression analysis revealed that Empathy and issues related to security & use of technology in the banking transactions are significantly important to the customers in determining their satisfaction with the quality of financial services. The policy makers may use these findings and concentrate on making their financial services more reliable & empathetic and shall ensure the right use of technology in making the transactions safe & secure in order to improve and strengthen the database of satisfied customers in long run.

Keywords: *SERVQUAL, Empathy, Responsiveness, Tangibles, Assurance, Technology, Customer Satisfaction*

INTRODUCTION

In today's cut throat competitive world, the service industries are substantially emphasizing on the delivery of quality services to create

* Associate Professor, Department of Management, Sikkim University (A Central University, Gangtok, Sikkim, India. Email: krishnamurari9@gmail.com

a niche market for themselves. In case of financial services, particularly banks, which compete with each other generally in terms of undifferentiated products, the service quality becomes a primary competitive weapon to march ahead of their competitors (Stafford, 1996). At present, technological advancements have forced the banks to rethink their strategies for providing quality services to both institutional and individual customers. Moreover, banks that excel in delivery of quality services can have an edge over their competitors as improved levels of service quality are related to higher revenues, increased cross-sell ratios and higher customer retention (Bennett & Higgins, 1993), and expanded market share (Bowen & Hedges, 1993). Moreover, the banks understand that customers will be loyal if they can produce greater value than competitors (Dawes & Swailes, 1999; Karatepe, Yavas, & Babakus, 2005). In addition, higher profits will be earned by the banks if they can position themselves better than their competitors within a specific market (Davies, Moutinho, & Curry, 1995). Further, delivery of high quality of services leads to customer satisfaction and loyalty and greater willingness to recommend to someone else, reduction in customer complaints, and improved customer retention rates to a great extent (Bitner, 1990; Headley & Miller, 1993; Zeithaml, Berry, & Parasuraman, 1996). In recent years, academicians and practitioners have given more attention to this area as it is assumed that service quality is a crucial measure of a firm's performance (Lasser, Manolis, & Winsor, 2000; Yavas & Yasin, 2001; Bick, Brown, & Abratt, 2004; Andreassen & Olsen, 2008). Due to stiff competition, banking sector is also not apart from increasing the loyal customer base (which in turn leads to greater profitability) by delivering quality financial services. Therefore, banks should focus on service quality as a core competitive strategy. With this background, customer satisfaction and the quality of financial services are compelling the attention of all banking institutions around the world. Therefore, the aim of the paper is to test a service quality instrument by using retail banking financial services in emerging countries with special reference to banking institutions in India.

REVIEW OF LITERATURE

The existing literature on service quality has revealed that delivery of quality services has been increasingly recognized as a critical factor in the success of any business (Parasuraman, Zeithaml, & Berry, 1985; 1988; 1991) and the Indian banking sector in this case is not exceptional.

Service quality has been widely used to evaluate the performance of banking services (Cowling & Newman, 1995). The banks understand that customers will be loyal if they receive greater value than from competitors (Dawes & Swailes, 1999) and on the other hand, banks can earn high profits if they are able to position themselves better than their competitors within a specific market (Davies, Moutinho, & Curry, 1995).

Service Quality

Without any doubt, service quality is very important component expressed in terms of the expectations and delivery of services in any business related activity. Customer expectations are beliefs about a service that serve as standards against which service performance is judged (Zeithaml, Berry, & Parasuraman, 1996); which customer thinks a service provider should offer, rather than on what might be on offer (Parasuram et al., 1988). According to the service quality theory (Oliver, 1980), it is predicted that customers will judge that quality as 'low' if performance does not meet their expectations and quality as 'high' when performance exceeds expectations. Closing this gap might require matching down the expectations or heightening the perception of what has actually been received by the customer (Parasuraman et al., 1985). According to Gronroos (1984), perceived service quality is the result of an evaluation process since consumers often make comparison between the services they expect with perceptions of the services that they receive. He concluded that the quality of service is dependent on two variables: Expected service and Perceived service.

Customer Satisfaction

Many businesses and service industries see customer satisfaction as a term which is most widely underlined and to some, this may be seen as the company's key performance indicator (KPI). There is a substantial body of empirical literature that establishes the benefits of customer satisfaction for firms. It is well established that satisfied customers are key to long-term business success (Kristensen et al., 1992; Zeithaml et al., 1996; Mc Coll-Kennedy & Schneider, 2000). For that matter, organizations in the same market sector are compelled to assess the quality of the services that they provide in order to attract and retain their customers.

Service Quality and Customer Satisfaction

Customer satisfaction and service quality are inter-related. The higher the service quality, the higher is the customer satisfaction. Measuring service quality seems to pose difficulties to service providers because of the unique characteristics of services such as intangibility, heterogeneity, inseparability and perishability (Bateson & Hoffman, 1997). Because of these complexities, various models have been developed for measuring perceptions of service quality (Gronroos, 1984; 1990; Parasuraman et al., 1985; 1988; 1991; Stafford, 1996). The SERVQUAL model of Parasuraman et al. (1988) proposes a five-dimensional construct of perceived service quality: tangibles; reliability; responsiveness; assurance; and empathy – with items reflecting both expectations and perceived performance. Service quality has become an important research topic because of its apparent relationship to costs (Crosby, 1979), profitability (Buzzell & Gale, 1987; Rust & Zahorik, 1993; Anderson et al., 1994), customer satisfaction (Bolton & Drew, 1991), customer retention (Reichheld & Sasser, 1990), and positive word of mouth. There are many research instruments developed to measure the perceived service quality. Among such general instruments, the most popular being the SERVQUAL model, a well-known scale developed by Parasuraman et al. SERVQUAL model has been widely acknowledged and applied in various services setting for variety of industries in the past decade. Examples include: health care setting, cellular mobile telephony, professional accounting firms, dental school patient clinic, business school placement centre, actual care hospital, dry cleaning, fast food restaurants and real estate business (Babakus & Mangold, 1992; Seth, Momaya, & Gupta, 2008; Aga & Safakli, 2007; Carman, 1990; Cronin & Taylor, 1992; Preko, Agbanu, & Feglo, 2014).

Financial Service Quality and Customer Satisfaction in Banking

Many agree that in the banking sector, there are no recognized standard scales to measure the perceived quality of a bank service. Thus, competitive advantage through high quality service is an increasingly important weapon to survive. Researchers have also supported the existence of close bond between the service quality factors and customer satisfaction level in commercial banks (Munusamy, Chelliah, & Mun, 2010; Thakur, 2011; Sanjuq, 2014). Munusamy found that Assurance, tangibles, empathy and

responsiveness have positive relationship with customer satisfaction while reliability has negative correlation.

Based upon the findings of the studies carried out by the many researchers in various services industries, it has been observed that the dimensions of the SERVQUAL model are statistically significant for determining the quality of services. But, whether this assumption also holds good for the banking industry and leads to higher customer satisfaction? This paper makes an attempt to test the validity of these assumptions and the relevance of the dimensions of SERVQUAL model in the Indian banking sector.

OBJECTIVES & HYPOTHESES

Objectives of the Study

As the delivery of financial services reflects the concerns of the banks with respect to their customers' satisfaction, this study attempts to explore the dimensions of customer satisfaction with regard to the financial services offered by the banks. The study aims to achieve the following objectives:

- To identify the various dimensions of financial service quality in Indian banks.
- To analyse the influence of demographic variables on the key factors of financial service quality.
- To compare the public and private sector banks on the basis of customers' perception towards the identified dimensions of financial services quality.
- To understand the role of the identified dimensions of financial service quality in customer satisfaction.
- To suggest some policy implications for improvement in quality of financial services in the banks of India.

Hypotheses Development

Following null hypotheses have been developed to achieve the above mentioned objectives:

H_{01}: Customers' perception of various dimensions in delivery of financial service quality are independent of various demographic variables such as across age, gender, education and occupation of respondents.

H_{02}: There is no significant difference in customers' perception in public and private sector banks with respect to key factors of financial service quality.

H_{03}: All the key factors of service quality are significantly important in determining the overall level of satisfaction of the customers.

RESEARCH METHODOLOGY

Research Design

A descriptive research design was employed in obtaining information on customers' perception towards the delivery of financial service quality and their satisfaction level in Indian banking. Targeted respondents were the general public who were accessing any type of financial service offered by any public or private sector banks operating in India.

Data Collection

The collation of data is distributed over a large population in Indian baking sector for the sake of research to produce a realistic outcome. In this paper, a survey questionnaire was designed to apply to a heterogeneous population in India, where targeted respondents come from different locations, genders, age groups, marital status and education backgrounds. The survey questionnaire was designed and a link was created via online survey platform provided by *questionpro* (an online survey facility providing company) to get responses online. The data was also collected through face to face interviews and email so as to ensure that the survey encompasses a wider coverage of respondents. A total of 135 responses were collected for the research purpose over a period of two months.

Questionnaire Design

For an easy understanding and reading, the SERVQUAL instrument was adopted with addition of questions related to customer satisfaction and demographic variables and the same was structured into three sections. The first section of the questionnaire was based on the demographic variables of the respondents. The second section of the questionnaire was related to the opinion of the respondents towards the service quality of bank followed by customer satisfaction in the third section. The respondents were asked

to rate their level of agreement or disagreement for the questions in second section on a five point likert scale i.e. *1 -Strongly disagree, 2-Disagree, 3-No Comment, 4-Agree and 5-Strongly agree*. Similarly, the customer satisfaction was also measured from *1-Highly dissatisfied to 5-Highly satisfied* on five point likert scale. The aim was to collect the opinions of the respondents with reference to the SERVQUAL dimensions and their relationship with customer satisfaction in retail banking sector of India. The data collected was fed into the Statistical Package for Social Sciences (SPSS) for further analysis.

Demographic Profile of Respondents

Table 1 given below presents the demographic characteristics of the respondents. Out of the total respondents 61.5% were using the financial services of public sector banks followed by 38.5% of private sector banks operating in India. Male respondents represented 57% and females at 43% in the survey. The majority of the sample (35.6%) was young respondents i.e. in the age group of 21-30 years followed by 31.9% with 31-40 years and 23% above 40 years of age. Only 9.6% respondents were below 20 years.

Table 1: Demographic Profile of Respondents

Variable	Categories	N	N %
Type of Bank	Private Sector	83	61.5%
	Public sector	52	38.5%
Gender	Male	77	57.0%
	Female	58	43.0%
Age category	Below 20 Years	13	9.6%
	21-30 Years	48	35.6%
	31-40 Years	43	31.9%
	Above 40 Years	31	23.0%
Education	Below Graduation	18	13.4%
	Graduation	38	28.4%
	Post-Graduation	69	51.5%
	Others (PhD)	9	6.7%
Occupation	Student	42	31.1%
	Salaried	58	43.0%
	Business/ Self Employed	24	17.8%
	Retired	11	8.1%

Education-wise, 51.5% customers having access to financial services in any kind, were post-graduate followed by 28.4% graduate. The percentage of respondents who were below graduate (13.4%) and other (6.7%) was reported to be less.

As far as the occupation of the respondents is concerned, majority (43%) of respondents were from salaried class followed by 31.1% students and 17.8% from business/ self-employed category. Only 8.1% retired respondents were found in the sample accessing the financial services.

Access to Financial Services

In order to check the authenticity of the respondents, they were asked to provide the information related to the type of financial service/s they avail from their bank. The results show that 91.1% of the respondents were having access to the saving account; 39.3% to deposits; 25.9% to insurance services; 22.2% to loans & advances; 20.7% to current account and only 8.1% to investment related services such as shares, debentures etc. (Table 2).

Table 2: Customer's Access to Financial Services

Access to Financial Services (Multiple Responses)	Type of financial service	N	N%
	Saving Account	123	91.1%
	Current Account	28	20.7%
	Deposits	53	39.3%
	Loans & Advances	30	22.2%
	Insurance Services	35	25.9%
	Investment related Services	11	8.1%

Reliability Analysis of Instrument

All the items used in the survey were checked for their internal consistency to measure the various dimensions of delivery of financial service quality in Indian banking sector using cronbach's alpha. The dimensions of service quality as identified by (Parasuraman, Zeithaml, & Berry, 1991) were considered for the survey and the value of cronbach's alpha for each dimension is shown in Table 3. The value of cronbach's alpha (0.811) is greater than 0.6 which is sufficient to ensure the internal consistency in measuring concept as suggested by (Nunnaly, 1978).

Table 3: Reliability Statistics

Dimension of survey	Cronbach's Alpha	N of Items
Overall survey	0.811	20
Tangibles	0.728	4
Reliability	0.721	4
Responsiveness	0.736	4
Assurance	0.743	4
Empathy	0.790	4

KEY FACTORS OF FINANCIAL SERVICE QUALITY

To identify the key factors from the customized survey of SERVQUAL instrument in Indian banking sector, principal component analysis was carried out. Before performing the analysis, the sample adequacy and presence of multicollinearity among variables was tested as the pre-conditions of performing factor analysis.

Sampling Adequacy and Multicolinearity

In order to know the various dimensions of financial service quality and suitability of factor analysis approach for this purpose, two test were conducted i.e. KMO measure of sampling adequacy and Bartlett's test of sphericity. The value of KMO statistics is 0.711 (>0.7) which is acceptable measure of sampling adequacy according to (George & Mallery, 2003). Another primary condition to extract the factors through factor analysis is the presence of multicollinearity among the variables which is measured by Bartlett's test of sphericity. The value of chi-square (627.047) is statistically significant (p-value-0.000) at 5 percent level of significance (Table 4). It means that null hypothesis of presence of no correlation among variable is rejected. Hence, we find that there exists high degree of multicollinearity among variables. Thus, with these significant results, factor analysis approach is suitable for extracting the independent dimensions of financial service quality in Indian banks.

Table 4: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		**0.788**
Bartlett's Test of Sphericity	Approx. Chi-Square	1259.334
	df	171
	Sig.	0.000

RESULTS & DISCUSSION

Table 5 represents the mean and standard deviation of all the dimensions of financial service quality under study. The variable "The behavior of employees builds confidence in customers" had the highest mean score (4.082) followed by "Operating hours are convenient to my needs" and "Complaints, criticisms and feedback are welcomed" with mean score of 3.993 for both. For other variables, customers were inclined towards 'agree' level of rating scale with mean score more than 3.5.

The initial communalities of all the selected variables of financial service quality in Indian banking sector are also shown in Table 5. Only those statements which have loadings greater than 0.5 were considered for further study. All the statements had loadings greater than 0.5, hence all were considered for factor extraction.

Table 5: Descriptive Statistics and Initial Communalities of Customers' Perception Towards Delivery of Financial Service Quality

Variables (Statements)	Descriptive Statistics		Communalities	
	Mean	SD	Initial	Extraction
Bank uses latest technology in providing services	3.926	0.739	1.000	0.616
Interior set up is appealing and properly planned for carrying out the work	3.837	0.625	1.000	0.635
Staff appearance is professional.	3.919	0.647	1.000	0.750
Bank provides the services within the stated time.	3.882	0.692	1.000	0.698
Bank staff shows the sincere interest in solving the problems	3.963	0.464	1.000	0.593
I have to visit the bank frequently for resolving my problem.	3.948	0.494	1.000	0.657
I get error free services most of the time.	3.896	0.522	1.000	0.688
Staff is prompt in providing services to the customers	3.919	0.561	1.000	0.716
Employees tell customers in advance as to exactly when their problem will be resolved.	3.874	0.591	1.000	0.761

Variables (Statements)	Descriptive Statistics		Communalities	
	Mean	**SD**	**Initial**	**Extraction**
Employees are never busy to respond to customers' requests	3.896	0.428	1.000	0.795
Employees constantly follow up their customers for better services	3.874	0.448	1.000	0.833
The behavior of employees builds confidence in customers	4.082	0.406	1.000	0.627
I feel safe for my transactions and information.	3.837	0.765	1.000	0.729
Employees are courteous with customers.	3.593	0.650	1.000	0.671
Employees have professional knowledge to render the services.	3.644	0.640	1.000	0.714
I am given the individual attention.	3.556	0.709	1.000	0.509
Operating hours are convenient to my needs.	3.993	0.579	1.000	0.774
Staff understands the specific needs of the customers	3.926	0.483	1.000	0.553
Complaints, criticisms and feedback are welcomed.	3.993	0.553	1.000	0.620
Staff is committed to professional ethics and promotes ethical behavior.	3.985	0.560	1.000	0.616
Extraction Method: Principal Component Analysis.				

The principal component method resulted in five factors which explained a total variance of 68.103% (Table 6). In the table one variable "I have to visit the bank frequently for resolving my problem" showed less correlation (less than 0.5) with first factor, hence it was not considered to be included in the list of identified factors.

Using principal component analysis, five groups of factors were identified from the rotated component matrix (Table 6). The extracted factors were given their significant name based upon the nature of statements under each factor. Hence, the identified dimensions are:

Factor 1-Empathy Factor 2- Responsiveness
Factor 3-Tangibles Factor 4-Assurance
Factor 5-Technology

As it is evident from the analysis that all the extracted dimensions of financial service quality in Indian banks are similar to the results of

(Parasuraman, Zeithaml, & Berry, 1991) except one i.e. technology. Empathy was perceived to be more important dimensions by the Indian customers in delivering the financial services. Besides these dimensions, the perception to the security and technology was also found as one of the important factors in assessing the financial service quality.

Table 6: Rotated Factor Loading of Extracted Factors and Variance Explained

Extracted Factors/ Variables	RFL	VE (%)	Cumulative VE (%)
Factor 1 (Empathy)			
Staff understands the specific needs of the customers	0.850	28.731	28.731
Employees are never busy to respond to customers' requests	0.838		
Staff is prompt in providing services to the customers	0.796		
Employees tell customers in advance as to exactly when their problem will be resolved.	0.789		
I get error free services most of the time.	0.741		
Complaints, criticisms and feedback are welcomed.	0.730		
Bank staff shows the sincere interest in solving the problems	0.729		
Staff is committed to professional ethics and promotes ethical behavior.	0.652		
Operating hours are convenient to my needs.	0.619		
Factor 2 (Responsiveness)			
Employees are courteous with customers.	0.837	12.664	41.395
I am given the individual attention.	0.816		
Employees have professional knowledge to render the services.	0.803		
Factor 3 (Tangibles)			
Staff appearance is professional.	0.847	12.572	53.967
Bank provides the services within the stated time.	0.810		
Interior set up is appealing and properly planned for carrying out the work	0.768		

Extracted Factors/ Variables	RFL	VE (%)	Cumulative VE (%)
Factor 4 (Assurance)			
The behavior of employees builds confidence in customers	0.890	7.679	61.646
Employees constantly follow up their customers for better services	0.648		
Factor 5 (Technology)			
Bank uses latest technology in providing services.	0.633	6.457	68.103
I feel safe for my transactions and information.	0.571		
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization and Rotation converged in 6 iterations.			

Influence of Demographic Variables on the Dimensions of Delivery of Financial Service Quality

Table 7 depicts the perceptual mean difference in males and females towards the identified dimensions of financial service quality in Indian banks. Empathy, responsiveness and assurance have significant t-statistics at 5 percent level of significance. Thus, the opinion of male and female customers differs significantly with respect to Empathy, responsiveness and assurance dimension of financial service quality in Indian banks. However, in case of tangibles and Technology, there is no significant difference in mean perception of males and females.

Table 7: Gender Wise Perception to Delivery of Financial Services Quality

Independent Samples t-test for equality of means across gender of respondents						
Dimensions of Delivery of Financial Service Quality	Male		Female		t-statistics	Sig. (2-tailed)
	Mean	SD	Mean	SD		
Empathy	3.8514	.50327	4.0536	.11818	-2.997	0.003
Responsiveness	3.6840	.56168	3.4828	.54495	2.087	0.039
Tangibles	3.8615	.59812	3.9023	.47144	-0.429	0.669
Assurance	3.9221	.45208	4.0517	.15360	-2.093	0.038
Technology	3.9156	.49605	3.8362	.63790	0.813	0.417

Table 8 shows the customers' perception towards the identified dimensions of financial service quality across other demographical variables i.e. age, education and occupation. The responsiveness dimension showed statistically significant results for age, education and occupation categories.

Table 8: ANOVA for Delivery of Financial Service Quality Across the Demographic Variables

Dimensions of Delivery of Financial Service Quality	Age groups		Education		Occupation	
	F	Sig.	F	Sig.	F	Sig.
Empathy	0.707	0.549	1.455	0.230	1.210	0.309
Responsiveness	9.483	0.000	11.684	0.000	15.195	0.000
Tangibles	0.780	0.507	2.342	0.076	78.568	0.000
Assurance	1.710	0.168	1.015	0.388	1.022	0.385
Technology	0.237	0.871	1.857	0.140	0.762	0.517

Post hoc multiple comparisons analysis for responsiveness across various age categories in Table 9 reveals that customers' perception is different in the age group of 'below 20 years' and 31-40 years, & above 40 years at 1 percent and 5 percent level of significance respectively. Similarly, the customers in the age group of 21-30 years and 31-40 years & above 40 years, have different opinion with respect to responsiveness dimension of financial service quality.

Table 9: Post hoc Multiple Comparison for Age Groups (sig. values)

Dependent Variable	Age groups (i) Age groups (j)	Below 20 Years	21-30 Years	31-40 Years	Above 40 Years
Responsiveness	Below 20 Years		0.995	0.008	0.035
	21-30 Years	0.995		0.000	0.003
	31-40 Years	0.008	0.000		0.954
	Above 40 Years	0.035	0.003	0.954	

Education wise significant difference in opinion of the respondents towards the responsiveness, is shown in Table 10. The respondents who were below graduation had significantly different perception from the respondent who were post-graduate and PhD at 1 percent and 5percent

level of significance respectively. Similarly, the opinion of graduate and post-graduate & PhD respondents was also found to be statistically different at 1 percent and 5 percent level of significance.

Table 10: Post hoc Multiple Comparison in Educational Categories (sig. values)

Dependent Variable	Education (i) Education (j)	Below Graduation	Graduation	Post-Graduation	Others (PhD)
Responsiveness	Below Graduation		0.927	0.005	0.077
	Graduation	0.927		0.000	0.011
	Post-Graduation	0.005	0.000		0.000
	PhD	0.077	0.011	0.000	

The perception of students significantly differs from the other occupational categories of the respondents for the responsiveness dimension of financial service quality in Indian banks. However, for tangibles, the perception of business/self-employed respondents is significantly different from the perception of students, salaried and retired category of respondents. In other occupational comparisons the results were not significant (Table 11).

Table 11: Post hoc Multiple Comparisons for Responsiveness and Tangibles in Occupational Categories

Dependent Variable	(i)Occupation	(j) Occupation	Sig.
Responsiveness	Student	Salaried	0.000
		Business/ Self Employed	0.000
		Retired	0.000
Tangibles	Business/ Self Employed	Student	0.000
		Salaried	0.000
		Retired	0.000

Comparison of perception of dimensions of financial service quality in public and private sector banks

Table 12 shows that opinion of the respondents towards the Empathy dimension of financial service quality of public and private sector banks, is statistically significant (t-value 5.288 & p-value 0.000). Similarly, the assurance dimension has also shown the significant results to the difference in the opinion of public and private sector banks 'respondents.

Whereas there is no significant difference in the mean perception of public and private sector bank' customers with respect to other dimensions of delivery of financial service quality i.e. responsiveness, tangibles and technology at 5 percent level of significance.

Table 12: Bank Wise Comparative Analysis of Key Factors of Financial Service Quality

Dimensions of delivery of financial service quality	Public Sector Bank		Private Sector Bank		t-test for Equality of Means		
	Mean	Std. Dev.	Mean	Std. Dev.	t	df	Sig.
Empathy	4.0696	0.11603	3.7286	0.57014	5.288	133	0.000
Responsiveness	3.5502	0.48955	3.6731	0.65841	-1.240	133	0.217
Tangibles	3.8795	0.53490	3.8782	0.56795	0.014	133	0.989
Assurance	4.0542	0.17482	3.8558	0.51769	3.218	133	0.002
Technology	3.9277	0.51875	3.8077	0.61957	1.213	133	0.227

Std. Dev.-Standard Deviation; df-degree of freedom; sig.(two tailed)

Impact of the Dimensions of Financial Services on Customer Satisfaction

Linear regression analysis was performed to assess the impact of identified dimensions of financial service quality on overall customer's satisfaction. The result in Table 13 shows that the combination of empathy, responsiveness, tangibles, assurance and technology together contributed to approx. 44% effect on Customer Satisfaction. The R^2 for the overall study on the five dimensions, namely Assurance, Reliability, Tangibles, Empathy and Responsiveness, suggests that there is a strong effect of these five independent variables on Customer Satisfaction. The F value (21.921) is significant which implies that the model is fit and robust. Further, the DW statistics suggests the absence of autocorrelation in residuals and supports the robustness of the model.

Table 13: Linear Regression Model Summary

Multiple R	R Square	Adjusted R Square	Apparent Prediction Error	F	Sig.	Durbin-Watson
0.678	0.459	0.438	0.541	21.921	0.000	2.031

Dependent Variable: Overall satisfaction level
Predictors: reliab_empathy, responsive, tangi, assur, security_tech

From the Table 14, it is concluded that the responsiveness, tangibles and assurance have no significant effect on Customer Satisfaction. Only Empathy and technology have significant impact on Customer Satisfaction (p-value < 0.05). The collinearity statistics also reveal the absence of multicollinearity among the predictor dimensions of financial service quality.

Table 14: Linear Regression Coefficients Statistics

	Standardized Coefficients	F statistics	Sig. (p-value)	Collinearity Statistics	
	Beta			Tolerance	VIF
Empathy	0.578	56.074	0.000	0.777	1.287
Responsiveness	0.104	1.877	0.173	0.927	1.078
Tangibles	0.129	2.170	0.143	0.931	1.074
Assurance	0.036	0.181	0.671	0.816	1.225
Technology	0.176	5.665	0.019	0.922	1.085

CONCLUDING REMARK AND IMPLICATIONS

It is very difficult to imagine the business without customers and moreover; Customer satisfaction especially in service sector, is an asset to the organization. Hence, in order to retain the customers in service industry (banking sector in this case), the organization needs to ensure that the right products and services, supported by the right mix of dimensions of financial service quality are offered so as to delight the customer and make him satisfied. The study carried out in this paper was to test the validity of the famous SERVQUAL model in Indian banking sector and its impact on customer satisfaction. The results of principle component analysis signify that besides the four dimensions of SERVQUAL model i.e. Empathy, responsiveness, assurance and tangibles; there is one more significant dimension i.e. Technology, which bothers more to Indian banking customers in delivering the financial service quality. The results of t-test and ANOVA for significant difference in mean perception of the customers towards the extracted dimensions of financial service quality reveal that there is a statistical significant difference towards Empathy and assurance (across gender); responsiveness and assurance (across age, education and occupation). The various categories of occupations of respondents also have different opinion on Tangibles of the banks. Thus, the policy makers in Indian banking sector may focus on Empathy,

responsiveness assurance and tangibles dimensions of financial service quality by keeping in mind the gender, age, education and occupation of the customers. When it comes to compare the public and private sector banks with these extracted dimensions, the banks differ in Empathy and assurance dimensions significantly. The linear regression analysis explains approx. 46% of overall level of customer satisfaction is attributed to the extracted dimensions of financial service quality. Further results of this analysis revealed that Empathy and issues related to technology in the banking transactions are significantly important to the customers in determining their satisfaction with the delivery of financial services. The policy makers may use these findings in order to improve and strengthen the database of satisfied customers in long run.

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