Review of literature is a crucial part of any research. This focuses on the past literature in the field of research and its classification under different angles. A review of the past work and contradiction, pitfalls and other findings of the earlier works is undertaken mainly to substantiate the need for future research study. Such a review provides a base for selecting a research topic and gives up-to-date knowledge to the researcher.

2.2 REVIEW OF LITERATURE

In order to understand the contribution of the present study to the field of exiting knowledge, it is worth to mention a few notable research projects in this section.

Philip et al., (1983)\(^3\) in their article, pointed out that the satisfaction is a post consumption experience where Quality is the most important purchase decision factor influencing the customer’s buying decision. Also, it has strategic benefits of contributing to market share and return on investment.

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Dr. Kamal Nayan (1984)\(^4\) in his article, mentioned that deterioration in banking service has been chiefly due to the rapid expansion of the branches. Although the quality of bank services has deteriorated substantially, the bank charges have been raised.

Parasuraman et al. (1988)\(^5\) in their article, defined service quality as the degree of discrepancy between customers’ normative expectations for the service and their perceptions of the service performance.

Parasuraman, Leonard L. Berry, and Valarie A. Zeityaml, (1988)\(^6\) in their study described about development of 22 – item instrument in the assessment of service quality perceptions of customers in service and retail firms, which was called as “SERVQUAL”. This study was revolutionary as it did not depend on the earlier dimension of goods quality in the manufacturing sector. The initial study based on the focus groups yielded 10 dimensions of service quality that included


\(^6\) Ibid.,
access, competence, courtesy, credibility, security, tangibles, reliability, responsiveness, communication, and understanding the customer. In concluding remarks, authors proposed that SERVQUAL scale can help a vast range of service and retail firms to assess the customer expectations and perceptions of service quality as it had a variety of potential applications.

Aishwarya Bharadwaj (1990)\(^7\) in his article mentioned that Indian Banking seems to be the most manpower intensive among the major banking systems in the world. The exiting as well as future human resources in banking industry should be well utilized by banks by imparting special skills under various parameters to make business transaction more efficient”.

Brahmanandam, G.N. and Narayana, M.S. (1990)\(^8\) in their article, suggested attitudinal change in bank staff towards providing good customer service,

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educating customers, display of day-to-day changes in rules and regulations and so on are needed for improving customer service.

Reichheld & sasser (1990)\textsuperscript{9} in their article, stated that the consequences of enhanced customer loyalty in service firms are increased revenue, reduced customer acquisition costs and lower costs of serving repeat purchasers, leading to greater profitability.

Parasuraman et al., (1991)\textsuperscript{10} in their article, pointed out that the customers are the core focus of any organization and thus of prime importance to the marketers. It is important for the service providers to know the level of customer expectations so that they can meet and even exceed them to gain maximum customer satisfaction. Hence understanding customer expectations is a prerequisite for delivering superior service.


Mersha, T. and Adlakha, V. (1992)\textsuperscript{11} in their article, indicated that consumers have well-conceived ideas about SQ, and that certain quality attributes are considered important for most types of services which were examined including banking.

Ennew, C. Reed, G. and Binks, M. (1993)\textsuperscript{12} in their article, explained the problems associated with the measurements of quality of services and present a set of indices to provide measures of expectations, perceptions, and overall satisfaction. A quality of the UK banks’ services which provided to small firms has been measured.

Lewis (1993)\textsuperscript{13} in his article claimed that the research literature on service quality and satisfaction had indeed swelled enormously over the past two decades. Service marketing literature reveals that service quality has been


viciously defined as focusing on marketing needs and requirements, and how well the services delivered match customers’ expectations.

Lewis, (1993)\textsuperscript{14} in his article revealed that service quality has been variously defined as focusing on meeting need and requirements, and how well the services delivered match customers’ expectations.

Ostrowski, o’brian and Gordon (1993)\textsuperscript{15} in their article, service quality is a way of thinking is about how to satisfy customers so that they hold a positive attitude towards the services they have received. Delivering quality service is considered to be an essential strategy to succeed in a competitive business environment.


Anderson and Fornell (1994)\(^{16}\) in their article, indicated that the literature is not very clear about the distinction between quality and satisfaction or dissatisfaction and a cognitive or affective reaction emerges as a response to single or prolonged set of service encounters.

Avikran, N. (1994)\(^{17}\) in his article, examined six-dimension model for SQ in banking industry (Responsiveness, Empathy, Staff conduct, Access, Communication and Reliability) with 27 items. The six dimensions with 27 items were empirically reduced to 17 items across four factors. The dimensions to emerge are staff conduct, credibility, communication, and access to teller services. The instrument’s reliability, dimensionality and validity have been empirically tested. The results are encouraging both in their own right and when compared with other studies.


Bonton and Drew (1994)\textsuperscript{18} in their article, point out that customer satisfaction depends on preexisting or contemporary attitudes about service quality.

Gale (1994)\textsuperscript{19} in his article suggested that service quality is positively associated with customer satisfaction. Perception of service quality is related to feelings and attitudes experienced during the service provided by banks. A customer forms his/her experiences.

Lewis, B. Orledge, J. and Mitchell, V. (1994)\textsuperscript{20} in their article, identified the various dimensions of loan/overdraft services which banks and building societies provide to students, and also in relation to the trial of a graphic positioning scale to measure students’ expectations and perceptions. Even so, the results suggest a


\textsuperscript{19}Gale, B.T (1994): “Managing Customer Value, Creating Quality and Service that customer can see”, The Free Press, Newyork, NY.

number of areas where the banks and building societies might pay attention to improve their ‘relationships’ with students.

Morgan and Hunt (1994)\textsuperscript{21} in their article, viewed that commitment is very important to build customer relationship as significant in the literature of buyer behaviour. If commitment is lacking, the relationship will soon come to an end. In fact, commitment involves a ‘moral duty’ to cooperate. Commitment is recognized as a necessary element for successful long-term relationships.

Parasuraman et al.(1994)\textsuperscript{22} in their article, defined service quality in a three column format: minimum service level (would expectations), desired service level (should expectations), and perceived performance.

Rust and Oliver (1994)\textsuperscript{23} in their article, considered the overall perception of service quality to be based on the customers’ evaluations of the three


dimensions of service quality: the customer employee interaction, the service environment and service outcome.

Stafford, M. (1994)\textsuperscript{24} in his article, identified the dimensions of bank quality and assesses the importance of the characteristics as also perceived by them. Seven factors were found in determining bank quality. They include; employees and employee/ customer interactions, the number of accessible and working ATMs, company structure, and four available services. Over 82\% of the respondents felt that banks provided quality service.

Dr.Chidambaram, R.M. (1995)\textsuperscript{25} in his article, suggested bankers have to take a sound feedback mechanism to identify the requirements of customers. Bankers conduct marketing research to secure feedback on their performance.


Johnston, R. (1995)\textsuperscript{26} in his article, indicated that the intangible aspects of the staff-customer interface have significant effects, both negative and positive, on SQ. They also provide managers with a framework to assess the likely impact of any SQ initiative in terms of its effect and importance.

Mohanty, P.K. (1995)\textsuperscript{27} in his article, stressed the need to gear up the exiting machinery for delivering quality services at the counter. There should be a senior versatile and well trained staff with positive attitudes to handle the counter.

Toor, N.S. (1995)\textsuperscript{28} in his article suggested, the product innovation has to be considered as a means to achieve certain ends. In fact there is no product innovation for any bank and as the time changes, the product designs and conveniences will also have to undergo change.


Abdul Qawi Othman and Lynn Owen, (1996)\textsuperscript{29} in their article, indicated that it is important for Islamic banks to put cultural differences at the front when adopting SQ, and suggests a new model to measure SQ called CARTER which is based on 34 items. The study shows validity significant for all CARTER items that have appearance in both important items weights and percentages. Also, the strong link between SQ and customer satisfaction has been discussed and the study has defined it as a system of CARTER – items which processes inputs and overall satisfaction outputs. Finally the study suggests a scenario plan for KFH to adopt SQ and shows the importance of training to do so.

Baldinger and Rubinson (1996)\textsuperscript{30} in their article, perceived that customer loyalty is concerned with the likelihood of a customer returning, making business referrals, providing strong word-of-mouth references and publicity. Loyal customers are less likely to switch to a competitor due to price inducement, and these customers make more purchases compared to less loyal customers.


However, customers who are retained may not always be satisfied and satisfied customers may not always be retained. Customers may be loyal due to high switching barriers or the lack of real alternatives; customers may also be loyal because they are satisfied, thus wanting to continue with the relationship.

Hollowell (1996)\(^{31}\) in his article suggested that there is strong theoretical underpinning among customer satisfaction, customer loyalty and profitability. However the study is neither concerned with nor denied the relationship path hypothesized (customer satisfaction\(\rightarrow\) loyalty\(\rightarrow\) profitability) and is stronger than a direct customer satisfaction\(\rightarrow\) profitability relationship. It is evident that customer retention has a significant impact on the bottom line.

Millson, F. and Kirk-Smith, M. (1996)\(^{32}\) in their article, indicated that members of quality committees, QCs, were positive in their views towards QCs’ effectiveness. A change in actual performance is the most relevant measure.


Royne, M. (1996)\textsuperscript{33} in his article provided the initial direction in determining the proper SQ attributes to focus on during promotional efforts when banks have a target market at least partially defined by gender and age. Further, gender and age are not the only characteristics on which marketing efforts should be based. Therefore, other segmentation variables, such as psychographics, geographies and benefits sought, must be considered when developing marketing and advertising strategies.

Zeithaml and Bitner (1996)\textsuperscript{34} in their article suggested that a customer relationship with a company is strengthened when that customer makes a favourable assessment about the company’s service quality and is weakened when a customer makes negative assessment about the company’s service quality.


Dr. Augustine L. Gavini and Dr. Prasanta Athma (1997) explained that the customers expect speed, courtesy and concern from the bank. Further, the major components of customer service are quality and job knowledge aspects of banks and the demands and expectations from bank. They suggested that the bankers have to strive hard for better customer service.

East (1997) in his article opined that the quality of services offered will determine customer satisfaction. For this reason, research on customer satisfaction is often closely associated with the measurement of quality.

Gopal, K.S. (1997) in his article, stated that quality of services rendered by a bank can often be the single most important factor which can make customer shift loyalties and business to other banks.

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Heskett, sasser & Schlesinger (1997)\textsuperscript{38} in their article, suggested that customer loyalty has a powerful impact on the performance of service firms and serves as an important source of competitive advantage.

Kandampully, (1998)\textsuperscript{39} in his article, focused on the fact that the customers at the time of service delivery interact closely with the service providers and get an inside knowledge of the service organization. This knowledge gives them an opportunity to critically assess the service provided and the service provider. Thus service quality plays an important role in adding value to the overall service experience. Also customers seek organizations that are service loyal i.e. aim to provide consistent and superior quality of service for present and long term and organizations aiming for this are bound to get customers' loyalty. \textsuperscript{37}

Parasuraman, Zeithaml and Berry (1998)\textsuperscript{40} in their article, has been used extensively by many researchers to determine service quality (Debholkar, Thorpe


Angur et al. (1999)\textsuperscript{41} in their article noted that the debate on SQ began in 1985 in the marketing literature and significant contributions to the literature have also been made by those working in the field of operation management and organisational behaviour. Thus, the research done in the area of quality in the banking industry has been found in many scholarly journals both academic and practitioner papers. Some of these studies on the one hand deal with definitions and overviews of SQ, dimensions and measurements, and others carried out by practitioners or researchers focus on the importance of SQ, functional areas of the banks, assessment and successful implementation of current practice.

Natarajan, R. Balaram, A. and Venkata Ramana, S. (1999)\textsuperscript{42} in their article, reported on the development and application of a service template as a diagnostic tool for identifying opportunities for improvements in the service


package. The operations in the branch of a bank in Bangalore, India, provide the context. For 21 service attributes, the gap between the expectations of a target customer group and the actual service experience is assessed through a customer survey. A service template graphically displaying the mean values of the responses for the expectations and the perceived service was constructed.  

Wirtz and Bateson (1999) in their article fed the researchers to delve further into the mainstream research on service quality perception and evolve different models of evaluation on various parameters.

Anthony T. Allred, H. Lon Addams, (2000) in their article, indicated that neither banks nor credit unions do a good job of surveying customer needs or retaining customers. Other results indicate that 50 per cent of total respondents surveyed reported that they had stopped using a financial service provider because of poor service performance. The vast majority of that group reported that their decision was made because a bank failed to provide adequate service.

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Alamgir and Shamsuiddoha (2000)\textsuperscript{45} in their article pointed out that the service quality is determined by the differences between customer’s expectations of service providers’ performance and their evaluation of their services they received.

Anthony, T. and Addams, H. (2000)\textsuperscript{46} in their article, indicated that credit unions rate is significantly higher than banks on 11 of the 14 SQ questions: access; courtesy; communication; credibility; security; empathy; tangibles; basic service; fairness; fixing mistakes; and guarantees. Also they indicate that neither banks nor credit unions do a good job of surveying customer needs or retaining customers.

\textsuperscript{45}Alamgir and Sham Suddosha (2000): “Service Quality Dimensions: a conceptual analysis”, \url{http://ssm.com/abstract=1320144}.

\textsuperscript{46}Anthony, T. and Addams, H (2000): “SQ at Banks and Credit Unions”, \textit{Managing SQ}, 10(1).
Clinton O. Longenecker, Joseph A. Scazzero, (2000)\textsuperscript{47} in their article, indicated that the successful facility exhibited greater attention to the human aspects of the quality process than the unsuccessful facility, for example, a greater degree of management support for TQM, communication and teamwork between managers and workers, effective corrective action procedures, and follow-up of quality problems. While this study was limited in scope to two operations within the same organisation, lessons for the successful implementation of service quality can be drawn from this case study.

Dale, B.G. Williams, R.T. Van der Wiele, T. (2000)\textsuperscript{48} in their article, pointed out that through business to business e-commerce and six sigma there are clear indications that old style quality is coming back into the business arena because of the savings it can bring. These trends and their implications are examined in the paper.


Ganesan, G. (2000)\(^49\) in his article, suggested that with the advent of globalization, the customer is quite well informed and his expectations are very high. Banks are coming under greater pressure from the ever-growing demands of the customer who expect services of high quality at competitive prices.

Kandampully (2000)\(^50\) in his article states that service quality can be used as a tool for differentiation and can provide a competitive edge. Service quality is also crucial for developing loyal customers and is hence responsible for the success of any service organization.

Lassar, W. Manolis, C. and Winsor, R. (2000)\(^51\) in their article, examined the effects of SQ on customer satisfaction by utilising a sample of international private banking customers where SQ is operationalised via two measures SERVQUAL and Technical/Functional Quality.


Mandal, P. Love, P.E.D. Sohal, A.S. Bhadury, B. (2000)\textsuperscript{52} in their article, narrated the extent to which quality management practices have been implemented is reported and the obstacles to adoption are identified. The spread of quality initiatives in various functional areas is analysed and discussed. The paper will be of particular interest to practicing managers as it identifies a number of policies that governments may use to stimulate the adoption of quality management concepts in developing countries.

Mile Terziovski, Danny Samson, (2000)\textsuperscript{53} in their article, studied the effects of company size on the strength of the relationship between TQM and organisational performance based on a cross-sectional study of manufacturing firms in Australia and New Zealand, the paper tests two hypotheses involving TQM and organisational performance. The central finding of the study is that TQM has a significant and positive relationship with most of the dimensions of


organisational performance. The relationship weakened for defect rates and warranty costs when it was co-varied for company size.

Paulin, M. Ferguson, R. and Payaud, M. (2000)\textsuperscript{54} in their article, reported that changing account managers were negatively associated with the bank’s external effectiveness as measured by the customers’ judgments of satisfaction and SQ, their purchase intentions and their willingness to recommend the bank.

Ron D. McLachlin, (2000)\textsuperscript{55} in their article, concluded by suggesting that a consulting engagement is successful if the consultant has met client expectations (by improving one or more of client performance, client capabilities, or organisational culture, without making any category worse) – whether or not a core need has been addressed – and the consultant has enhanced his or her reputation, with expectations of future revenue streams - whether or not any immediate income has been received.


Ulrika Hellsten, Bengt Klefsjo, (2000)\textsuperscript{56} in their article, pointed out that the interest in total quality management (TQM) has increased rapidly in recent years. Some people see TQM as something necessary to reach competitiveness but others claim TQM to be merely a management fad. We believe that there are several reasons for the different opinions about TQM. One is that the gurus, who often are seen as fathers of TQM, do not like the concept. Another is that there are several similar names for roughly the same idea. A third one, which maybe, the most severe, is that there are many vague descriptions and few definitions of what TQM really is.

Vasuki, R. (2000)\textsuperscript{57} in her dissertation, pointed out that modern equipments and machines, modern financial services, diversified deposits and loan schemes enable the bankers to attract more customers, to mobilize more deposits and to offer efficient and effective banking services.


Yogeshwari Phatak and Naseem Abidi (2000)\textsuperscript{58} in their article studied the gap between a client’s expectation and perception of the quality of services. The study is based on primary data collected with the help of questionnaires in addition to secondary data. Both private and nationalised banks are included in this study. The paper is an attempt to analyse the shortfalls in delivering quality services by banks and suggest possible ways to improve service quality.

Zhihai Zhang, (2000)\textsuperscript{59} in his article, concluded that governments can only play a role in shaping the context and institutional structure surrounding companies, while governments cannot create competitive industries; only companies can do that. If the quality of people, especially governmental officials, top management, and employees does not improve, it is very difficult for the country to improve product quality.


Eldon Y. Li, Xiande Zhao and Tien-Sheng Lee, (2001)\(^6\) in their article, focused more on meeting service standard and providing prompt services while banking institutions in the UK focused more on understanding and meeting customers’ needs.

Fitzsimmons (2001)\(^6\) in his article, stated that the service quality forms an important aspect in the perception of services as it has both marketing and operations orientations (Fitzsimmons, J.A. and Fitzsimmons, M.J.).

Mahadevan, S. and Dr. Balasubramanian (2001)\(^6\) in their article, explained that interest in the need and measurement of quality is understandably high and most important. The important relationship between service quality customer satisfaction and purchasing behaviour remain largely unexplored.


Winnie, Yuk-Lan Wong and Gopal K. Kanji, (2001) in their article, reviewed the relationships of latent constructs specified in these popular national customer satisfaction measurement and management system and concludes that the relationships specified in existing national customer satisfaction systems are far from conclusive. This paper therefore attempts to extend the current understanding of customer satisfaction and customer loyalty at a retail level in an industry-specific context. The adopted Kanji Customer Satisfaction Index was selected and tested with the data of 450 customers of retail banks in Hong Kong. Finally, findings and implications are discussed.

Wisnieswki, (2001) in his article, suggested that the service quality is a concept that has aroused considerable interest and debate in research literature as difficulties in both defining and measuring it with no overall consensus emerging on either occurs.


Johnson, William C, and Anuchit Sirikit (2002) in their article, conducted a study on the landline and mobile users of the Thai telecommunication industry using the SERVQUAL Scale (Reliability, responsiveness, assurance, empathy, and tangibles). The study was conducted with the objectives of finding service quality perceptions / expectations among customers in the Thai telecommunication industry.

Kim, Lee, Han & Lee, (2002) in their article, pointed out that the companies understand the service quality have its impact on customer satisfaction.

Rao, N.V. (2002) in his article, explained that customer service is becoming an important aspect in gaining competitive edge for survival with

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growth and profits for banks. The key to success in the changed environment will be the bank’s ability to reach the client at his doorstep.

Sureshchandar, Rajendran & Anantharaman, (2002)\textsuperscript{68} in their article, stated that a positive relationship between service quality and satisfaction is well established in the literature in the banking sector.

Fco Javier Llorens Montes, Maria Del Mar Fuentes Fuentes and Luis Miguel Molina Fernandez, (2003)\textsuperscript{69} in their article, aimed at determining whether the working environment that bank employees perceive is related to their affective responses and their perception about the service quality that is provided at their


bank. More specifically, the study extends and links previous works by researching into the relationships between the organisational obstacles perceived, the employees’ psychological climate, the extrinsic recognition received, and the service culture, with various affective responses from the employees (organisational commitment, job satisfaction and work motivation), as well as the perception of the service quality that the bank provides. A theoretical model is developed and tested using empirical evidence from the Spanish bank sector. Results support the hypothetical model.

Gounaries et al., (2003) in their article, revealed that the principal focus of service quality and service quality research has been the identification of service quality dimensions. Moreover, the development of measurement instruments of service quality is the focus of subsequent research efforts.

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Jaskaran Singh Dhillon, Dr. Batra, G.S. and Dr. Atul Dhyani, (2003)\textsuperscript{71} in their article, stated that good relationship marketing strategies like better segmentation, enquiry management, welcoming the customer, getting to know the customers, customer development, managing problems and winning back the customers have contributed to the growth and market share of private sector banks in India.

Sankareswari, S. (2003)\textsuperscript{72} in her dissertation, clearly pointed out that even though banks are computerized, the customer service is not up to the mark. There is a delay in encashment of cheque book and so on.

Sathya Swaroop Debasish (2003)\textsuperscript{73} in his article revealed that the foreign banks operating in Delhi provide better service quality as compared to private and public sector banks. Also, he pointed a thing to worry is the public sector banks


which account for over three – fourth of banking business in the country have failed to adequacy their customers.

Sureshchandar, G.S. Chandra Sekharan Rajendran, and R.N. Anantharaman (2003)⁷⁴ in their article, critically examined the service quality issues from the customer’s point of view. In their study conducted in a developing country, India, the authors selected three groups of banks for their study viz. Public sector, Private Sector, and foreign banks. The authors in their study found that in terms of the customer perceptions of service quality, the technological factors appear to contribute more in differentiating the three sectors and the people – oriented factors appear to contribute less in differentiation among three sectors. In terms of performance, foreign banks topped among three groups, and performance of public sector banks is even less than private sector banks.

Wong and Sohal (2003)\textsuperscript{75} in their article, evidenced that perceived service quality has an impact on customer loyalty. In a study conducted in retail trade, a positive relationship was found between service quality and customer loyalty.

Alka Sharma, Versha Mehta, (2004)\textsuperscript{76} in their article, found in their empirical study in the banking sector that among the public and private sector banks, all five dimensions of the service quality are of equal importance. In terms of score comparison, the scores for the public sector have been higher than the private sector.

Gowri Shankar, A. (2004)\textsuperscript{77}, in their article, suggested excelling and managing customer relationship is the future of any business. Customer focusing is not to be viewed as just a business strategy but should become a corporate mission. The challenge for banks will be in the area of people, technology and competition.

\textsuperscript{75}Wong and Sohal (2003): “Service Quality and Customer Loyalty Perspectives on two levels of Retail Relationships”, \textit{Journal of Service Marketing}, Vol.17, No.5, pp.495-513.


Michel Laroche, Linda Uelschy, C. Shuzo Abe, Mark Cleveland and Peter Yannopoulos, P. (2004)\textsuperscript{78} in their article, pointed out that the influence of culture on the measurement of service quality and satisfaction in dentists’ office settings were examined by a few authors. Respondents from the United States, Canada, and Japan participated in a 2x2 factorial experiment in which the authors manipulated both expectations (high/low) and service performance (high/low) in a series of scenarios. With partial metric invariance, latent mean comparisons revealed that regardless of expectations, Japanese respondents reported lower quality perceptions and satisfaction ratings when performance was lower than those of their U.S. and Canadian counterparts. Thus, there is some evidence that Japanese consumers are more conservative in their evaluations of superior service but are less critical (or more forgiving) of inferior service. Managerial implications and future research directions were also discussed.

Mushtaq A. Bhat, (2004)\textsuperscript{79} in their article, stated that the customers perceive with respect to service quality of all banks is below their expectations, and suggest heavy investment on tangibility and improvement in other dimensions of service quality.

Dr. Gopalakrishnan, V. (2004)\textsuperscript{80} in his article, revealed that potential customers have started moving towards foreign banks. The banking prospects of our public sector banks have gradually started shrinking. To succeed, banks must identify their marketing areas, develop adequate resources, convert these resources into healthy and efficient services and distribute them effectively satisfying the manifold tastes of customers.

Titus A.P. and Albin D. Robert Lawrence (2004)\textsuperscript{81} in their article, stressed that in order to add value to the services offered, the banking industry has to


efficiency and effectively utilize the technology with an eye on the cost of product and the services offered. In a market with fierce competition providing the customers with value addition is the only way to achieve complete sustained customer satisfaction.

Ramya, B. (2004)\textsuperscript{82} in her dissertation, pointed out that the bank could set up appropriate policies and procedures to create conducive atmosphere for providing better quality service to its customers.

Venetis and Ghauri (2004)\textsuperscript{83} in their article indicated that service quality has a strong and positive effect on customers’ affective commitment.

Alka Sharma and Versha Mehta, (2005)\textsuperscript{84} in their article, studied the service quality perception among the customers of the banks is the most critical issue.


The present study is an attempt in the direction, where quality perceptions of the four leading banks have been compared to reach logical conclusions.

Chang and San’s (2005)\textsuperscript{85} in their article, investigated the relationship between service quality, customer satisfaction and profitability in the Taiwanese banking industry. The conclusion of the study is that the performance scale developed in the SERVPERE model and customer satisfaction in the profitability model are confirmed in the Taiwanese banking industry. The study revealed that service quality is an antecedent of profitability.

Feruccio Bilich and Annibal Affonso Neto, (2005)\textsuperscript{86} in their article, dealt with management of quality as a fundamental component in the formulation of strategies for commercial banks, important elements in the financial system. Considering the increasing emphasis and proccupation of large organiseons with quality, the insertion of banks in this context becomes of fundamental importance, in as much as quality has been provoking a vertiable change of


paradigms in management. A model for the macro-function quality is proposed, the important and relevant variables related to the dimensions of the model are identified and the desirable actions with respect to each variable and dimension are arrived at through empirical data. In the development of the model for the management of quality in banks, data obtained from 56 executives representing a universe of 43 banks actuating in Brazil were analysed. Concluding the work, alternatives are presented for adequate conduct of the actions for quality considering five dimensions: strategy, managerial model, organisational structure, human resources and systems.

Gayathri H., M.C. Vinaya, and K. Lakshmisha (2005) in their article, conducted a pilot study on the insurance companies in India to quantitatively study the levels of the dimensions of service quality and its relation to the level of customer satisfaction. The results showed that LIC was scoring lower in all the five dimensions of service quality. To relate the satisfaction level of customers with the levels of SERVQUAL dimensions, multiple regression equations were developed for the four companies. The study concluded by saying that the companies have to

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focus on service quality in order to differentiate themselves and create a competitive advantage in order to survive the competition in the market.

Dr. Gomathi, V. (2005)\textsuperscript{88} in her article, opined that Banking being a service industry, a lot depends on efficient and prompt customer service. Banks should become market – oriented, highly competitive, innovative and high technology oriented, if they are to survive in the emerging environment.

Halil Nadiri, Kashif Hussian (2005)\textsuperscript{89} in their article, found in their study that SERVPERF scale maintains its reliability. With the help of exploratory factor analysis, researchers arrived at the conclusion that SERVPERF scale maintains its reliability. With the help of exploratory factor analysis, researchers arrived at the conclusion that SERVPERF instrument failed to form its five dimensions – reliability, responsiveness, tangibility, assurance, and empathy. Tangibles and intangibles were the two dimensions which were formed as a result of the study.


Jean Michel Sahut, (2005)\(^9^0\) in his article, explained the application of QFD to internet banking and it outlines the links among service quality management, its concepts, and tools and internet banking services. QFD application resulted in formulating the current service quality dimensions, disclosed the quality management deficiencies and provided decision support for the e-banking managers.

Joshua A.J. Moli and P. Koshi, (2005)\(^9^1\) in their article, stressed that customer friendliness has reduced the gap between expectation and customer perceptions. He also stated that suitable modification in service charges, other interest rate and customer survey are essential to find out the customer expectations.

Lester W. Johnson and Sean Leonard (2005)\(^9^2\) in their article, narrated that the concept of customer value has its roots in the quality movement, work done


in the area of developing customer focused organizations, and in the marketing concept of market orientation. This has seen many companies move away from a production orientation and from the 1980s fascination with mergers and acquisitions aimed to deliver market share, to concepts based on relationship marketing, customer loyalty and retention, brand equity, and customer equity. The shift has fundamentally been a move from product focus to customer focus and a related shift from product quality to service quality. While the research still follows different lines, there are useful lessons to be learned in areas where there is strong agreement. This thesis discusses what the past ten years have taught us about this shift.

Mohammed Al-Hawari, Nicole Hartley and Tony Ward, (2005)\textsuperscript{93} in their article, strived to develop a comprehensive model of banking automated service quality taking into consideration the unique attributes of each delivery channel and other dimensions that have a potential influence on quality issues. The proposed model has been empirically tested for unidimensionality, reliability and validity using confirmatory factor analysis.

Mushtaq A. Bhat (2005)\textsuperscript{94} in his article concluded that in India much below the perceptions of their customers are all the five dimensions of service quality, whereas, in the case of foreign banks, these banks are exceeding the perceptions of their customers on two dimensions of service quality namely; tangibility and reliability. This finding revealed the notion that Indian banks in terms of service quality do not meet the expectations of their customers. Incase of foreign banks, perceptions and expectations of the customers about service quality offered by the banks do not have a big gap.

Mushtaq A. Bhat, (2005)\textsuperscript{95} in his article, offered suggestions to make overall service quality in banks more effective and efficient. The results of the study lead us to the conclusion that service quality of foreign banks is comparatively much better than that of Indian banks and there are service quality variations across demographic variables.

Chumpitazel and Paparoidamis, and wong and Sohal, (2006)\textsuperscript{96} in their article, pointed out that service quality is based on the customer-employee interaction, the service environment and service outcome.


\textsuperscript{95}Ibid.,

Dr. Harbhajan Bansal (2006) in his article, stressed that quality is not an event, it is an ongoing process. As far as service organizations are concerned, quality is not the responsibility of quality control department only; rather it is a matter to be taken care of by the entire business system.

Santhi, C.T. (2006) in her dissertation, pointed out that the Customers are benefited by long term profitable relationship with banks in terms of improved service quality, personalized care, reduction of customer stress, customer empowerment and so on. It also increases customer retention, loyalty and satisfaction.

Surya Rao, U. and Swarnalatha Raju, C. (2006) in their article, stated that the bank at times, pay attention to service quality issues and they assigned very low priority to identification and satisfaction of customers needs. The need of the hour is to build up competitiveness through enhanced service quality thus making the banks more market oriented and customer friendly.

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Vanniarajan, T. and Vikkraman, P. (2006) in their article, focused the link between customers’ satisfaction and organisational performance. Three groups of banks namely, Associates of State Bank of India, Nationalised Banks and Private Sector Banks were included in the study. The empirical data on customer satisfaction on the quality of various services offered by the banks and its business performance were collected through interview schedule. Based on the empirical data, authors identified the important items in the service quality of banks as Empathy, Assurance, Reliability, Tangibles and Responsiveness. The study identifies the positive impact of customer satisfaction with service quality of banks resulting in its net profit. The significant impact on net profit is created by the customers’ satisfaction with the service quality factors, namely, Empathy, Assurance and Tangibles. The study concludes that the suitable strategy to increase the profit among the banks is creating, maintaining and enhancing appropriate service quality to the customers.

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Karthikeyan, K. (2007)\(^{101}\) in his dissertation, pointed out that the impact of information technology is greatly felt in the financial section in view of the competitive advantage for banks resulting in efficient customer service.

Dr. Purohit, H.C. and Avinash D. Pathardikar (2007)\(^{102}\) in their article, opined that the service quality satisfaction is the outcome of the resources and activities expanded to offer services against the expectations of user from the same.

Vimi and Mohd (2008)\(^{103}\) in their article undertook a study of the determinants of performance in the Indian retail industry based on perception of customer satisfaction. The finding of the study reinforces that customer satisfaction is linked with performance of banks.

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SERVQUAL was developed by Parasuraman, Zeithaml and Berry (1988) in their article has been used extensively by many researchers to determine service quality (Dabholkar, Thorpe & Rentz, 1996; Englland, Workman & Singh, 2000; Getz, Neill & Carlsen, 2001; Hussey, 1999; Nielsen & Host, 2000). It has received criticisms that include failure of its conceptual appropriateness (Van Dyke, Kappelman & Prybutok, 1997), low reliability (Teas, 1994), problems with discriminant validity (Brown, Churchill & Peter, 1993), and finally, unstable dimensionality (Asubonteng, McCleary 1991). SERVPERF, a modified version of SERVQUAL, was developed by Cronin and Taylor (1992), which determines service quality by measuring only performance.

**Research Gap to be filled up**

A review of earlier studies conducted on service quality perception in banks reveals that no constructive study has been undertaken in this area so far to compare the service quality perception prevailing in private sector banks with that of public sector banks. Hence, the present study has been undertaken to fill up that gap.

**CHAPTER III**