CHAPTER II

REVIEW OF LITERATURE

Secondary data are the data which is collected by some person for research purpose or any other reason and it can be either published or unpublished in magazine, journal, books, etc. These data forms a strong foundation for further research which might be carried out by research scholars for obtaining a research degree or to solve an immediate problem in an organisation or society or to create an awareness among the general public for social reasons like cancer, prevention of AIDS etc., or even to protect the health of the human beings. In the field of marketing, secondary data plays a vital role to compare and contrast the past history relating to price, sales volume and sometimes customer tastes and preferences also.

In this present study, the researcher has made an attempt to measure the level of satisfaction of the customers in private and public sector banks in India. To support the topic under study, the researcher has scrutinised some of the Indian and Foreign literature which was carried out by other researchers in the same field in the near past in order to bring out the reasons for customer satisfaction in various banks and the relationship between service quality dimensions, customer satisfaction and customer loyalty in public sector and private sector banks.

2.1 Review relating to Service Quality

Quality of service in any organization is very essential for growth and survival. In this competitive environment each and every organization is striving to retain its customers in order to earn profit. Most of the bank product’s developments are easy to duplicate and they can only distinguish on the basis of price and quality. Therefore customer’s perception over service quality is gaining importance now-a-days. Hence the researcher has
thoroughly studied the importance of service quality through the following literatures.

Parasuraman A, Valarie A. Zeithaml and Leonard L. Berry (1985) carried out an extensive exploratory investigation of quality in four service business organisation and developed a model of service quality. The research revealed ten dimensions that consumers use to form expectations about and perceptions of services. The research also pinpointed four key areas or gaps on the service provider’s side that are likely to affect service quality as perceived by consumers.

Parasuraman A, Valarie A. Zeithaml and Leonard L. Berry (1985) identified ten determinants of service quality namely reliability, responsiveness, competence, access, courtesy, communication, credibility, security, understanding and tangibles and found that high quality contributes significantly to bottom-line performance.

Parasuraman A, Valarie A. Zeithaml and Leonard L. Berry (1988) developed a 22-item instrument (called SERVQUAL) for assessing customer perceptions of service quality in service organizations, the procedures used in constructing and refining a multiple-item scale to measure the construct and the scale’s reliability, factor structure, and validity on the basis of analyzing data from four independent samples are presented and concluded the paper with a discussion of potential application of the scale.

Parasuraman A, Valarie A. Zeithaml and Leonard L. Berry (1988) laid down the most important findings of defining the components of service quality, organizational factors that can undermine service quality and the ways to enhance quality throughout a service organization.

Parasuraman A, Valarie A. Zeithaml and Leonard L. Berry (1993) developed a conceptual model that depicts the nature and determinants of customer expectations of service. The model specified three different types of
service expectations: desired service, adequate service and predicted service. They have also discussed about seventeen propositions about service expectations and their antecedents.

Parasuraman A, Valarie A. Zeithaml and Leonard L. Berry (1994) responded to the concerns raised by Cronin and Taylor (1992) and Teas (1993) about the SERVQUAL instrument and the perceptions – expectations specification invoked by it to operationalize service quality. They have offered a set of research directions for understanding of service quality assessment.

Parasuraman A, Valarie A. Zeithaml and Leonard L. Berry (1994) identified unresolved issues and developed three alternative questionnaire formats to address the customers and discussed on the empirical study that evaluated the three formats in four different sectors.

Michael K Brady and Joseph Cronin Jr. (2001) through qualitative and empirical research, found that the service quality construct conforms to the structure of a third-order factor model that ties service quality perceptions to distinct and actionable dimensions: out-ome, interaction, and environmental quality. In turn, each has three sub dimensions that define the basis of service quality perceptions.

From the above reviews, it is evident that quality of service plays a vital role in attaining satisfaction. It is also clear that service quality has a direct and strong impact on customer satisfaction. Only when the customer’s perception towards service quality is positive it leads to customer satisfaction.

2.2 Review relating to Service Quality Dimensions

The pioneers of the SERVQUAL, has conducted many researches regarding the service quality dimensions and finally came out with an instrument which is considered the most valid instrument for measuring the
quality of service in service industries. Many authors had conducted researches using this SERVQUAL instrument to find the perceptions of the customers towards customer satisfaction.

Assessing the quality of service is done through various aspects, attributes and dimensions of service like the area where the bank is located, role of bank employees in rendering the service, safety and reliability of transactions, technology related services, etc. Following are some of the reviews that focus its attention towards the importance of various service quality dimensions viz. tangibility, reliability, responsiveness, assurance and empathy.

Preethi (2000) conducted an exploratory study to develop a service quality model. The overall discussions of service quality revealed that it is more difficult for the customer to evaluate service quality, service quality perceptions result from a comparison of consumer expectations with actual service performance and evaluation of quality is made on the outcome of a service as well as the process of service.

Minjoon Jun nad Shaohan Cai (2001) in their research identified 17 dimensions of internet banking service quality which are classified into three categories namely customer service quality, banking service product quality and online systems quality. The results revealed that reliability, responsiveness, access and accuracy were found to have impact on customer satisfaction.

Gani A and Mushtaq A. Bhat (2003) carried out a study to analyse the service quality in Indian and foreign banks. The results of the study revealed that quality of service in foreign banks are comparatively better than that of Indian banks and pointed out that Indian banks are lagging behind on the front of physical facilities, up-to-date equipments, communication material, neatness of employees, employees providing prompt service to customers,
willingness of employees to help customers, convenient operating hours, banks having customers’ interests at heart and employees who give personal attention.

Sureshchandar G.S, Chandrasekharan Rajendran, Anantharaman R.N. (2003) focussed on investigating the critical factors of customer perceived service quality of banks in India. The study was conducted to compare and contrast the three groups of banks in India with respect to the service quality factors from the perspective of the customers. They found that customers in developing economies seem to keep the “technological factors” of services as core service and systematization of the service delivery as the yardstick in differentiating good and bad service while the “human factors” play a lesser role in discriminating the three groups of banks.

Mushtaq A. Bhat (2005) found that high service quality contributed significantly to profitability and productivity. The results of the study led to the conclusion that service quality of foreign banks is comparatively better than that of Indian banks and there are service quality variations across demographic variables.

James Curran and Mathew Meuter (2005) examined the factors that influence consumer attitudes towards and adoption of self-service technologies. The results indicated that different factors influence attitudes towards ATM, phone banking and online banking.

Essah Ibrahim, Matthew Joseph and Kevin Ibeh (2006) explored the key factors of the electronic service quality perceptions of banking customers in UK and to evaluate the perceptions and actual performance of banks. The results revealed that the customers’ perceptions on e-SQ were modest.

Atul Dhyani, Batra G.S. and Jaskaran Singh Dhillon (2006) revealed that the “commitment” is very strong in foreign banks, because of its consistent delivery of quality service. Whereas in private sector banks the
Quality of service is also improving, but the cost of delivering the services is more compared to the actual service rendered. Public sector banks lack “commitment” in delivery of quality service.

Hsin Ginn Hwang, Rai Fu Chen and Jia Min Lee (2007) developed a measuring instrument to measure the customer satisfaction with internet banking in Taiwan. The study revealed that the internet banking customer satisfaction depends heavily on security and trust considerations on the internet.

Purohit H.C and Avinash D. Pathardikar (2007) said that the perceptions of the consumers on different banks differ due to the behavior of the individual employees or officers. The five dimensions of SERVQUAL were observed as ideal in all the banks except reliability of the employees.

Abu Shanab E, Pearson J.M (2007) investigated the key determinants of the adoption of internet banking in Jordan. The author attempted to validate the appropriateness of the Unified Theory of Acceptance and Use of Technology (UTAUT) within the context of internet banking. The results of this study indicated that UTAUT provides a good foundation for future technology acceptance research. The three main predictors, viz. performance expectancy, effort expectancy, and social influence were significant and gender moderated the relationships between the three independent variables and the dependent variable (behavioral intention).

Akinyele, S.T. and Akinyele, F.A. (2008) presented an extensive review of the literature, focusing on service quality and specifically discussed how the definition of quality differs depending on whether it refers to a manufactured product or a service, and issues concerned with the measurement of service quality. The researchers have taken an in-depth study on the evolution and understanding of the management and marketing of services over the past several decades.
Sadiq Sohail M and Nassar M. Shaikh (2008) measured the quality of service from customers' perspective for internet banking and discussed how banks can be competitive by providing quality services. The analysis identified three factors that influence users' evaluation of service quality of internet banking services which are “efficiency and security”, “fulfilment” and “responsiveness”.

Halil Nadiri, Jay Kandampully and Kashif Hussain (2009) presented a conceptual model BANKZOT and said that evaluation of services can be scaled according to different types of expectations – desired and adequate – and that customers use these two types of expectations as a comparison standard in evaluating bank services. The findings revealed that young customers have a narrow zone of tolerance with regard to the services provided by the banks.

Saravana Kumar M (2009) discussed the significance of difference between the perceived and desired level of service quality. The difference between the perceived and desired level of service quality is negative indicating that the perceived services of the sample banks fell short of the desired services. The difference is also found to be significant for a majority of the factors in commercial banks.

Ashok Kumar and Rajesh (2009) found from the study that both public sector banks and private sector banks lack one or the other aspect of service quality and there is no significant difference between overall customer satisfactions in the banks, and concluded that banks should aim at satisfying the customers by providing maximum features in their banking services. Technological upgradation can be undertaken through implementation of core banking solutions and development of techno-savvy innovative products and services should be carried out.
Michel Rod, Nicholas Ashill, Jinyi Shao and Janet Carruthers (2009) examined the relationship among three dimensions of service quality that influence the overall internet banking service quality and its effect on customer satisfaction in New Zealand. The results indicated that there is a significant relationship between online customer service quality, online information service quality, banking service product quality, overall internet banking service quality and customer satisfaction.

Usha Lenka, Damodar Suar and Pratap Mohaparta (2009) examined whether service quality increases the customer satisfaction and loyalty in Indian commercial banks. The results suggested that better human, technical and tangible aspects of service quality of the bank increase customer satisfaction and human aspects of service quality influence customer satisfaction more than the technical and tangible aspects. They concluded that customer satisfaction leads to customer loyalty.

Ritu Metha, Neeru Kapoor and Suman Nayyar (2010) found the major factors that shape the practice of marketing in service organizations as the environment, and how a particular business views and organizes its marketing efforts and indicated that factors are equally important in creating and constraining managers opportunities for effective option. They suggested that there is a need to identify more dimensions of service quality constructs in future to satisfy the needs of the customers.

Meenakshi Gandhi (2010) compared the three groups of banks in India with respect to the service quality factors from the perspective of the customers. Great amount of variation were found with respect to the level of service quality offered by the three groups of banks. Customer expectations of service quality are highest in the PSU banks followed by Private and Foreign banks and there exist differences among these groups of banks on all dimensions of service quality except tangibility. The PSU banks score above the other two group of banks in reliability aspect of service quality and there
is no difference amongst the private and foreign banks in this regard. They concluded that both private and foreign banks need to build up confidence amongst the consumers.

Gayathri Balakrishnan.R (2010) said that change is the only constant thing in life and the present changes in the globalised economy and changes in the life styles of customers can be very easily encashed by the banks by providing good quality services at the right time and at the right place. The bankers should give attention to customers’ perceptions and the expectations of the customers should be understood and powerful strategies are to be implemented. The author concluded that the banks need to provide high touch services rather than high tech services.

Ramesh Chander Jindal (2010) reported that Indian banks has to redefine their products and the strategy for catering customer service keeping in view the tastes and requirements of all types of customers in the competitive environment. The product type and pricing should be transparent and deliverable to the customer as promised. The author concluded that the IT savvy banks have the advantage of creating new products and CRM would help the banks in providing the professional customer service.

Swati Anand and Kailash Saklani (2010) evaluated the service quality of I-banking services in Delhi from customer’s perspective. It was observed that customers are satisfied with the reliability, accessibility, privacy/security, responsiveness and fulfillment but least satisfied with the dimension ‘user friendliness’. They developed a seven-dimensional model using regression analysis for measuring the overall service quality of I-banking. The result indicated that ‘Privacy/Security’ and ‘Fulfillment’ are not contributing significantly towards the overall service quality. They also observed that the opinion of male and female of business class differs from the other classes.
Mohammed N. Chaker, Naceur Jabnoun (2010) examined the major barriers to service quality in Islamic banks in Qatar and the impact of demographic variables on the perceptions of these barriers. They identified four service quality dimensions through factor analysis and found that lack of empowerment, centralization, and lack of transformational leadership were found to be significant barriers to service quality in Islamic banks in Qatar while the “No” culture was not found to be significant. The study was carried out using a well structured questionnaire using SERVQUAL.

Uppal R.K (2011) examined the customer delightedness from different banking services in Punjab through a well structured and pre-tested questionnaire. The results of the study indicated that customers of Indian private and foreign sector banks are more delighted than their counterparts and suggested that certain strategies are to be developed to enhance the quality of service in banks particularly in public sector banks.

Ramesh Kumar Miryala (2011) evaluated the customer perceptions of service quality in select private sector banks. Gap analysis and Multi regression were used for analysis of data. The results indicated that empathy and accessibility dimension of service quality has more gap, as the customer expectations are high to their perceived service. The result also indicated that Empathy, Reliability and Assurance have a positive influence on the service quality. The author suggested that superior service quality helps to retain existing customers and attract new customers as well.

Mubarak Ali E, David Sam Jaykumar G.S and Senthil P.L (2011) conducted a study to find the impact of various services rendered and the overall service quality in Indian banks. The results of the analysis indicated that the quality and appearance of the materials (tangibility), the quality of records from reliability point of view of service quality, employees’ willingness, as a variable of responsiveness, courtesy of employees from assurance point of view, followed by their behaviour and knowledge and
understanding the specific needs of customers from empathy point of view contributes more to the overall service quality.

Rama Mohana Rao K and Tekeste Berhanu Lakew (2011) conducted a study to examine the service quality perceptions of customers of public sector and private sector banks in the city of Visakhapatnam, India. The researcher used SERVQUAL model with 42 items pertaining to the five dimensions of service quality viz. Tangibility, Reliability, Assurance, Responsiveness and Empathy for the study and found that the reliability and assurance dimensions of service quality scored the highest ratings while the tangibles dimension got the lowest score. The study also found a strong dissimilarity in service quality perceptions between customers of private sector and public sector banks.

Vinita Kaura (2013) analysed the effect of service quality, perceived price and service convenience on customer satisfaction. The author identified employee behaviour, tangibility, information technology, access convenience, transaction convenience, decision convenience and benefit convenience as the dimensions of service quality. The study revealed that except tangibility all the other dimensions have positive impact on customer satisfaction in public sector banks and in case of private sector banks benefit convenience and tangibility does not have a positive impact on customer satisfaction.

Sunny Bose and Nitin Gupta (2013) studied the difference in service quality between public sector banks and new generation private sector banks in India based on SERVQUAL scale. The results revealed that the new generation private banks provide better quality of service when compared to the public sector banks.

From the above literatures it was found that how service quality leads to customer satisfaction in banking industry. Most of the studies have revealed that service quality dimensions are the main predictors of customer
satisfaction and were found to be significant for measuring the customer satisfaction.

2.3 Review relating to Customer satisfaction in Banks

Satisfaction is a feeling; it is a short-term attitude that can readily change given a constellation of circumstances. It resides in the user’s mind. Measuring customer satisfaction should be the main objective of any service industry in order to sustain in the market. Following are some of the researches carried out by various researchers to find how far customers are satisfied in banks.

Andra Brige (2006) studied the bank/customer relationship experience in the Latvian banking system and the impact of developing technology in banking. The author found that satisfaction with services provided is not the only factor that influences customer loyalty and a great impact on loyalty level is made by other factors, such as: image, prestige, word of mouth also.

Raj Kumar (2008) said that the findings of his study coincide with the observations of earlier researchers in the area of customer satisfaction. In his study the author has identified the customer satisfaction variables and its impact on customer satisfaction and established the relationship between customer relationship management and customer satisfaction.

Aruna Dhale and Manish Mittal (2008) carried out a study to obtain the primary opinion of the customers of the State Bank of India, HDFC, ICICI, IDBI and UTI (now Axis Bank) as representatives of public and private sector banks. It was found from the study that the customers of private banks are more satisfied than the customers of the SBI. It was also identified that customers of SBI are more sensitive towards the processing time taken for account handling and technological updates while in the case of private banks, nearby location of bank to residential area and delay in the processing time are the reasons to change the existing bank with a new one.
Jaspal Singh and Gagandeep Kaur (2011) investigated the determinants of customer satisfaction of Indian banks. The results of the study revealed that responsiveness, tangibles, services innovation, reliability and accessibility, assurance, pricing and other facilities, problem solving capability and convenient working hours are the main determinants of customer satisfaction.

Shiralshetti A.S and Bagewadi J.K (2011) made an attempt to ascertain the level of satisfaction of customers as regards banking services in Belgaum District in Karnataka. The satisfaction level of the customers has been measured and analysed the varieties of new services which influence the satisfaction level of the customers.

Naveen Kumar and Gangal V.K (2011) in their study concluded that the majority of the Indian banks does not provide diversified products and services. They suggested that strategic focus could be given in developing diversified services to remain competitive and to retain as many customers as possible. The authors concluded that customer retention is possible through customer satisfaction only.

Issham Ismail, Nadiatul Rosley and Soo Sin Ling (2011) conducted a study to explore the level of satisfaction of customers on service quality of the banking services in Malaysia. They investigated the relationship between banking services and customer satisfaction. The results revealed that branch banking services and mobile banking services have significant relationship with customer satisfaction; characteristics of customers and banking information of respondents are also identified as important factors influencing the level of satisfaction of customers. It was also noted that customer satisfaction not only depends on the performance of the services but also on how it contributes to the overall service offerings.

Premraj H and Sankaralingam N (2012) analysed the service quality perception of retail banking customers in Chennai with reference to SBI
group, Nationalised banks, Private sector and Co-operative banks to assess their satisfaction level regarding the services rendered by banks and identified the factors which have the maximum impact on customer satisfaction. The research revealed that the satisfaction level of customers is high in Nationalised banks, followed by SBI and its associates, Private sector and Co-operative banks. The study also indicated that reliability and competitiveness have the maximum impact on customer satisfaction.

From the above literatures it is certain that most of the customers of various banks are satisfied with the services provided by their banks with an exception of few. Only when customers are satisfied in all respects they can be retained. This shows that there is some relationship between service quality and customer satisfaction.

### 2.4 Review relating to service quality, customer satisfaction and customer loyalty

Following are the reviews that are carried out by researchers to prove or to disprove the relationship between service quality, customer satisfaction and customer loyalty.

Walfried M. Lassar, Chris Manolis and Robert D. Winsor (2000) examined the effects of service quality on customer satisfaction from two distinct analysis viz. SERVQUAL and Technical/Functional Quality. These two service quality measures are compared and contrasted the ability to predict customer satisfaction. This research examined the potential utility of employing separate measures for customer satisfaction from the perspectives of both technical and functional aspects of the service delivery process. The paper explored the theoretical and practical insights of the findings, including potential strengths and limitations of current service quality models with regard to their ability to define and explain the quality/satisfaction relationship.
Parasuraman A and Dhruv Grewal (2000) in their study constructed a simple model showing the key drivers of customer loyalty. The authors developed a conceptual framework that integrates the quality – value – loyalty chain with the “pyramid model”, which emphasizes the increasing importance of technology – customer, technology – employee, and technology – company linkages in serving customers.

Ahmad Jamal and Kamal Naser (2002) looked into the impact of service quality dimensions on customer satisfaction. The findings of the study indicate that both core and relational dimensions of service quality appear to be linked to customer satisfaction and expertise is negatively related to satisfaction.

Sureshchandar G.S, Chandrasekharan Rajendran and Anantharaman R.N (2002) adopted a different approach and viewed customer satisfaction as a multi-dimensional construct just as service quality, and argued that customer satisfaction should be operationalized along the same factors on which service quality is operationalized. They investigated the link between service quality and customer satisfaction using this approach. The results indicated that the two constructs are completely independent but are closely related which implies that an increase in one is likely to lead to an increase in the other.

Ding Hooi Ting (2004) focused on service quality and satisfaction of customers in banking institutions in Malaysia and attempted to determine the relationship between service quality and satisfaction, where service quality is the independent variable and satisfaction is the dependent variable. Findings of the research show that service quality is the antecedent of satisfaction, and bank-ownership moderates the relationship between service quality and satisfaction.

Huseyin Arasli, Salih Turan Katircioglu and Salime Mehtap-Smadi (2005) analysed and compared the quality of service in the commercial
banking sector of Cyprus and investigated the relationship between overall bank customer satisfaction in the Turkish and Greek-speaking areas of Cyprus. The research results revealed that the assurance dimension had the largest influence on customer satisfaction and overall satisfaction of bank customers in both areas of Cyprus had a positive effect on their word-of-mouth and the expectations of bank customers in both areas were not met and that the largest gap was found in the empathy dimension.

Jo Ann M. Duffy, John M. Miller and James B. Bexley’s (2006) in their research found that there is no significant difference in satisfaction by customer age, gender, or tenure with bank; the degree of customer satisfaction was strongly influenced by the type of recovery strategy used by the bank and the results indicated that recovery efforts are best directed towards empathic listening and fixing the problem rather than apologizing or making atonement.

Mohammed Al-Hawari and Tony Ward (2006) investigated the relationship between customer perception of service quality and bank financial performance in the new context of the automated banking environment in Australia and tested the mediating role of customer satisfaction. Findings of the study revealed that Customer satisfaction is confirmed as a mediator in the relationship between automated service quality and financial performance.

Muslim Amin and Zaidi Isa (2008) made an attempt to examine the relationship between service quality perception and customers' satisfaction in Malaysian Islamic banking using the SEM approach. This model begins with SERVQUAL measurement scales consisting of six dimensions namely: tangibles, reliability, responsiveness, assurance, empathy, and the compliance to measure Malaysian Islamic banking service quality. The results show that the proportion of Malaysian Muslims' awareness of the Islamic banking products and services were high compared to non-Muslim customers. The majority of the Islamic banking customers were satisfied with the overall
service quality provided by their banks. The relationship between service quality and customer satisfaction was significant.

Carmel Herington and Scott Weaven (2009) made an attempt to explore the measurement of e-service quality for e-retail banking, the importance of e-service quality dimensions to e-retail bank customers, and the relationship between e-service quality and customer satisfaction. Findings of the study pointed out a four-factor solution (E-ServQual) represented by “personal needs”, “site organisation”, “user-friendliness” and “efficiency”. Efficiency was not found to be a predictor of customer satisfaction and the overall satisfaction is lower than overall e-service quality.

Alok Kumar Rai (2009) investigated the service quality gaps existing with the performance of the leaders of public and private sector banks in India with reference to SBI and HDFC Banks and concluded that both the banks which are the largest in their ownership category could not make their customers happy. The study also brought out the areas which require immediate attention of the employees, the management, and the policy makers of the industry. These are the areas in which customers are hugely dissatisfied with the services of the banks against their expectation.

Ramesh H Taxak and Manjeet Kaur (2009) analysed and compared the customer satisfaction level in public and private sector banks. They concluded that public sector bank provides better services to their customer than private sector banks. The customer of public sector banks are more satisfied with traditional banking service such as ATM, Demand Draft and Cheque book facility as compared to private sector banks whereas the customers of private sector banks are more satisfied with counter services such as cash deposits, cash payments, issue of draft, cheque payment and cheque deposit facilities provided by the bank.
Hummayoun Naeem, Asma Akram and Iqbal Saif (2009) investigated the impact of service quality on customer satisfaction in the Pakistani banking sector. The constructs of SERVQUAL model developed by Zeithaml and Bitner (1996) and five point customer satisfaction tool developed by Taylor and Baker (1994) were adopted and used for data collection. Results of the study indicated that the service quality was proved to be a strong predictor of customer satisfaction in case of foreign bank. They concluded that if service quality is managed and maintained effectively, it can contribute significantly towards customer satisfaction.

Pooja Mengi (2009) compared the customers’ perception of service quality of public and private banks of Jammu using SERVQUAL scale to determine the different dimensions of service quality and chi-square analysis was used to understand the impact of SERVPERF(service performance) dimensions (tangibility, reliability, responsiveness, assurance and empathy) on customer satisfaction. It was found that customers of public sector banks are more satisfied with the service quality than those of private sector banks.

Megha Trivedi and Nirmit Agrawal (2009) conducted a survey using the standard scale of SERVQUAL developed by Parasuraman et.al. The study was based on five overall dimensions of customer satisfaction viz.tangibility, reliability, responsiveness, assurance and empathy in ICICI bank. The author concluded that gap analysis between expectations and deliverables should be carried out regularly by banks to measure the current level of satisfaction for customers so as to improve those factors on which the banks are lagging behind to increase the level of satisfaction of the customers.

Sandip Ghosh Hazra and Kailash B.L. Srivastava (2010) examined the strength of association among the service quality perception, customer satisfaction, customer loyalty, and customer commitment. The results revealed that customers value four dimensions of perceived service quality and all the dimensions of service quality have a strong impact on customer satisfaction.
satisfaction depending on the quality performance and customer satisfaction depend upon the quality of services provided by these banks. The results also showed significant differences between public and private sector banks with regard to customer satisfaction, commitment and loyalty.

Jose Angel Miguel-Davila, Laura Cabeza-Gareta, Laura Valdunciel and Marcela Florez (2010) studied the service quality provided by the banks in Cucuta, located along the borders of Venezuela. Using factor analysis, the researcher identified the operative, physical, new technologies and human factors of service quality. The results revealed that there is an influence of the operative aspects and the new technologies on service quality, as well as the confirmation of quality as a precedent to customer satisfaction, and how such satisfaction influences on customer’s loyalty towards bank.

Manimaran. S (2010) examined the nature of linkage between service quality and customer loyalty in Indian retail banking. The results of the study revealed that there is no significant direct linkage between service quality and customers loyalty. At the same time, the service quality has a significant indirect impact on customer’s loyalty through customer’s satisfaction. The researcher concluded that the bank managers need to develop a systematic assessment programs to monitor service quality and customers satisfaction over time on a regular basis.

Monica Bedi (2010) investigated the relationship between service quality, overall customer satisfaction and behavioural intentions across public and private banks in India. The findings indicated that service quality is the significant determinant of customer satisfaction in public and private sector banks. Service quality dimensions were found to be statistically significant in public and private banks and customer satisfaction was strongly associated with propensity to recommend.
Usha Lenka, Damodar Suar and Pratap Mohapatra (2010) examined whether soft and hard aspects of quality management practices determine service quality and customer satisfaction. A conceptual model depicting the relationship was tested applying structural equation model. Results revealed that transformational leadership, workplace spirituality and service climate, depicting the soft aspects of quality management practices increase employees’ job satisfaction and affective commitment and found that employees’ job satisfaction and affective commitment have a positive influence on human aspects of service quality, which in turn increases customer satisfaction. Management information system and physical evidence depicting hard aspects of quality management practices enhance service quality and furthers customer satisfaction.

Paola Gritti and Nicolai Foss (2010) empirically addressed how customer satisfaction and loyalty in the banking industry affect profitability. They found that customer satisfaction impacts loyalty, which in turn has a direct effect on financial and nonfinancial customer value/total customer value/complex customer value. They also found that loyalty is a mediator between financial and nonfinancial customer value and two sources of customer satisfaction, namely, relationships with the front office and the branch and the products offered by the banks.

Arun Kumar, Tamil Mani, Mahalingam and Vanjikovan (2010) examined the service quality dimensions of Indian private banks dealing with retail banking. The results revealed that responsiveness and reliability of service quality dimensions determine customer satisfaction more than assurance, empathy and tangible aspects. They concluded that the overall perceived service quality leads to customer’s attitudinal loyalty through customer satisfaction.

Pandit C. Bilamge (2011) conducted a comparative study on customer satisfaction in ICICI bank and State Bank of India and found that the behavior
of the ICICI Bank staff is more cordial than the staff of SBI. The maintenance of ATMs and token system in ICICI bank was much appreciated by all the customers where as it was not up to the expected level of customers in SBI and the basic facilities are lacking in both the banks.

Arora Vibha, Nrvichandran and Jain (2011) investigated the various dimensions of service quality and how these dimensions determine customer satisfaction in Indian banking sector. The survey was conducted in Delhi to test dimensionality of servperf by using construct validity and reliability test. Reliability and service interaction were found to be significant variables to customer satisfaction and tangibility and efficiency were insignificant.

Satendra Thakur (2011) examined the effect of service quality and customer satisfaction on customer loyalty among the group of customers in Indian banking industries. The results of the study indicated that customer satisfaction is significantly and positively related with customer loyalty and customer satisfaction is found to be an important mediator between service quality and customer loyalty. The author concluded that banking service providers should take right course of action to win customer satisfaction by providing better service quality in order to create loyal customer.

Shirshendu Ganguli and Sanjit Kumar Roy (2011) identified four generic service quality dimensions in the technology-based banking services – customer service, technology security and information quality, technology convenience, and technology usage easiness and reliability. The study revealed that customer service and technology usage easiness and reliability have positive and significant impact on customer satisfaction and customer loyalty and technology convenience and customer satisfaction have significant and positive impact on customer loyalty.

Murugan (2012) conducted a study to compare the customers’ perceptions of service quality in public and private banks of Tirupati region.
SERVQUAL was used to measure the service quality of both the banks to determine different dimensions of service quality and chi-square analysis was used to understand the impact of SERVPERF (service performance) dimensions on customer satisfaction. It was found from the research that customers of public sector banks are more satisfied than the customers of private sector banks as regards service quality.

The above given reviews show that there is a positive relation between service quality, customer satisfaction and customer loyalty. It was also evident that service quality is the predominant determinant of customer satisfaction and customer satisfaction leads to customer loyalty. Only a few studies have reported that there is no direct linkage between the service quality, customer satisfaction and customer loyalty perhaps there is some indirect relationship between them.

Therefore, with the support of the above literatures, the researcher has made an attempt to study the perceptions of the customers of public sector and private sector banks towards the service quality dimensions and its impact on customer satisfaction and customer loyalty.

**Research gap**

The prevailing competitive environment has led to various changes in the delivery of quality of service in banks. The banks, both private and public sector, strive hard to provide quality service which enhances the level of satisfaction of customers in their banks.

The authors of various literatures have identified many service quality dimensions in their research which includes the service quality dimensions found by the pioneers of service quality. In this research work, the researcher has made an attempt to explore two more dimensions of service quality in addition to the basic five service quality dimensions viz. technology augmentation and confidence building which enhances customer satisfaction.