CHAPTER 6

DISCUSSIONS, FINDINGS AND CONCLUSIONS

In this chapter, the main findings with regard to the research objectives are summarised and conclusions based on the findings of the studies are presented and discussed with empirical evidences from prior studies. Furthermore, the strengths and limitations of this thesis are considered and suggestions for further research are presented. This chapter concludes with recommendations for different banks to enhance service quality and to remain competitive in ever changing environment.

6.1 FRAMING OF OBJECTIVES

Even though, the Indian banking sector has performed extremely well over the last few years and has shown substantial resilience by during the global financial crisis (Das et al 2011), the emerging trends discussed (sec 1.3) in the banking sector develop challenges to the banks. The study about banking customers in the country was considered essential to understand the nature of changes in customer expectations and to understand the of quality requirements of the customer. Extensive review of literature was conducted to have detailed understanding about behavior of banking customer with regard to changing trends. The review of the literature provided certain valuable observations. The first important observation was that the profitability of an organisation depends to a great extent on meeting the expectations of the customer and that quality plays a critical role in the productivity equation (Sink and Tuttle 1989; Vuorinen et al 1998;
Even though, consensus was visible among researchers in properly defining service quality, there exists issues with regard to measurement of service quality that can be universally accepted. The most popular method to measure service quality was to obtain responses of the customers with regard to certain determinants or dimensions considered relevant to capture the domain of service quality (Parasuraman et al 1988; Cronin and Taylor 1992; Al-Hawari and Ward 2006; Gounari 2005; Adlaigan and Buttle 2002; Mersha and Adlakha 1992; Bahia and Nantel 2000). The necessity to develop a more country–context specific measure for service quality suited for the settings and industry was exposed as the gap in the literature which needed attention (Ladhari 2009; Saurina Canals 1997; Buttle 1996; Robbinson 1999; Brown et al 1993; Imrie et al 2002). Another important observation was that perceived service quality has strong linkage with variables like customer expectation (Lewis and Booms, 1983; Zeithaml et al 1993), customer satisfaction (Bolton and Drew 1991, Boulding et al 1993) and behavioral intentions (Bou et al 2001, Woodside et al 1989, Dabholkar and Thorpe 1994) of the customer.

The above observations helped to specify the landscape for study proposed. The objectives for the study were finalized keeping the above mentioned observations in the backdrop. They were

- To Understand the structure of Service quality and to develop a valid scale for its measurement
- Identify the underlying key dimensions of banking service quality as perceived by banking customers
- To examine the linkage among perceived service quality with other variables such as Customer expectations, Customer satisfaction and behavioral intentions in banking context
6.2 DEVELOPMENT OF A VALID SCALE FOR PERCEIVED SERVICE QUALITY

The important attempt towards meeting of this objective was to identify suitable dimensions capable of explaining the domain of service quality in the current banking context applicable to Kerala Context. Qualitative procedures involving interviews with experts could successfully list down the 28 attributes that demanded consideration in the contextual setting. The empirical investigation into the dimensionality of service quality after confirmatory factor analysis, revealed five service quality dimensions containing 21 service quality attributes. In comparison with similar scales developed for the service quality in Malaysian context was with 26 items (Kumar et al 2009), UAE context was with 35 items (Jabnoun and Al-Tamimi 2003), Greek banking Sector with 31 items (Gounaris et al 2003), Indian banking context with 25 items (Ravichnadran et al 2010), Thai banking context with 25 items (Poolthong and Mandachitara 2009) and Taiwan context with 29 items (Chen et al 2005), the validated scale contained only 21 items. The emerged number of items and dimensions was corroborative with the classic five dimensional one with 22 items proposed by Parasuraman et al (1988).

The study also attempted to address the prevailing debate on including expectation component in service quality measurement as proposed by Parasuraman et al (1988). The performance alone based measures of service quality over gap measures of perceptions-minus-expectations was found more acceptable from the literature and from the views shared by the experts. The psychometric soundness shown by the scale on validation was found to be satisfactory and found to be in contradiction to the finding of Gilmore and McMullan (2009), who claimed that SERVPERF scale lack consistency and generalisability.
The structure of perceived service quality construct was always an area of interest to various researchers. Although it is apparent that perceptions of service quality are based on multiple dimensions, there is no general agreement as to the nature or content of the dimensions. Various studies have proposed various dimensions such as three (Gronroos 1982; Lehtinen and Lehtinen 1982; Rust and Oliver 1994), five (e.g., Parasuraman, Zeithaml, and Berry 1988), and even eighteen (Jhonston 1995). However, it was apparent that service quality evaluations are highly complex processes that may operate at several levels of abstraction (Carman 1990). To explain these issues a hierarchical structure was considered ideal. Multi-level models for service quality are explained in the literature (Dabholkar et al. 1996, Brady and Cronin 2001). They suggest changing the structure of service quality models to different stages such as overall perceptions of service quality, primary dimensions, Sub dimensions etc. A construct is multidimensional when it consists of a number of interrelated attributes or dimensions and exists in multidimensional domains (Diamantopoulos et al. 2008). The multidimensional construct can be different manifestations of different dimensions in the reflective manner or can be treated as the outcome of its dimensions (Jarvis et al. 2003; MacKenzie et al. 2000). When dealing with multidimensional constructs) two levels of analysis are required, one level relating manifest indicators to (first-order) dimensions, and a second level relating the individual dimensions to the (second-order) latent construct. Since for each level both formative and reflective specifications are applicable, Jarvis et al. (2003) identified four different types of multidimensional constructs such as:-

1. Formative first-order and formative second-order
2. Reflective first-order and formative second-order,
3. Formative first-order and reflective second-order, and
4. Reflective first-order and reflective second-order models.
This study conceptualized perceived service quality construct as “reflective first order and formative second order” with each dimensions measuring different facets of service quality. The first order dimensions were assumed as reflective one, as measurement was done using multiple items validated through confirmatory procedures where item reliability was an essential consideration (Diamantopoulos and Siguaw 2006). A general rule of thumb can be used to decide whether indicators can be treated reflectively or formatively measured. If the indicators are expected to be highly correlated, then the measurement model should be set as reflective and if the indicators are not expected to be highly correlated, even though they clearly refer to the same latent variable, then the measurement model should be set as formative (Ned Kock 2009). In the second order conceptualization, i.e. the relation between first order dimensions and second order construct, two contrasting options among reflective and formative are possible. In this study both possibilities were subjected to confirmatory factor analysis as explained in sec 5.3. A critical analysis of the goodness of fit statistics of both the models (Sangmook Kim 2010), clearly supported the claim that perceived service quality is a multilevel, multi dimensional formative hierarchical construct with five first order reflective dimensions. The findings were in corroboration with the observation shared by many scholars that the hierarchical model is more reliable in banking services. The findings are similar to the proof for hierarchical structure available in other contexts such as Health care (Chahal and Kumari 2010; Dagger et al 2007), Mobile health (Akter et al 2010), and phone service subscribers (Pollack, 2009).

6.3 IDENTIFICATION OF KEY DIMENSIONS OF PSQ SCALE

The validated scale for measuring perceived service quality in the Kerala banking context contained 21 indicators related to five dimensions. The scale contained 5 items in “Image”, 4 items in “Human”, 4 items in
“Convenience”, 3 items in “Products and Services” and 5 items in the “system” dimension which together measure the perceived service quality in Kerala banking context.

- Human related dimension
- Machine/system related dimension
- Convenience related dimension
- Product and Services related dimension
- Image related dimension

The emergence of a dimension capable of capturing the human aspects related to the service delivery was found similar to the observations shared by researchers (Daniel and Berinyuy 2010; Nam 2008; Guo et al 2008; Gounaris et al 2003;). The relevance of human element was thus emphasized and underlined even in the contemporary settings that provide ample scope for remote service delivery. The role of human in service delivery, as a clear differentiator in the service offer valid insights about the feelings of customer regarding human related attributes that can satisfy them. The four indicators explaining communicative skills, knowledge, patience and confidence inducing attitude with good internal consistency (α=0.925) are significant attributes that can develop a difference in the minds of the customer.

The machine/system related dimensions fully capture the emerging trends in the e-banking directions. The valid indicators such as safe and secured website, accurate computerized procedure, e-consistency, easy to use website and up to date website with good internal consistency (α=0.936) explains the important attributes in the eyes of the contemporary customer. This dimension was well documented in prior research (Santos 2003;
Parasuraman et al. 2005). The convenience dimension measured by indicators such as extended working hours, maximum ATM’s, easy documentation and easy delivery of statements (α=0.813), explains the flexibility and easiness customers are demands in the contemporary scenario. Even though this dimension was mentioned in some of the prior studies (Kumar et al. 2009; Ibrahim et al. 2006; Siu and Cheung 2001), the emphasis was more on physical infrastructure that accounts to convenience of the customer.

The product and services related dimension was measured using indicators useful products, modern system and wide network of ATM’s (α=0.801) speaks about the service aspects more than product range. Many indicators initially assumed to capture the feeling of customers towards this dimensions were either not properly loaded or shown more loading towards other dimensions in factor analysis. Even though empirical evidence shows relevance of this dimension (Sureshchander et al. 2002; Rust and Oliver 1994), a deviation from the conventional manner in which the dimension was understood is visible. Now the dimension captures service mix rather than product range.

The “Image” dimension speaks more about the credulity and reputation the service provider enjoys in the eyes of the customer. An attribute that significantly appeal to customer in their quality perception related to the image dimension was observed as “social contribution”. All measures were having high internal consistency (α=0.825) The dimension as such was not found used in much studies related to service quality in the banking context. However many indicators used to measure image dimension are widely used in many previous studies. For example the indicators such as clear policy (Siu and Cheung 2001), trustful dealings (Gronroos 1990; Zeithaml et al. 2001; Nam 2008), clarity in communication (Jhonston 1995; Avikaran 1994), commitment (Jhonston 1995) and social contribution.
Having explained the outcome first two objectives, the next section explains the enquiry on the third objective of the study.

6.4 EXAMINATION OF LINKAGE AMONG PERCEIVED SERVICE QUALITY, CUSTOMER EXPECTATIONS, CUSTOMER SATISFACTION AND BEHAVIORAL INTENTIONS

Table 6.1 Results of Hypothesis Testing

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>No</th>
<th>Hypothesis</th>
<th>significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>H1a</td>
<td>Expectation developers → Desired Expectation</td>
<td>yes</td>
</tr>
<tr>
<td>2</td>
<td>H1b</td>
<td>Expectation developers → PSQ</td>
<td>yes</td>
</tr>
<tr>
<td>3</td>
<td>H1c</td>
<td>Expectation developers → Customer satisfaction</td>
<td>yes</td>
</tr>
<tr>
<td>4</td>
<td>H2a</td>
<td>Desired Expectation → PSQ</td>
<td>No</td>
</tr>
<tr>
<td>5</td>
<td>H2b</td>
<td>Desired Expectation → Customer satisfaction</td>
<td>yes</td>
</tr>
<tr>
<td>6</td>
<td>H3a</td>
<td>Image → PSQ</td>
<td>yes</td>
</tr>
<tr>
<td>7</td>
<td>H3b</td>
<td>Human → PSQ</td>
<td>yes</td>
</tr>
<tr>
<td>8</td>
<td>H3c</td>
<td>Convenience → PSQ</td>
<td>yes</td>
</tr>
<tr>
<td>9</td>
<td>H3d</td>
<td>Prd&amp;services → PSQ</td>
<td>yes</td>
</tr>
<tr>
<td>10</td>
<td>H3e</td>
<td>System → PSQ</td>
<td>yes</td>
</tr>
<tr>
<td>11</td>
<td>H4a</td>
<td>Satisfaction developer → Satisfaction</td>
<td>yes</td>
</tr>
<tr>
<td>12</td>
<td>H4b</td>
<td>Satisfaction retained → Satisfaction</td>
<td>yes</td>
</tr>
<tr>
<td>13</td>
<td>H4c</td>
<td>satisfaction reducers → Satisfaction</td>
<td>yes</td>
</tr>
<tr>
<td>14</td>
<td>H5</td>
<td>PSQ → Satisfaction</td>
<td>yes</td>
</tr>
<tr>
<td>15</td>
<td>H6a</td>
<td>PSQ → Positive BI</td>
<td>yes</td>
</tr>
<tr>
<td>16</td>
<td>H6b</td>
<td>PSQ → Negative BI</td>
<td>No</td>
</tr>
<tr>
<td>17</td>
<td>H7a</td>
<td>Satisfaction → Positive BI</td>
<td>yes</td>
</tr>
<tr>
<td>18</td>
<td>H7b</td>
<td>Satisfaction → negative BI</td>
<td>yes</td>
</tr>
<tr>
<td>19</td>
<td>H8</td>
<td>Age,sex,income,education → PSQ,Satisfaction</td>
<td>partially</td>
</tr>
<tr>
<td>20</td>
<td>H9</td>
<td>Bank type,Legth of association → PSQ,Satisfaction</td>
<td>yes</td>
</tr>
</tbody>
</table>

In this study, both reflective and formative indicators were used on theoretical justification. The decision to introduce formative indicators for measuring some of the constructs used in the study compelled the researcher
to make choice between covariance-based and the variance-based approach to estimate parameters of the structural model. Although the inclusion of formative measures in covariance-based has been well explained (Joreskog and Sorbom 1996), analysts usually encounter identification problems. Hence variance-based PLS (Partial Least Squares) was chosen because of its capabilities to analyze both formative and reflective model (Fornell and Bookstein 1982). The model estimation revealed the linkages existing between variables. The various hypotheses proposed in the study examined the linkages. The results are presented in the Table 6.1 above.

The significant observations from analysis of models developed for the study were

- The desired expectation even though very significant with customer satisfaction doesn’t have a significant relation with perceived service quality.

- The relation between expectation developers and customer satisfaction appears to be more stronger ($\beta=0.28$) than the relation between expectation developers and perceived service quality($\beta=0.16$)

- The relation between Positive behavioral intentions and customer satisfaction appears to be more stronger ($\beta=0.30$) than the relation between Positive behavioral intentions and perceived service quality($\beta=0.17$)

- The relation between satisfaction to negative behavioral intentions appears to be more stronger ($\beta=0.38$) than the relation between satisfaction to positive behavioral intentions ($\beta=0.30$)
The negative behavioral intention even though very significant with customer satisfaction doesn’t have a significant relation with perceived service quality.

The expectation developers and desired expectations bear equally strong relation with customer satisfaction ($\beta=0.28$).

The system dimension ($\beta=0.41$, $p<0.01$) and human dimension ($\beta=0.12$, $p<0.05$) bear significant relation directly to customer satisfaction.

The technical quality and employee interaction quality were the strongest satisfaction developers. Similarly consistency in service quality was found as strongest satisfaction retainer and industry concerns were the strongest satisfaction reducer in the banking context.

The indicators of positive behavioral intention such as loyalty and positive word of mouth as well as indicators of negative behavioral intentions such as switch over and complaints were found statistically significant measures of behavioral patterns exhibited by the customers.

The human dimension and convenience dimension directly have significant relation with positive behavioral intentions of the customer at 0.05 levels.

Type of the bank had significant relation with both perceived service quality and customer satisfaction at 0.01 levels and the strength of relation was more towards satisfaction.
• The length of association with the bank also significantly affect both perceived service quality and customer satisfaction at 0.05 levels

• The age of the respondent significantly affect perceived service quality at 0.05 levels

• The factors such as sex, income or educational qualification don’t have any significant relation with perceived service quality or customer satisfaction.

The underlying assumption of SEM was that the dependence relationships among constructs were assumed to be linear. Linearity means that there is a straight line relationship between independent variables and dependent variables meaning that rate of increase in one variable will be same as rate of increase in other variable. However, most of the relationships between quantitative variables are non-linear (Oswald and Price 2006; Ned Kock 2009). Neither PLS-based nor covariance based SEM software available at present estimate coefficients of association taking nonlinear relationships between LVs into consideration except in case of moderating variables (Ned Kock 2009). This observation was the deciding consideration to use warp PLS 2.0, which stated as capable of identifying non-linear relationships among latent variables (Ned Kock 2009), for estimation of the thesis model.

Estimated functional relationship between perceived service quality and customer satisfaction is depicted in Figure 6.1. It generally followed a linear relationship with a tendency to go flat at the peak. A general conclusion can be drawn that normally satisfaction increases with service quality but after a certain level, service quality alone cannot enhance customer satisfaction to higher levels. This observation supports the role of retainers
and reducers of customer satisfaction. To have sustained results apart from
developing satisfaction, it has to be retained through value perception,
cultivation of trust, consistency of service quality and generating delight
among customers by surprise offers. However the impact of reducers should
be kept under control.

Figure 6.1 Relationship between Service quality and Customer Satisfaction

Estimated functional relationship between perceived service quality
and positive behavioral intentions of the respondents is depicted in Figure 6.2.
Enhancing positive BI is the only strategy for the bank to retain its good
customers. The relationship resembles an inverted ‘U’ at peak. A general
conclusion can be drawn that like Customer satisfaction, Positive behavioral intentions are also guaranteed up to a certain level and from then concentrating only on improvement in SQ will not produce favorable results.

![Data points and regression line or curve (standardized values)](image)

**Figure 6.2 Relationship between Service quality and positive behavioral intentions**

Figure 6.3 below explains the relationship between positive BI and customer satisfaction. The relationship represents an ‘S’ curve. It can be seen that with increase in satisfaction positive behavioral intentions increase. There is a tendency for the relation to be flat at a certain level but on further increase
of satisfaction positive behavioral intentions take a further steep growth. A
general conclusion can be drawn that in order to enhance positive behavioral
intentions the final word is customer satisfaction and not improvements in
service quality alone. These findings support the general argument among
researchers that customer satisfaction is the ultimate key to enhance customer
loyalty and improvements in service quality is a positive step in that direction.

![Data points and regression line or curve (standardized values)](image)

Figure 6.3  Relationship between Customer Satisfaction and positive
behavioral intentions

6.5  SUPPLEMENTARY FINDINGS FROM THE STUDY

The participants in this study were well aware of banking system in
the state. Almost 70% of the respondents are having more than 5 year’s
association with their bank. Hence a bias in their opinion cannot be assumed.
Also length of association was showing significance with customer
satisfaction as well as perceived service quality. This implies that retaining customers for long period of time will favorably influence perceived service quality as well as satisfaction. These observations provide valuable information to managers that to satisfy the customer, attention should be given to multi faced satisfaction construct rather than concentrating on a single parameter.

The scale developed for PSQ was validated and found to be reliable instrument for measuring perceived service quality. The confirmed indicators as shown in Table 5.7 measured in the reflective manner were found significantly linked to corresponding latent dimensions of the construct. The standard regression co-efficients varied from 0.716 to 0.947 establishing the strength relation between indicators and dimensions. The most important indicators perceived by the respondents in each of the dimensions were identified by comparing the standard regression coefficients obtained from confirmatory factor analysis. In the “image” dimension, maintaining clarity in all communications to customers emerged as the most important indicator. Patient listening ability of the staff in “Human” dimension, easily accessible branches and ATMs for easy service in the “Convenience” dimension, wide network of ATMs in the “products and services” dimension, and E-banking consistency in the “system” dimension emerged as prominent indicators in the Kerala Banking Scenario.

Out of nine indicators considered for measuring “Desired expectation” construct seven indicators (Table 5.18) emerged as significant. Comparison of standard regression coefficients of these indicators revealed that the attributes related to maintenance of privacy in transactions and system consistency were the most desired expectations of the customers in the Kerala Banking.
The SERVPERF analysis to evaluate the service quality of different types of banks such as private sector, public sector, new-generation was done using the validated scale. The SERVPERF analysis identified that with regard to service quality, new generation banks are ahead of other types of banks followed by private sector banks and public sector banks respectively. The new generation banks enjoyed supremacy in “Convenience”, “Products and Services” and “System” dimensions whereas private sector banks were the leading providers in “Image” and “Human” dimensions in Kerala. The public sector banks in the state were dropped to last position in all dimensions except in “System” dimension where they were second.

The study attempted to measure “Customer satisfaction” as a hierarchical one formed with three first order dimensions measured in the formative manner. The 12 item scale emerged as a reliable and valid one. The most contributing factor that develop satisfaction was merged as “employee interaction quality” ($\beta=0.285$) and “products and services” ($\beta=0.287$) offered by the banks. The ability to offer service with consistent quality ($\beta=0.431$) retains satisfaction whereas the external concerns significantly act as satisfaction reducers ($\beta=0.46$). The significant dimensions to have direct impact on Customer satisfaction were “System” and “Human”. Also “Human” and “Products and Services” were found to influence positive behavioral intentions of the customer significantly.

6.6 CONCLUSIONS

A major conclusion from the empirical research was the confirmation of the multidimensional construct for perceived service quality in the banking context. The five service quality dimensions were: Image, Human, Convenience, Products and Services and System. Instead of 22 items used in the SERVQUAL instrument, the validated scale for perceived service
quality of baking services in Kerala contained only 21 items classified under five dimensions as above. The system dimension and human dimension emerged as the only significant dimensions having direct bearing on customer satisfaction. The significant indicators of system dimensions were safe and secure, consistent, accurate, user-friendly and up-to-date web site. The findings corroborates with the findings of khan et al (2009) regarding service quality perceptions in India where the dimensions identified included user-friendliness and privacy/security.

The image of the bank is seen influenced to larger extent by providing adequate clarity in all communications with the customer. The wide network of easily accessible ATMs was found having strong influence on convenience and products and services dimensions of service quality. A major finding in this study was that apart from system and human dimensions no other dimensions are having direct linkage with customer satisfaction. However disregarding other dimensions will be detrimental. The other factors may be acting as dissatisfiers (Johnston 1995) and will lead to customer dissatisfaction even when they were not producing satisfaction to greater extent. This study had considered the impact of certain satisfaction reducers such as profitability concerns, industry issues, lack of technological upgradations etc. on satisfaction. These indicators also were found to have significant impact on customer satisfaction. The increased customer awareness and its impact were reflected from such an analysis.

The emergence of technical quality and human interaction quality as strongest developers of satisfaction underlines the need to have perfect co-ordination between man and machine for developing customer satisfaction in the banking context. Such continuous interactions will be essential to provide consistency in the service offer and customer satisfaction is guaranteed. The role of concerns about the industry in reducing the
satisfaction levels of the customer was a valid observation emanated from the research. Even though like hygiene factors theses reducing elements will not directly increases customer satisfaction, its absence is essential for avoiding dissatisfaction. The present day Indian banking customers being well educated and more informed are likely to be influenced by the fluctuations in the industry. The trends of more educated and young are mostly presented in this study as 56.3% of the respondents were less than 35yrs of age and 62.8% were either post graduates or professionals.

6.7 CONTRIBUTION TO THEORY, PRACTICE AND SOCIETY

The Banking industry has accepted the importance of service quality to successfully face the challenges from increasing competition, changes in government regulations and level of technology adoption tendencies. To remain competitive in today’s environment (Angur et al 1999) service quality offers a distinct marketing edge to banks since improved levels of service quality are related to higher revenues, increased cross-sell ratios, higher customer retention, loyalty intentions of the customer, word of mouth advertising, higher market shares and lower operating costs.

The body of knowledge pertaining to service quality had several areas unattended in the Indian scenario. The role of customer expectation, its causal effect on perceived service quality could be empirically tested in this study. The study could contribute to the body of knowledge regarding antecedent role of expectation components in quality perceptions in the Indian context. Even though literature on service quality considered various dimensions that are significant in the conventional format as well as emerging virtual format in the developed countries, a clear gap is visible in the in the Indian context especially in Kerala, the first ‘total banking state’ in the country, with the unique distinction of each household in all the 14 districts
having at least one bank account and banking facilities available within the reach of people everywhere. This study successfully provided empirical understanding about various attributes that develop service quality perceptions and its linkage with variable such as satisfaction and behavioral intentions.

The study offered a new outlook regarding customer satisfaction by attempting to measure it as a multi-dimension, hierarchical one. Also the study could offer a statistically sound justification regarding the best suited structure for the multi dimension construct of perceived service quality. The findings of this study corroborate the observations of earlier researches conducted in this direction. The significance of service quality and its relative importance in creating customer satisfaction was widely been discussed and studied by various researchers. This study concentrated on identifying the perceptions of the customers in a specific country cultural setting. The measurement of service quality was always been a big topic of debate. A standardized measure for service quality cannot be developed as dimensions significant in a particular setting may not be exactly suitable in another environment. A major task undertaken in this research was to develop a scale which is statically reliable and valid to measure service quality in a localized banking environment. The inclusion of indicators more important in the modern banking scenario added validity of the instrument. A comparative analysis service quality level of three predominant types of banks using SERVPERF provided insights into the strength and weakness in each type of banks.

The study could offer significant contribution to the theory by successfully developing a scale validation procedure incorporating both reflective and formative indicators. The justification for selection of an item as reflective or formative was done on theoretical grounds. The attempt to
analyses the data pertaining to different type of measures without creating problems in specification can help the practicing scholars and researchers in their endeavors. Banks are intrinsically social institutions. The growth of banks brings social well-being and eliminates discrimination and offers every citizen equal opportunity to prosper. In India, financial inclusion if still underway in most of the states, especially to the rural area and thus demand accelerated growth of the sector and governmental policy interventions. The backbone to every such initiative lies in profit equations of the banks. This research offer valid outputs to equip banks to face the emerging challenges and to remain competitive and successful.

6.8 LIMITATIONS OF THE STUDY

This research was conducted within the context of the retail banking industry. It adds the literature of service quality improvement. However, its results cannot be completely relevant, consistent and applicable to all service businesses due to the limitation of its focus exclusively on the retail banking industry. The study was restricted to a specific geographic area belonging to a single state Kerala in India and therefore extrapolating the results to entire India may prove to be insignificant. A larger and more representative sample may give broader representation to the measurement of perceptions of the customer.

Another limitation was in restricting the banks to only public, private and new generation which even though represents the majority in number of banks within country, role of large segment of banks such as co-operative banks which function both in urban and rural areas of the country remained unattended in the study. Additionally, the study assumed that the respondents were all individual bank customers, whose individual perceptions and expectations relating to service quality decides satisfaction,
not taking into account of the possibility of joint decision making and joint satisfaction. The following are certain general limitations of this study.

- The behavior of the customer while approaching them to fill the questionnaire was unpredictable.
- The shortage of time was another constraint for the study.
- There may be error due to bias of respondents.
- Lack of customer awareness about real yardsticks for judgment was a major constraint.

6.9 SCOPE FOR FUTURE RESEARCH

Several issues associated with the limitations of this study can be considered for future research. An attempt can be made to test the applicability of the scale developed in this study to a different industry or same industry in a different setting. The relative role of certain decision making variables such as price, perceived risk etc can be considered for future research. The complaining nature of the customer is considered as a single item in this study, even though two options such as internal and external are possible. The external complaint behavior may be treated more critical as it can lead to switch over decision relatively faster. Also an external complaint doesn’t provide room for service recovery possibilities. The Perceived service recovery quality can be considered as a topic of further research due to its growing importance in the automated service delivery environment. The complaint redressal systems in the banks are a major element in contributing satisfaction. A future research in this direction may be welcomed as customer re-patronage decisions are essentially decided by the effectiveness of redressal mechanisms. The growing importance of grievance redressal mechanisms followed in banking sector also supports this observation.
6.10 MANAGERIAL IMPLICATIONS AND SUGGESTIONS

The research identified that certain attributes of interest to the contemporary banking customer are capable of capturing quality of a service offer. The evaluations of service quality in the Kerala context are based on:

- **Human dimension** that evaluates knowledge, skill and attitudes of the employees.
- **System oriented dimension** that evaluates the efficiency and consistency of real and virtual infrastructure.
- **Convenience dimension** that offers flexibility and easiness for customers to receive routine service.
- **Products and service dimension** which decides the usefulness of products and services offered.
- **Image dimension** that offers a feeling of trust and value to the customer.

The study offers significant inputs for the managers to understand the nature of the service quality construct and the “art” of service quality measurement (service quality paradigm). This knowledge will empower them to creatively handle the issues and to take strategic or innovative decisions related to service quality or service excellence.

The relative importance, the customer attaches to each dimension in quality framework as identified from the study shows that human dimension is the highest predictor of service quality. It was generally felt that in the contemporary scenario, where most of the service delivery takes place in the automated manner, human element might have lost its prior importance. The finding further implies that, in the contemporary condition
the customer personally visit a bank on emergency issues and then he expects more attention and confidence inducing behavior from the employees. Such actions are likely to develop more quality perceptions and customer satisfaction. Hence the researcher feels that more training need to be given to employees to immediately react to the needs of the customer and offer customers sensible suggestions.

The present customers value convenience equally important as other dimensions. The delay in getting service, interruptions and irregularities etc can be detrimental in quality context. To avoid such adverse developments, it is better to have a tech-driven infrastructure that is easy to maintain and modify. The privacy considerations are viewed by the customer as most important attribute among their desired expectations. The IT infrastructure should have provisions to safeguard the privacy and security of the customer. The study could also find out that the machine/system related dimension and human dimension can directly develop customer satisfaction where as human dimension and product and services dimension can directly predict positive behavioral intentions. These dimensions hence need to be considered strategically important in the banking context.

The present day customer is exposed to information overload that in turn develops a surveillance attitude among customers. Such surveillance behavior also varies from customer to customer and can form reasons for satisfaction enhancement or deduction depending on interpretation about favourability and un-favourability of the information. A general framework that explains the development of satisfaction among customers in a service context was illustrated in this study. The various initiatives of the service provider in the area of core service and support activities to offer excellent service to the customer tend to develop and retain satisfaction. The customer evaluates these initiatives and form subjective as well as objective opinion
about the quality of service offer. These initial evaluations are likely to occur in comparison with “moments of truth” and “word-of-mouth”. The nature and quantum of information received to the customer decides the level of subjectivity in the evaluation process. The initial evaluations pass through a modification process where customer re-evaluates the offering with another set of information in the social, technological economical and cultural spectrum. Depending on perceived benefits so accrued on such modification, the customer develops satisfaction or dissatisfaction.

The scope of getting too much information through multiple formats causes subjective feelings that influence decisions on favorability or un-favorability. Hence, customer satisfaction in the contemporary scenario demands identification and interpretation of some variables capable of reducing satisfaction. The study identified such satisfaction reducers in the form of environmental issues, delay in technology up-gradations and issues related to profitability of the bank. In light of above findings researcher suggest mangers to remain alert about quality, content and applicability of the various information about the bank surfacing in the external environment. The managers should keep in close contact with the society to interfere at the right time for developing strategies to take customer into confidence.