CHAPTER 6
DISCUSSIONS

6.1 MAJOR FINDINGS

Regulatory, structural, and technological factors are significantly changing the banking environment throughout the world. Regulatory changes have reduced or eliminated barriers to cross-border expansion, creating a more integrated global banking market. Structural changes have resulted in banks being allowed a greater range of activities, enabling them to become more competitive with non-bank financial institutions. Technological changes are causing banks to rethink their strategies for services offered to both commercial and individual customers. It is within this rapidly changing environment that customer satisfaction and service quality are compelling the attention of all banking institutions.

Although the concepts of customer satisfaction and service quality are obviously related, the focus of this research is on integrating the two and incorporating the role of employee job satisfaction in delivering quality service. Further, in cognizance of the relative paucity of studies on developing economies in the context of service quality in the banking sector, this research attempts to contribute in this regard by focusing on the banking sector of a developing economy. This research provides a comparison of the three categories of banks on the parameters of service quality, job satisfaction of employees, an aspect that has not been looked into so far in previous researches.
Perceived quality of service tends to play an important role in high involvement industries like banking services. Banks have traditionally placed a high value on customer relationships with both commercial and retail customers. However, the nature of the customer relationship is changing, particularly on the retail side of banking. As electronic banking becomes more prevalent, a bank's service quality may well be measured in terms of personal support rather than technical support. In other words, as banks become more and more "high-tech," their technical services are becoming standardized, reducing the importance of such services as a differentiating factor; thus, consumers will evaluate banks based more on their "high-touch" factors than on their "high-tech" factors. This is evidenced by the fact that although many banks have provided financial incentives for consumers to utilize automatic teller machines (ATMs), such as teller fees, etc., the "unique selling proposition" of a bank still appears to be personal banking services. A unique selling proposition strategy implies the use of only one key benefit in promoting to the target market; some scholars refer to this as the "core benefit proposition". In other words, banks could use only one key benefit - personal banking services - to promote effectively to their target market. In view of this, service quality has become a key construct in the banking industry.

It is important to analyze and evaluate the service quality provided by financial institutions as they adjust to the many changes in the banking environment. Analysis of the service component of banks in a developing economy may well result in information of value to banks in other countries; as banking becomes more globally integrated, differences in banking will diminish.
The banking industry in India has been a witness for the last decade to several regulatory changes that have resulted in a heightened level of competition among the banks. The entry of private sector banks and foreign banks, subsequent to the recommendations of the Narasimhan committee, has increased manifold the expectations of the customers in all areas relating to customer service. India’s banking system responded to the post-liberalization reforms in a creditable manner by showing admirable alacrity in absorbing the impact of reforms. Thanks to maturing markets and global competition, bankers have been forced to explore the trade-off between winning new customers and retaining old ones. The focus of marketing has shifted to managing relationships with customers. The advent of private sector and foreign banks has also been instrumental in providing greater benefits and new service options to customers.

Banking is no longer regarded as a business dealing with money transactions alone, but is also seen as a business related to information on financial transactions. In other words, it is believed that information technology (IT) plays a significant role in providing better customer service, presumably at a lower cost. Several innovative IT-based services such as automated teller machines (ATM), electronic fund transfer, anywhere-anytime banking, smart cards, net banking, etc. are no longer alien concepts to Indian banking customers. But the diffusion of technology is somewhat slow in public sector banks when compared to private sector banks and foreign banks. In the case of private sector banks, bank automation has been far easier as their size is small and they also started their
operations afresh. As regards the foreign banks, they already have the advantage of good automation experience in several banking applications.

Although the presence of private sector banks and foreign banks have kindled a competitive spirit among the state-owned nationalized banks, the nationalized banks are not up to the task yet, as far as challenging the private sector and foreign banks with respect to the quality of services delivered by them - in terms of the intensity, depth, diversity and range of services offered. Nevertheless, the Reserve Bank of India, the country's central regulatory bank continues to move towards greater liberalization, in order to foster competition among the nationalized banks.

In essence, Indian banking is in the grip of profound structural changes as evident from the phenomenal growth in the size, spread and activities undertaken by them. Many leading business magazines like Business Today and Business India have, of late, started ranking the banks on several criteria such as operational ratios, profitability ratios, productivity ratios, financial parameters, net profits, total assets, advances and total. These rankings were in essence based on financial aspects rather than on quality of service delivered. Therefore an analysis of banks in India from a "service-quality perspective" may sound interesting at this juncture. Such an investigation may provide the banks with subtle, intricate details that will help them to achieve the elusive competitive edge that they are searching for. Moreover, these service-quality issues have long been neglected in developing economies when compared to information available about developed economies like the USA. India, being a huge developing economy, and
its banking sector with a wide geographical reach catering to the needs of a huge clientele, offers an excellent scope for research on the issue of quality in banking (as perceived by the customers), and can provide the beacon for the evaluation of effectiveness of banking in developing economies.

The research literature on service quality contains numerous models by different researchers across the world. However, the SERVQUAL instrument (Parasuraman et al., 1988), a 22-item scale that measures service quality along five factors, namely: reliability; responsiveness; assurance; empathy; and tangibles, forms the foundation on which all other works have been built. Service quality was operationalized by using Parasuraman et al.’s (1988) widely known 22-item, five-component (i.e. tangibles, reliability, responsiveness, assurance and empathy). In this study, SERVQUAL was adopted since it is still the most widely used instrument and probably the best available. Furthermore, use of SERVQUAL can facilitate comparability to other studies.

It can be inferred from the results provided in chapter 5 that there are significant differences between the three groups of banks with respect to all the five factors of service quality they deliver to their customers. These results actually go along anticipated lines as there is bound to be significant differences among the three groups of banks from the viewpoint of the customer, because the three groups of banks are fundamentally different with respect to the nature and scope of their operations and management of the same. Having empirically established that there are differences among the three groups of
banks, the next challenge is to investigate the factors of service quality that are contributing to such differences.

The three group of banks show no difference in terms of tangibility aspect of service quality which relates to the appearance of physical elements, infrastructure of the bank. This is a positive indication to what our impression has been of PSU banks wearing worn-out, neglected, shabby looks. Another thing that is noticeable is that tangibility is an aspect that cannot become a core differentiator as it can be easily replicated. What assumes importance is that reliability, which is the most important factor contributing to service quality perceptions of customers displays itself as the differentiating factor. The PSU banks score above the other two group of banks in this regard and customers feel that there is no difference amongst the private and foreign banks in this regard. This is an important finding and both private and foreign banks need to build up on this aspect through promotions and other activities and build up this confidence amongst the consumers. The PSU banks that are owned by the govt. score highest on the reliability factor. Responsiveness, the promptness and helpfulness of the service provider is an aspect that needs to be worked upon by the private and foreign banks. For foreign banks this is an alarming finding that despite their experience and expertise they already have in other countries of competing with world class banks the customers do not rate them high on the responsiveness factor of service quality. The private sector is expected to perform better than the public sector in terms of customer service but the results show otherwise in terms of being responsive to the customer. Banking being a high contact service, in addition to what is delivered and how it is delivered, both human and non-human
aspects), the promptness and helpfulness of service employees also has a great impact on the service perceptions by customers. The foreign and private banks need to work in this regard.

Assurance, the aspect of service quality which deals with competence, courtesy, credibility and security is an area of service quality for which the three group of banks can be happy about in that the customers perceive no difference amongst the three group of banks on this aspect.

Empathy, the ease of access, good communications and customer understanding by the bank is something at which the private banks have outdone the PSU and foreign banks. The foreign banks need to focus more on this aspect as they cannot take the customers of a developing country like India for granted nor can they assume that whatever they provide the customers will have to bear with. They need to develop empathy for the customer and ensure that customers find it easy to access the bank for any problems that they have. Despite technological innovations being adopted by these banks, customers may find it difficult to adapt to them and hence may need assistance.

The public sector banks have been blamed for taking the customers for granted earlier as there were not many alternatives available to the customers. But with the entry of the private sector banks and foreign banks, Indian customers have now more options to choose from. In addition, the customers tend to compare the services offered by public sector banks with their counterparts in the private sector and foreign categories, thereby giving a poor rating to public sector banks on these factors. Customer service is such an
important aspect of the banking industry that if organizations tend to overlook it, it may prove disastrous for them. Only if public sector banks take immediate action on focusing more on the service quality issues immediately, will they be able to keep pace with foreign banks and private sector banks, in terms of delivering quality service in the foreseeable future. What is striking to note is that the customer’s expectations are much higher than their perceptions. The wide gap between the expectations and perceptions is a cause of concern for all the three group of banks and should be looked upon with immediate concern.

To determine the possible effects of service quality on consumer satisfaction, complaint behaviour and commitment, two sets of analyses were performed. In the first step, three bivariate (simple) regression analyses were run by using overall service quality scores as the independent and satisfaction, complaint behaviour and commitment as the dependent variables. It should be noted that although researchers acknowledge a strong positive correlation between service quality and satisfaction, considerable debate exists regarding the nature of this relationship. While some works construe service quality perceptions as an outcome of satisfaction, other works of more recent origin characterize service quality as an antecedent of satisfaction. Because the weight of the research evidence supports the latter conceptualization, in this study service quality is treated as an antecedent of satisfaction. Treating service quality as an antecedent and satisfaction as an outcome factor is relevant and meaningful from a managerial perspective as well. For bank marketers, customer satisfaction represents a primary goal to strive for and if banks wish to increase customers' overall satisfaction, they must target factors which have a bearing
on satisfaction. Thus, the conceptualization adopted here can potentially identify if and which aspects of service quality have an influence on customer satisfaction. Equipped with this knowledge, bank executives can take necessary actions to improve those elements of service quality to induce increased customer satisfaction.

![Model for service quality factors contributing to customer satisfaction](image)

**Figure**: Model for service quality factors contributing to customer satisfaction

**Beta (β) values on the arrow and t value in brackets**

For any service quality program to be adopted in a bank the focus must be on reliability, tangibility and assurance as these will affect the overall customer satisfaction with the service. For private and foreign banks the reliability is an important factor to be improved upon as the customers perceive them to lag behind on this aspect. Service quality perceptions exhibit a positive and significant correlation with overall customer satisfaction.
satisfaction thus reemphasizing the importance of enhancing service quality to create satisfied customers.

The positive and significant correlations between service quality perceptions, customer satisfaction, likelihood of recommending the service and repurchase intention i.e. the intention to remain loyal with the bank suggest that overall service quality is related to customer satisfaction, recommendation behavior and commitment.

What is noticeable in this research is the significant and positive correlation between switching costs and the repurchase intention. This defies the true loyalty of the customer and what is then displayed is spurious loyalty, wherein the customer retains his/her services with the bank just because it is expensive to switch to another service provider and moreover the same situation may result with the other service provider also. Another factor which contributes to spurious loyalty is inertia. Inertia means the consumer is buying the same brand, not because of true brand loyalty, but because it is not worth the time and trouble to search for an alternative.
Employee job satisfaction is descriptive of the customer's likelihood of retaining their services with the bank. This is exhibited in the model above and reinstated with the positive and significant correlations that exist between the customer's perception, overall customer satisfaction and the customer's repurchase intention. This relationship holds true for all the three group of banks, the correlation being weakest in case of foreign...
banks. When customers perceive employees to be satisfied they also tend to be satisfied with the service provided to them. This throws light upon that moments of truth, when the customer interacts with the service provider are likely to be more satisfying when the employee himself/herself is satisfied.

Exploring further the construct of employee job satisfaction amongst the three groups of banks, an attempt that is unique to this research, one find that as expected, there is difference between the three group of banks in terms of the job satisfaction levels experienced by them. The overall job satisfaction is reported to be the highest amongst the PSU bank employees. The private and foreign bank employees are less satisfied as compared to their counterparts working in PSU banks. Context job satisfaction factors (i.e. satisfaction with pay, variety of activities, environment & security) are more descriptive of employee job satisfaction than the content factors (i.e. satisfaction with work, customer interaction, promotion). In the case of PSU bank employees the opportunity to interact does not contribute to the overall job satisfaction in the regression analysis. One striking result is that marital status is a significant contributor to overall job satisfaction of employees with married employees being more satisfied than the unmarried ones. The aspect of salary (pay) has the least contribution to the overall job satisfaction. This is a positive result in the sense that employees will not be influenced by higher pay offers from competitors but also draws the attention of the bank to the significant factors like environment, variety of activities that are major contributors to job satisfaction. The bank needs to enhance these aspects to foster high levels of job satisfaction amongst its employees. The monotony that sets in with continued
Engagement in the same job activities can be done away by rotation of the employees on the various aspects of the bank tasks, a practice prevalent amongst most banks now.

Figure: Model depicting factors contributing to employee job satisfaction

Beta (β) values on the arrow and t value in brackets

The overall job satisfaction of employees has a positive and significant correlation with the customer perceptions of service quality and customer satisfaction. This leads us into further stressing the importance of creating satisfied employees to enable our customers being satisfied and have favorable dispositions about the quality of our services. Banking being a service which has high switching costs, the banks should not let themselves fall into the illusion that once captured the customer will retain his/her services as it is
perceived to be an expensive proposition for the customer to change the bank. Moreover in a fast growing economy like India which is registering a growth rate of about 9%, the competition in each sector is bound to grow and the customer will have more choices to make, the switching costs may then not remain so important to retaining their services, if they are not happy with the quality of the services. The employees on the other hand who are an important aspect in the delivery of services as this is a factor that cannot be replicated unlike the technological and infrastructural factors which are easily replicated.

The satisfaction of the service provider will be an important influencing factor in the service encounters that will determine whether customers experience satisfaction or dissatisfaction with the service.

The proposed model of our research can now be depicted with values as below.

![Diagram showing the relationship between employee job satisfaction, service quality perceptions, customer satisfaction, and behavioral intention.](image-url)

(*** Significant at .01 level.)

**Figure**: Model depicting relationship between employee job satisfaction, service quality, customer satisfaction and behavioral intentions. Correlation coefficient values are shown on arrows.
6.2 IMPLICATIONS

1. The service quality is and will remain an aspect of paramount importance in choosing a bank and this need to be looked upon as an area of continuous improvement.

2. The banks must focus upon enhancing their image and position themselves high on reliability. Promotions and other activities need to focus on this aspect. Reliability has been reported to be the most important contributor to customer satisfaction amongst the service quality parameters.

3. Tangibility, the physical appeal of the bank, infrastructure facilities must be continuously updated and maintained.

4. There exists a wide gap between customer expectations and perceptions of service quality, a finding that must be looked upon by banks with a serious concern. Banks must be able to provide the highest levels of quality and customers' perception must convey this.

5. Service quality perceptions and word of mouth recommendations, repurchase intentions have are significantly correlated, emphasizing the importance of maintaining high standards of service quality to ensure that customers act as brand ambassadors, generating referrals for the bank and the customer base grows.

6. The Public sector banks need to work upon the infrastructure facilities, physical appearance of the bank specifically.

7. The service quality perceptions have a lot of bearing on the customer's willingness to recommend the service to others and maintain their relationship the
Therefore the banks need to incorporate service quality into the strategic thinking process to continue the relationship with customers.

8. Banking is an industry wherein the switching costs, the costs involved in changing the service provider are perceived to be high, and these switching costs have a bearing on the customer's willingness to retain their services with the bank. Thereby the loyalty exhibited has an element of spuriousness in it. With the advent of privatization and liberalization, more players are entering into the industry, offering more options and services, thus making it easier for the customers to overcome the barrier of switching costs. The banks need to be cautious about this that customers no longer can be taken for granted in a market economy and should be offered the highest quality of service.

9. When customers perceive the bank employees to be satisfied they tend to be more satisfied in their service encounters with them, what we call moments of truth in service marketing concept. This brings us to an interesting dimension of internal marketing, making the employees satisfied first to create satisfied customers. This satisfaction perception has also a bearing on the customer's intention to retain their services with the bank.

10. The overall job satisfaction experienced by the employees of public sector bank is highest, followed by the employees of private banks and then foreign banks. Security of the job is the most important factor environment of the bank precedes by a small factor in contributing to job satisfaction. In public sector banks, welfare policies are clearly defined and legally enforced. Retirement,
pensions, gratuity, and other related welfare policies are effectively executed. So there is no problem with social security. In private sector banks, welfare activities are neither well planned nor well executed. Employee turnover is very high and job security is very low. Most employees are from middle class Indian families. These employees have seen the golden period of public sectors and government jobs during their growing stages. So the effect of welfare schemes of government jobs and the associated security cannot be easily eradicated from their psyche. The private and foreign sector banks however could also look at providing some employee welfare measures that uplift the satisfaction of their employees.

11. Education is seen to contribute negatively to job satisfaction. This must be considered while recruiting employees so that overqualified people are not recruited at any level as they would continuously strive to get better positions and not focus on their job descriptions. This would lead to dissatisfied customer service encounters enhancing customer dissatisfaction.

12. The job of the customer contact employees should be rotated so that employees do not get worn out by monotony associated with doing the same task over and over again. The opportunity to interact with customers and coworkers and doing a variety of jobs enhances job satisfaction.

13. Employee job satisfaction has a positive correlation with customer perceptions of service quality and the satisfaction they experience. This leads us to focus our efforts on enhancing the job satisfaction of employees to be able to create a
positive impression on customers about the bank service quality and also impact their satisfaction in the service encounter.

14. Pay, the salary which has usually been looked upon as the motivating factor to work and biggest contributor to job satisfaction is not so. However pay has a significant correlation to overall job satisfaction of the employee but has a very small contribution to the overall job satisfaction. A person does not work for money alone, and monetary gains cannot compensate the need to work in a satisfying environment that offers security and variety of activities.

15. Employing married individuals will positively effect the job satisfaction levels of a bank as married females tend to be more satisfied than males. With increasing females joining the workforce it is an interesting finding for the banks to employ married females to create positive customer perceptions of quality and satisfaction.

The ultimate success of any service quality programme implemented by a bank can only be gauged by creation and retention of satisfied customers. The role of customer-contact personnel in the attainment of these goals is of paramount importance. Therefore, in their efforts to deliver high quality services to their external publics (i.e. clients), banks should not ignore the specific needs of their internal publics, notably their customer-contact employees. What motivates customer-contact employees? Which factors lead to satisfaction (or dissatisfaction) among them? What can banks do to enhance their employees’ commitment to their jobs, customers and the institutions they work for?
Answers to these decidedly critical questions are needed to entrench a service quality orientation in today's increasingly competitive banking environment. Ignoring these and other internal marketing questions would be a serious blow to any service quality improvement effort.

6.3 CONTRIBUTION TO THE BODY OF KNOWLEDGE

This research presents a comparative analysis of the three category of banks, public sector, private and foreign banks on various dimensions of service quality, customer satisfaction and customer retention. An unexplored area of the effect of job satisfaction of employees on the customer perceptions of service quality, their satisfaction with the service and their intention to retain the bank's services has been addressed in this study.

This research has focused on two issues with regards to the perceived service quality-service loyalty relationship. In the first place, it has attempted to obtain a better understanding of the relationship between perceived service quality and service loyalty. The results of the study suggest that there are three dimensions of service loyalty that can be identified: service quality, price perceptions, and switching costs. Secondly this study has looked at a neglected aspect of internal marketing, looking at the first customers of the service provider, the employees of the bank in this case. The effect of their satisfaction with their job has a important contribution in attaining the satisfaction of customers and retaining them.
The impact of perceived quality on loyalty is considerably strong. Perceived service quality has an impact on customer preference and the willingness to recommend the service to other consumers. It leads to a more favorable disposition towards the service provider and the commitment to repatronage increases. Also, the impact of perceived service quality on price indifference loyalty is quite high. In case of higher perceived service quality levels, consumers are less sensitive to price increases in services. Apparently, customers are willing to pay for quality services and will make an explicit comparison between what they give and what they get. There appears to be no relationship between perceived service quality and dissatisfaction response.

Likewise, in addition to the direct positive effect of the overall quality construct, we are now clear that specifically reliability and efficiency could be viewed as important determinants of loyalty. Thus, we are able to obtain a more detailed insight into the relationship between image and quality on the one hand and loyalty on the other. Furthermore, we encountered a relatively strong relationship between reliability and satisfaction. This points to the relative importance of the reliability factor in retail banking.

Within the context of the methodology adopted, the survey findings show that customers of public banks have a similar profile of expectations of service quality as do those of private banks. This finding is broadly in keeping with the literature on service quality. The results with respect to customer's perceptions suggest that the service that is offered by banks in the private sector has a more favorable influence on actual perceptions of quality received than is the case with the service from banks in the public sector. It was
not possible to identify reasons why this should be so, particularly since there is no
evidence that customers necessarily know if their bank is private or public. This finding
is of some importance, seeing that the profiles of service level expectations by clients of
both sectors appear to be similar. The evidence suggests that banks in the public sector do
not manage the factors influencing quality perception as well as do banks in the private
sector, and hence the lower level of perceived service quality received. If service quality
as perceived does matter to the customer, other conditions being equal, customers will
start drifting from the public to the private sector. Some of these other conditions,
however, e.g. price or the portfolio of services offered, might have an important influence
in defining both the intensity and direction of migration from one sector to the other and
deserve further investigation. The findings of this survey suggest that banks should be
looking carefully at each one of the dimensions where customers perceive receiving a
different service than expected and consider the extent to which they should work on
influencing expectations or perceptions or both. The general trend towards deregulation
and liberalization of the financial services sector and the intensification and globalization
of competition will gradually erode any differences between them.

This study incorporates the role of employee job satisfaction in determining the
perceptions of quality the customer has and the satisfaction experienced in the service
encounter. This study leads us to an important aspect of internal marketing that would
enable us to focus on employees as first customers and making it imperative for banks to
cater to their satisfaction to ensure customer satisfaction.
The current study supports the cross-sectional results of education on job satisfaction that over qualification has a negative effect on job satisfaction. Some demographic variables, for example, age, marital status, and occupational level have been found as important factors in determining level of job satisfaction. It has been observed that routine jobs are boring and they create a type of boredom and monotony. On the other hand, when jobs are challenging in nature, they create an environment of satisfaction.

6.4 LIMITATIONS & SCOPE FOR FUTURE RESEARCH

The present study has critically examined the service-quality issues (from the perspective of customers) with respect to a developing economy - India. The three groups of banks in India (public sector, private sector and foreign banks) have been compared with respect to each of the five factors of service quality. The three groups of banks in India seem to vary significantly in terms of the delivery of the five service-quality factors. From the customer perceptions of service quality the technological factors (core service and systematization of the service delivery) appear to contribute more in differentiating the three sectors while the people-oriented factor (human element of service delivery) appears to contribute less to the discrimination. The results have also indicated that foreign banks seem to be performing well followed by private sector banks and public sector banks. The overall scores for the different service-quality factors have revealed that there is considerable scope for improvement as regards the Indian scenario.
This research work has been carried out in India (which is a developing economy), and hence there is a possibility of cultural bias playing a role in the outcome of the study as quality management practices in developing economies may vary significantly from those of developed economies. For example, the study has established that the technological factors seem to be the differentiating factor among the three groups of banks as far as customer perceptions of service quality are concerned. This finding highlights the unstable nature of these facets in developing economies, which may not be true in developed economies. Therefore there is a need to duplicate this study in developed economies as well.

Such trans-national studies across different nations and economies are indispensable for a clear understanding of the criticality of the various factors of customer-perceived service quality across different cultures. This is more true given the fact that the research issues with respect to service quality have been extensively researched in developed economies, while there is a scarcity of such research works (especially empirical) in developing economies. The present study therefore attempts to add value to the topic of bank service quality, especially in a developing economy, from the perspective of retail banking customers. A vast group of customers exists in corporate banking as well, whose needs are quite different from the retail banking customers. Further studies could examine this and compare them with the retail banking in terms of various constructs.

It is also important to recognize the implications of culture, marketing and service quality in the Indian context. Marketing in India for many years, like in many developing
nations, was more a subject of socio-political criticism than a concern of professional management. There were many reasons for this comparative lack of interest including public acceptance of government and industry-based agreements for "planned" production and distribution. Additionally, there were long post-war and post-independence periods of socialistic policies of controls and scarcities, the legacy of protected markets in the Indian economy, and prevailing social views that encouraged the brightest young people to seek careers in government and law rather than engaging in business. Slow economic growth and restrictive labor practices also made it difficult to shift resources into new marketing opportunities. However, with increased competition and a more deregulated economy, Indian management has become much more sensitive to the role of marketing and many organizations have introduced marketing as a major functional component. As India entered into the 1990s, there is now a much deeper awareness of the need for managerial and especially marketing expertise. Customer service has become an important integral component of many businesses to remain competitive. Although Indian consumers have become more and more technology savvy, they also have been demanding more and more of quality and personalized service from manufacturers and service providers alike. In view of this, the standardization of "high-tech" banking and the resulting increased importance of "high-touch" banking as a differentiating factor, however, is likely to remain a commonality across national boundaries. It therefore becomes imperative that more cross-country comparative analyses in banking be conducted in the future.
Some banks were hesitant to participate in the study; even managerial interventions in case of some public sector banks did not convince the employees to participate in the survey. The study is limited to the national capital region of Delhi as time and monetary constraints forced the researcher to carry this limitation. The study is limited to the retail bank customers and employees.

This research should be seen as a preliminary attempt at addressing an issue that has important implications for services marketing theory and practice. Any preliminary attempt will involve a number of limitations. However, acknowledgement of these limitations suggests new directions for future studies. The scale for measuring service loyalty needs further development and refinement. Further research should also incorporate multiple measures of the relevant constructs in order to increase the number of items that are used for the individual dimensions. Moreover, our study focused on behavioral intentions only and these intentions are an imperfect proxy for actual behavior. Therefore, further research should take actual (re)actions of consumers to perceived service quality into account. Second, the empirical relationships between service quality and service loyalty reported in this paper are tentative in the sense that they are based on cross-sectional data collected at one moment in time. Longitudinal research that focuses on the dynamics of the two constructs over time is needed to define the exact causal nature of the link between the two constructs. Furthermore, the use of multiple time frames allows for an investigation of the reinforcement effect of service loyalty on future service quality perceptions as well as other outcome variables that determine the strength of customer-organization relationships such as commitment, trust
and customer value. Finally, additional exploration of the service quality-behavioural intentions link needs to be extended to more industries like health care, amusement, education, airlines, retail malls etc. and in relation to markets in which switching barriers are high such as state monopolies like railroad and postal services.

This study extends findings from the consumer product literature to bank image, bank quality and bank satisfaction and loyalty, additional research is required to test our model in business-to-business relationships. Obviously, the external validity of our findings needs additional attention in terms of the replication of our study in a similar research setting. Further research is needed to gain additional insight into the explanation of bank loyalty. Finally, all constructs were measured at one point in time, thus essentially from a static perspective. It may be worthwhile to study bank loyalty over time, in order to be able to take into account the dynamics in consumer patronage behavior. Should such an approach be taken, then measures of actual behavior and bank objective performance (e.g. switching behavior, vulnerability to price competition, turnover, relative market share), in addition to perceptual gauges, could be taken into account.

This study adopted an important construct of internal marketing dimension and analyzed the impact of job satisfaction of employees on service quality perceptions, customer satisfaction and intention to remain loyal. Further studies on these lines could expand the literature and verify the claims of this study. Also research could focus upon the construct of job satisfaction itself, as with changing times increase if digitalization, technology revolution, the various factors that determine job satisfaction could also be questioned.
and explored. The scale development in terms of job satisfaction in a developing country like India offers considerable scope of research.

Internal marketing as a construct is relatively unexplored in the service marketing literature and dimensions beyond job satisfaction of employees could contribute to the service quality perceptions and satisfaction experienced in the service encounters. The directional relational relationship reflecting association has been studied in this research however a construct for causal relationship offers scope of further research.