CHAPTER - III
Service Quality in Banking Sector – An overview
CHAPTER – III
SERVICE QUALITY IN BANKING SECTOR – AN OVERVIEW

3.0. INTRODUCTION

In the beginning the work towards accumulating services marketing knowledge was slow. In fact, not until 1970 was services marketing even considered an academic field. It then took 12 more years before the first international conference on services marketing was held in the United States in 1982. One of the reasons the field of services marketing was slow to grow within the academic community was that many marketing educators felt that the marketing of services was not significantly different from the marketing of goods. Markets still needed to be segmented, target markets still needed to be sought, and marketing mixes that catered to the needs of the firm's intended target market still needed to be developed. However, since those early days, a great deal has been written regarding specific differences between goods and services and their corresponding marketing implications. The majority of these differences is primarily attributed to four unique characteristics intangibility, inseparability, heterogeneity and perishability.¹

Services are said to be intangible because they are performances rather than objects. They cannot be touched or seen in the same manner as goods. Services are produced by people; consequently, variability is inherent in the production process. Rather, they are experienced, and consumers' judgments about them tend to be more subjective than objective. Inseparability of production and consumption refers to the fact that whereas goods are first produced, then sold, and then consumed, services are sold first and then produced and consumed simultaneously. For example, an airline passenger first purchases a ticket and then flies, consuming the in-flight service as it is produced.²

Heterogeneity refers to the potential for service performance to vary from one service transaction to the next. This lack of consistency cannot be eliminated as it can frequently be with goods. Finally, perishability means that services cannot be saved; unused capacity in services cannot be reserved, and services themselves cannot be inventoried\(^3\).

The sections that follow focus on each of these four unique characteristics that service industries share and that differentiate their marketing from the marketing of goods. The distinction between goods and services is further obscured by firms that conduct business on both sides of the fence. For example, General Motors, the "goods" manufacturing giant, generates 20 per cent of its revenue from its financial and insurance, businesses, and the carmaker's biggest supplier is Blue Cross Blue Shield, not a parts supplier for steel, tires, or glass, as most people would think\(^4\).

Despite the confusion, the following definitions should provide a sound starting point in developing an understanding of the differences between goods and services. In general, goods can be defined as objects, devices, or things, whereas services can be defined as deeds, efforts, or performances. Moreover, it should be note that when the term product is mentioned, it refers to both goods and services and is used in such a manner throughout the remainder of this text. Ultimately, the primary difference between goods and services is the property of intangibility—lacking physical substance. As a result of the difference in intangibility, a host of services marketing problems evolve that are not always adequately solved by traditional goods-related marketing solutions\(^5\).

3.1. MEANING OF BANKING

A bank is a financial institution that provides banking and other financial services to their customers. A bank is generally understood as an institution which provides fundamental banking services such as accepting deposits and providing loans. There are also non-banking institutions that provide certain banking services without meeting the legal definition of a bank. The Banks are the main participants of the financial system in India. The Banking sector offers several facilities and opportunities to their customers. All the banks safeguard the money and valuables and provide loans, credit, and payment services, such as checking accounts, money orders, and cashier’s cheques. The banks also offer investment and insurance products⁶.

3.2. MEANING OF SERVICE

Philip Kotler has defined service as any activity or benefit that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to physical product⁷.

In case of service also, there has to be a match between the offering of services as conceived by its conceptualization and the perceptions and expectations as seen from the customers’ point of view. From the customer’s point of view it must be clearly visible how the services offered by the particular organization is positively differentiated from the competitive services, if any in terms of service outcome, customer benefits and value to customer⁸.

---

3.3. NATURE AND CHARACTERISTICS OF SERVICE

Services have four characteristics that must be considered while designing marketing programme.

3.3.1. Intangibility

Services are intangible. Services cannot be seen, felt, tried out, tasted, heard, touched or smelled before they are purchased or bought. For instance, a lady visiting a beauty parlour cannot be sure of the outcome before availing the service. Similarly a patient visiting the doctor with an ailment cannot know the outcome before availing the services of the doctor. The purchaser or buyer has to have confidence and faith in the service provider. At times, some services are more tangible than others: a lawyer’s advice is more intangible than a stay in the hotel room, though in both the cases the purchaser of the service does not receive permanent evidence of a service.

To build up the client’s confidence, service providers can offer certain add-ons. For instance:

1. They can make efforts to increase the service’s tangibility. The real estate developers can make a blue print (or drawing) showing how the apartment or house will look after it is built.
2. The service providers can highlight or emphasize the service benefits rather than describing its features. The college administrative officer could talk and convince the parents and student seeking admission to the college on the great job offers its alumni are enjoying rather than only describing life on the campus.
3. Service providers can develop brand names for their services to increase customer confidence, such as HDFC financial services, British Airways Services, etc.

4. Service providers can use well-known personalities or celebrities to create confidence in the service. Sachin Tendulkar endorses ANZ Grindlay services\(^9\).

3.3.2. Inseparability

With conventional products, the making of the product and its sale precedes consumption. That is, a physical product will exist whether or not its source is present. In case of a service, it is inseparable from its sources, whether it will be a person or a thing. With services, the making of the service and its consumption frequently occur at the same time. For instance, we can consider going to attend Protima Bedi’s ‘Vasant Habba’ on the outskirts of Bangalore. The entertainment value will be inseparable from the various dance performers and the number of people who can buy this service – watching live the dancers perform on the stage – will be limited to the amount of time these dancers perform for such programmes\(^10\).

3.3.3. Variability

The inseparability of services means that it is difficult to standardize them. Thus services are highly variable, since it depends on the one who provides them and also where and when they are provided. Thus, this variability of the service quality will depend a lot on the personnel who deliver it. And this service quality, more than the conventional goods, will directly be dependent on the service provider for instance, a


rude shop assistant may make a shopping experience (purchase of a television) unpleasant, but this in no way will reduce the joy received from enjoyment of the product. Whereas, the unhelpful attitude or bad service at the restaurant will leave a bitter taste and can ruin all the enjoyment of the whole experience. It is because of this, the clients or prospective customers are very selective and choosy before deciding on a service provider\textsuperscript{11}.

3.3.4. Perishability

Another point complicating the task of a professional is the nature of perishability that we find in the services. The goods if not sold today can be stored or preserved for further selling. Thus, the risk elements are here in a different form. But in the context of services, if we fail to sell the services, it is lost only not for the particular day but even for the future. If a labourer stops to work, if a seat in the aircraft remains unsold, if a bed room in a hotel remains un-booked, if a chair in a cinema hall remains vacant, we find the business non-existent and the opportunity is lost and lost forever. The service can be stored or preserved. Unutilised or underutilized services are found to be a waste. The opportunities come and you need to capitalize on the same by using your excellence\textsuperscript{12}.

3.4. SCOPE OF SERVICE

It is difficult to think of organizations that are not involved with services in some form or the other.

- Some organizations declare the whole business to be a service business.

There are many examples. In the private sector, this would include


\textsuperscript{12} Jha. S.M (2011) “Services Marketing” Himalaya Publishing House, New Delhi pp 91-93
consultancy business (for example, IT, public relations, and accounting), airlines, estate agents, hairdressers, dry-cleaners and travel agents. In the public sector, for many countries, it would include, for example, health or education. In the not-for-profit sector, it would include charities, and many local government services. In the business-to-business sector, it would include delivery services, technical service, maintenance service and recruitment services\(^\text{13}\).

- Some organizations declare services to be part of their businesses. Many organizations have service providers within their business. Multiple retailers, for example, rely on administrative service and technical services from within their own organization. There is always a decision to be made as to whether these services are better provided within an organization, or whether they should be ‘out-sourced’. The use of information technology by business, for example, is being transformed by the growth of ‘pay-as-you-go’ service; that is, application service providers who hold software at data centers and allow customers to use it over the internet or a private network.

- Some organizations declare services as an augmentation of manufactured goods\(^\text{14}\).

### 3.5. IMPORTANCE OF SERVICE

Over the last 30 years, substantial changes have taken place in the global business environment. Emerging service sectors (profit and nonprofit) are now dominating economies that were once known for their industrial manufacturing


strength. Coinciding with the tremendous growth in the global service economy, the-demand for individuals who command services marketing expertise is also greatly expanding. Practitioners in the services field have quickly learned that traditional marketing strategies and managerial models, with roots based in the goods-producing manufacturing sector, do not always apply to their unique service industries. More specifically, the demand for services marketing knowledge has been fuelled by:

- the tremendous growth in service-sector employment
- increasing service-sector contributions to the world economy
- the deregulation of many service industries
- a revolutionary change of managerial philosophy of how service firms should organize their companies

3.6. SERVICES PROVIDED BY BANKS

3.6.1. Deposit Accounts: Traditionally banks in India have four types of deposit accounts, namely Current Accounts, Saving Banking Accounts, Recurring Deposits and, Fixed Deposits. However, in recent years, due to ever increasing competition, some banks have introduced new products, which combine the features of above two or more types of deposit accounts.

- These deposit accounts are one of the most popular deposits for individual accounts. These accounts not only provide cheque facility but also have lot of flexibility for deposits and withdrawal of funds from the account.

- Current Accounts are basically meant for businessmen and are never used for the purpose of investment or savings. These deposits are the most liquid deposits and there are no limits for the number of
transactions or the amount of transactions in a day. Most of the current accounts are opened in the names of firm / company accounts.

- These are popularly known as RD accounts and are a special kind of Term Deposits and are suitable for people who do not have lump sum amount of savings, but are ready to save a small amount every month.

- Banks in India offer fixed deposits schemes with a wide range of tenures for periods from 7 days to 10 years. These are also popularly known as FD accounts.\(^\text{15}\)

3.6.2. Automated Teller Machine: ATMs are electronic machines, which are operated by a customer himself to deposit or to withdraw cash from bank. For using an ATM, a customer has to obtain an ATM card from his bank. The ATM card is a plastic card, which is magnetically coded. It can be easily read by the machine.

3.6.3. Internet Banking Services: Internet banking service is a system allowing individuals to perform banking activities at home, via the internet. Some online banks are traditional banks which also offer online banking, while others are online only and have no physical presence. Online banking through traditional banks enable customers to perform all routine transactions, such as account transfers, balance inquiries, bill payments, and stop-payment requests, and some even offer online loan and credit card applications. Account information can be accessed anytime, day or night, and can be done from anywhere. A few online banks update information in real-time, while others do it daily. Once information has been entered, it does not need to be re-entered for similar subsequent checks, and future payments can be scheduled to occur automatically. Many banks allow for file transfer between their program and popular accounting software packages, to simplify record keeping. Despite the advantages,

there are a few drawbacks. It does take some time to set up and get used to an online account. Also, some banks only offer online banking in a limited area. In addition, when an account holder pays online, he / she may have to put in a check request as much as two weeks before the payment is due, but the bank may withdraw the money from the account the day that request is received, meaning the person has lost up to two weeks of interest on that payment. Online-only banks have a few additional drawbacks: an account holder has to mail in deposits (other than direct deposits), and some services that traditional banks offer are difficult or impossible for online-only banks to offer, such as traveler's checks and cashier's checks.

3.6.4. Loans and advances: The term ‘loan’ refers to the amount borrowed by one person from another. The amount is in the nature of loan and refers to the sum paid to the borrower. Thus from the view point of borrower, it is ‘borrowing’ and from the view point of bank, it is ‘lending’. Loan may be regarded as ‘credit’ granted where the money is disbursed and its recovery is made on a later date. It is a debt for the borrower. While granting loans, credit is given for a definite purpose and for a predetermined period. Interest is charged on the loan at agreed rate and intervals of payment. ‘Advance’ on the other hand, is a ‘credit facility’ granted by the bank. Banks grant advances largely for short-term purposes, such as purchase of goods traded in and meeting other short-term trading liabilities. There is a sense of debt in loan, whereas an advance is a facility being availed of by the borrower. However, like loans, advances are also to be repaid. Thus a credit facility repayable in instalments over a period, is termed as loan, while a credit facility repayable within one year, may be known as advances. However, in the present context these two terms are used interchangeably.

3.6.5. Instrumental Services: The different types of instrumental services are discussed in the following sections.
**Demand Draft:** Demand draft is a pre-paid negotiable instrument, wherein the bank by whom the demand draft has been made undertakes the responsibility to make full payment whenever the instrument is presented for payment. In order to obtain the payment, the beneficiary either has to deposit the same in his bank account or get the same collected through the branch that has made the demand draft.

**Banker's Cheque:** A Banker’s Cheque is a cheque issued by the Bank payable to the order of specified payee for payment within a local area. Any variations of rate will be decided by Credit Committee on Remittances products.

**Cheque:** Cheque is an important negotiable instrument which can be transferred by mere hand delivery. Cheque is used to make safe and convenient payment. It is less risky and the danger of loss is minimised.

**Agency Services:** Banks perform certain functions on behalf of their customers. While performing these services, banks act as agents to their customers, hence these are called as agency services. Important agency services are

- Electricity Bill Payment
- Insurance Premium Payment
- Telephone Bill Payment
- Travel Ticket Reservation
- Tax Remittance
- Salary Disbursement – Electronic Clearing System

**Customer Care Service:** Customer Care Service can improve the bank's ability to lure affluent prospects, elevate the bank's profitability, lower bank operation costs, and / or create greater customer loyalty. When a bank invests in training its customer service staff, impressive results may follow. Customer care services are as follows
- May I Help You Counters
- Complaint and Suggestion Box
- Banking Ombudsman Service
- Customers Service Committee

**Safety Locker Facility:** Safety Locker facility is one of the subsidiary services provided by the bank for keeping the valuables in the safe deposit locker. This provides safety to the belongings of the customers against theft / burglary. Bank provides specially designed lockers kept at specially built strong rooms for keeping the valuables of the hirer purchased from reputed manufacturers.¹⁶

**Debit Cards:** A debit card is issued by a financial institution and allows an individual to access their account to withdraw cash or pay for goods and services. Debit cards are linked to an individual’s checking account; therefore the amount of a transaction is withdrawn after each use. A debit card is having the ability to use them at ATM machines to withdraw cash. At retailers, debit cards may also be used to get cash back simultaneously with the purchase of goods and services. It enables consumers to manage their budgets more efficiently. Since a debit card is linked to a checking account, it is virtually impossible to rack up debt.

**Credit Card:** A credit card is issued by a financial institution giving the holder an option to borrow funds, usually at the point of sale. Credit cards charge interest and are primarily used for short-term financing. A credit card will come with a spending limit that individuals may not exceed during a period, typically one month. The benefits of using a credit card are fairly simple. First, a credit card allows consumers to purchase goods and services without the required cash or checking account balance in hand. In

---

addition, credit cards may receive the best exchange rates when travelling to foreign countries\textsuperscript{17}.

3.7. MEANING OF SERVICE QUALITY

Perhaps the best way to begin a discussion of service quality is to first attempt distinguish service quality measurement from customer satisfaction measurement. Most experts agree that customer satisfaction is a short-term, transaction specific measure, whereas service quality is an attitude formed by a long term overall evaluation of a performance. Without a doubt, the two concepts of customer satisfaction and service quality are intertwined. Some believe that customer satisfaction leads to perceived service quality, where others believe that service quality leads to customer satisfaction. In addition, relationship between customer satisfaction and service quality and the way that the two concepts relate to purchasing behaviour remains largely unexplained. One plausible explanation is that satisfaction assists consumers in revising quality perceptions. The logic for this position consists of the following.

- A consumer perception of the service quality of a firm with which he or she has no prior experience is based on the consumer's expectations.
- Subsequent encounters with the firm lead the consumer through the discontinuation process and revise perceptions of service quality.
- Each additional encounter with the firm further revises or reinforces service quality perceptions; revised service quality perceptions modify future consumer purchase intentions toward the firm.

To deliver a consistent set of satisfying experiences that can build into an evaluation of high quality requires the entire organization to be focused on the task.

\textsuperscript{17} Depashish, C.T and Mishra, B (2005) “Indian Banking System” (Development, Performance and Services), Mahamaya Publishing House, New Delhi pp 75-80
The needs of the consumer must be understood in detail, as such the operational constraints under which the firm operates. Service providers must be focused on quality, and the system must be designed to support that mission by being controlled correctly and delivering as it was designed to do.

3.8. IMPORTANCE OF QUALITY

Quality and business performance, the relationship between quality, profitability and market share is quite evident. One factors above all others, i.e., when superior quality and large market share are both present, profitability is virtually guaranteed. There is no doubt that relative perceived quality and profitability is strongly related. Whether the profit measure is return on sales or return on investment, business with a superior product/service offering clearly outperforms that with inferior quality.

Quality can also reduce the costs as indicated (1) customer-driven quality and (2) conformance or internal specification quality. The latter relates to appropriate product specifications and service standards that relate to the cost reduction. There is an inverse relationship between the internal or conformance quality and costs. Thus as quality improves, it results in improved market share and hence profitability and growth. This, in turn, provides a means for further investment in quality improvements such as research and development. The cycle goes on. In summary, improving both internal (conformance) quality and external (customer perceived) quality not only reduces the penalty of poor quality but serves as a driver for growth, market share and profitability.

The rewards of higher quality are positive, substantial and pervasive. Findings indicate that attaining quality superiority produces the following organizational benefits:

- Greater customer loyalty
- Market share improvements
- Higher stock prices
- Reduced service calls
- Higher prices
- Greater productivity

3.9. DETERMINANTS OF SERVICE QUALITY

The following are the determinants of service quality:

3.9.1. Reliability: Reliability involves consistency of performance and dependability. It means that the firm performs the service right the first time. It also means that the firm honors its promises. Specifically it involves:

- Accuracy in billing
- Keeping records correctly
- Performing the service at the designated time

3.9.2. Responsiveness: It concerns the willingness or readiness of employees to provide service. It involves:

- Timeliness of service
- Mailing a transaction slip immediately
- Calling the customer back quickly if necessary
- Giving prompt service, e.g., setting up appointments quickly
3.9.3. **Competence**: It means possession of the required skills and knowledge to perform the service. It involves:

- Knowledge and skills of the control personnel
- Knowledge and skills of the operational personnel
- Research capability of the organization, e.g., securities brokerage firm

3.9.4. **Access**: It involves approachability and ease of contact, which means:

- The service is easily accessible by telephone (lines are not busy and they do not put on hold)
- Waiting time to receive service (e.g., at a bank) is not extensive
- Convenient hours of operation
- Convenient location of service facility

3.9.5. **Courtesy**: It involves politeness, respect, consideration, and friendliness of contact personnel (including receptionists, telephone operators, etc.). It includes:

- Consideration for the customer’s property (e.g., no muddy shoes on the carpet)
- Clean and neat appearance of public contact personnel

3.9.6. **Communication**: It means keeping customers informed in the language they can means listening to them. In other words, the company has to adjust its language for different consumers increasing the level of sophistication with a well-educated customer and speaking simply and plainly with a novice. For example:

- Explaining the service itself
- Explaining how much the service will cost
- Explaining the trade-offs between service and cost
- Assuring the consumer that a problem will be handled
3.9.7. **Credibility**: It involves trustworthiness, believability and honesty. It involves having the customer's best interests at heart. Contributing to credibility is:

- Company name
- Company reputation
- Personal characteristics of the contact personnel
- The degree of a selling involved in interactions with the customer

3.9.8. **Security**: Security is freedom from danger, risk, or doubt. It involves:

- Physical safety (Will I get mugged at the automatic teller machine?)
- Financial security (Does the company know where my stock certificate is?)
- Confidentiality (Are my dealings with the company private?)

3.9.9. **Understanding / knowing the customer**: It involves making the effort to understand the needs of the customer. It involves:

- Learning the customer’s specific requirements
- Providing individualized attention
- Recognizing the regular customer

3.9.10. **Tangibility**: It includes the physical evidences of the service such as:

- Physical facilities
- Appearance of personnel
- Tools or equipment used to provide the service
- Physical representation of the service, such as a plastic credit card or a bank statement
- Other customers in the service facility.
Customer perceptions of quality form a basis for continual improvement of products and services. Several statistical techniques discussed in this chapter like control charts, Pareto analysis, etc., can be used to identify and analyze the customer complaints.

A continuous approach to quality improvement should result in consistent quality in products and service and in conforming to the strategic position desired\(^{20}\).

3.10. MEASURING SERVICE QUALITY

Although measurements of customer satisfaction and service quality are both obtained by comparing perceptions with expectations, subtle differences between the two concepts are seen in their operational definitions. Whereas satisfaction compares consumer perceptions with what consumers would normally expect, service quality compares perceptions with what a consumer should expect from a firm that delivers high-quality services. Given these definitions, service quality appears to measure a higher standard of service delivery.

The measure of service quality is the SERVQUAL scale. It is a diagnostic tool that uncovers a firm's broad weaknesses and strengths in the area of service quality. The SERVQUAL instrument is based on five service quality dimensions that were obtained through extensive focus group interviews with consumers. The five dimensions include tangibles, reliability, responsiveness, assurance, and empathy, and they provide the basic “skeleton” underlying service quality\(^{21}\).


3.10.1. THE TANGIBLES DIMENSION

The tangibles dimension of SERVQUAL compares consumer expectations with the firm's performance regarding the firm's ability to manage its tangibles. A firm's tangibles consist of a variety of objects such as carpeting, desks, lighting, wall colours, brochures, daily correspondence, and the appearance of the firm's personnel. Consequently, the tangibles component in SERVQUAL is two-dimensional one focusing on equipment and facilities, the other focusing on personnel and communications materials. The items that pertain to the tangibles dimension are tangibles expectations and tangible perception.

3.10.2. THE RELIABILITY DIMENSION

The reliability dimension reflects the consistency and dependability of a firm's performance. Consumers perceive the reliability dimension to be the most important of the five SERVQUAL dimensions. Consequently, failure to provide reliable service generally translates into an unsuccessful firm. SERVQUAL assesses the reliability gap in different ways namely reliability expectations and reliability perception.

3.10.3. THE RESPONSIVENESS DIMENSION

The responsiveness dimension of SERVQUAL concerns the willingness and / or readiness of employees to provide a service. Occasionally, customers may encounter a situation in which employees are engaged in their own conversations with one another while ignoring the needs of the customer. Obviously, this is an example of unresponsiveness.

Responsiveness also reflects the preparedness of the firm to provide the service. The SERVQUAL expectation and perception items address the responsiveness gap.

---

3.10.4. THE ASSURANCE DIMENSION

The assurance dimension addresses the competence of the firm, the courtesy it extends its customers, and the security of its operations. Competence pertains to the firm's knowledge and skill in performing its service. Courtesy refers to how the firm's personnel interact with the customer and the customer's possessions. As such, courtesy reflects politeness, friendliness, and consideration for the customer's property (e.g., a mechanic who places paper floor mats in a customer's car so as to not soil the car's carpet).

Security is also an important component of the assurance dimension. Security reflects a customer's feelings that he or she is free from danger, risk, and doubt. Recent robberies at ATM locations provide ample evidence of the possible harm that may arise at service locations. In addition to physical danger, the security component of the assurance dimension also reflects financial risk issues and confidentiality issues. The SERVQUAL items utilized to address the assurance gap between the expectation and perception of the customers.

3.10.5. THE EMPATHY DIMENSION

Empathy is the ability to experience another's feelings as one's own. Empathetic firms have not lost touch with what it is like to be a customer of their own firm. As such, empathetic firms understand their customer needs and make their services accessible to their customers. In contrast, firms that do not provide their customers individualized attention when requested and that offer. Operating hours convenient to the firm and not its customers fail to demonstrate empathetic behaviours. The SERVQUAL empathy dimension addresses the empathy gap between the empathy expectations and perceptions.
3.11. DIAGNOSING GAPS IN SERVICE QUALITY

3.11.1. The Knowledge Gap: When a knowledge gap occurs, a variety of other mistakes tends to follow. The wrong facilities may be provided, the wrong staff may be hired, and the wrong training may be undertaken. Services may be provided that customers have no use for, whereas the services they do desire are not offered. Closing this gap requires minutely detailed knowledge of what customers desire and then building response into the service operating system.

3.11.2. The Standards Gap: Even if customer expectations have been accurately determined, the standards gap may open between management's perception of customer expectations and the actual standards set for service delivery. When developing standards, the firm should use a flowchart of its operations to identify all points of contact between it and its customers. Detailed standards can be written for (1) the way the system should operate, and (2) the behaviour of contact personnel at each point in the system.

3.11.3. The Delivery Gap: The delivery gap occurs between the actual performance of a service and the standards set by management. The existence of the delivery gap depends on both the willingness and the ability of employees to provide the service according to specification. For example, do employees wear their name tags, do they establish eye contact, and do they thank the customer when the transaction is completed?

3.11.4. The Communication Gap: The communication gap is the difference between the service the firm promises it will deliver through its external communications and the service it actually delivers to its customers. If advertising or sales promotions promise one kind of service and the consumer receives a different kind of service, the
communications gap becomes wider. External communications are essentially promises the firm makes to its customers. When the communication gap is wide, the firm has broken its promises, resulting in a lack of future customer trust.23

3.12. Conclusion

The service quality in banking sector dealt in this chapter gives an idea about the banking service, service quality, determinants of service quality, measuring service quality and diagnosing the service quality. The theoretical background about the services provided by the banks and the quality of service provided by the bank will help to understand the concept properly.