



# QUALITY OF SERVICES AND CUSTOMER LOYALTY: A STUDY OF PRIVATE BANKS IN NCT OF DELHI THROUGH SERVQUAL

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## Keywords:

*Customer Satisfaction; Customer Loyalty; Private Banks; Service Quality; SERVQUAL.*



## ABSTRACT

*The objective of the study was to assess the service quality of private banks and its impact on customer satisfaction and customer loyalty. The importance of this study is that it focuses on investigating the impact of various service quality dimensions on the satisfaction of customers using banking services provided by private banks of NCT of Delhi. The responses obtained from the respondents are analyzed using the Regression analysis. The test of significance is done with the help of  $t$  – test and ANOVA. It was found that there was a need of improvements of service quality on all the five service quality dimensions, especially the dimensions of Responsiveness and Empathy. It was also found that there was a significant relationship (strong positive correlation) between all service quality dimensions and the customer satisfaction which leads to customer loyalty.*

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## 1. INTRODUCTION

This study is an in-depth empirical investigation that seeks to compare consumer expectations to perceptions in the delivery of service within private banks in the Delhi. It has as its aim to develop a useful instrument to evaluate service quality by comparing consumer expectations to their perceptions of delivered service. An additional purpose was to determine bank chief executive officers' ability to predict consumer expectations in the area of service delivery. The main findings of the research built upon the three prime components of customer satisfaction revolved around three specific antecedents—perceived quality, perceived value, and customer expectations, the study strongly reinforced and confirmed the importance of the three antecedents.

Indian banking is the lifeline of the nation and its people. Banking has helped in developing the vital sectors of the economy and usher in a new dawn of progress on the

Indian horizon. The sector has translated the hopes and aspirations of millions of people into reality. But to do so, it has had to control miles and miles of difficult terrain, suffer the indignities of foreign rule and the pangs of partition. Today, Indian banks can confidently compete with modern banks of the world.

Service quality is a way to deal with oversee business forms to guarantee fulfillment of the clients which will expand aggressiveness and viability of the business. Quality in Service is significant particularly for the development and improvement of administration segment business undertakings. It fills in as a forerunner of consumer loyalty. With the expansion of the significance of Service part in the economy of Bangladesh, the estimation of Service quality wound up significant. ISO principles are one of the estimation devices of quality of Service, where quality is characterized as the totality of highlights and attributes of

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an item, procedure or administration. Private Banks managing in retail banking Industry is thus put into part of weights due towards increment in worldwide challenge. Various methodologies are figured to hold the client and its key is to expand the Service quality level. Normally, clients see next to no distinction in the financial items offered by private banks managing in administrations as any new offering is immediately coordinated by contenders.

Numerous researchers and scientific associations have tried and are trying to define the concept of quality based on different aspects. It is safe to say, however, that as of this day we do not have one uniform definition. Quality is objective and subjective at the same time, it can only be generalized to a limited degree, among its factors there are specifications, which can be measured; and others, that only can be appraised, quality can mean a technical-efficiency level and any departure there from (condition), it has perceivable use effects and effects that the purchaser does not consciously perceive. Service quality is the vital topic of this exploration, so it is imperative to comprehend what the quality of services means, its advantages and why it is expected to gauge quality of services. Quality of services is viewed as a significant apparatus for a company's battle to separate itself from its rivals. The importance of quality of services to organizations is underscored here particularly the way that it offers an upper hand to organizations that endeavor to improve it and subsequently bring consumer loyalty. There has been broad writing accessible on quality of services in its estimation in different private and open areas over the globe. The greater part of the writing is accessible on either banking, carriers, lodgings and café areas. Consumer loyalty, quality of services and reliability are most significant factors in today worldwide monetary downturn for maintenance, benefit and efficiency of the business all in all. Commitment for providing good quality services is the most significant factor to research the result of the client expectations and actual receiving. In the case of assembling, service or retail association's nature of service is critical to the clients as well as organizations. Customer-perceived service quality has been given increased attention in recent years, due to its specific contribution to business competitiveness and developing satisfied customers. This makes service quality a very important construct to understand by firms by knowing how to measure it and making necessary improvements in its dimensions where appropriate especially in areas where gaps between expectations and perceptions are wide. In the context of grocery stores, we are not only interested in learning more about the factors associated to service quality perceived by customers and how service quality is measured but also provide a direction for improvement of service quality in order to bring customer satisfaction.

## 2. LITERATURE REVIEW

**Kaur and Kiran (2015)** studied how the e-banking users' see the e-banking services of private, public and multinational banks working in the Indian financial division and furthermore caused a more profound reflection of quality of services in each of the three kinds of banks to comprehend whether there was a noteworthy distinction in quality of services based on nature of banks. The investigation utilized self-organized poll properly approved and tried for unwavering quality in this examination, and the tools like Factor analysis, Regression analysis and ANOVA were utilized. Discoveries of the study found that improvement in quality of services would actuate higher client reliability. The underlying study estimated the e-banking administrations through Debit, Credit, Internet, Telephone, Mobile, Depository, Investment and Multicity offices. The aftereffects of analysis featured a huge distinction in these and help to decrease 12 highlights of administration quality into four elements, which showed 84.014% of variety. These four variables were: Website interface, Security, Convenience and Access.

**Kaura et al. (2015)** examined the extent to which service quality, perceived price and fairness and service convenience influenced customer satisfaction and customer loyalty for Indian retail banking sector. It further explored the role of customer satisfaction as mediating variable between service quality dimensions, perceived price and fairness, service convenience dimensions and customer loyalty. Results revealed that service quality dimensions, perceived price and fairness and service convenience dimensions have positive impact on customer satisfaction and customer loyalty. Moreover, customer satisfaction acts as mediating variable between its antecedents and customer loyalty.

**Rana et al. (2015)** assessed the service quality of public and private banks in Lahore, Pakistan. Convenience sampling technique was employed to collect the data from two public banks and two banks from private sector. Furthermore, 500 survey questionnaires based on modified SERVQUAL instrument were distributed among the employees of selected banks, and a total of 312 were received back. To analyze the data, descriptive statistics and t-test have been used. Results indicated that in contrast to public banks, private banks have greater satisfactory perception in terms of service quality whereas; customers of private banks were more satisfied.

**Arora and Neha (2016)** identified the different determinants of client-based brand value in the financial business and to check whether these determinants fluctuate crosswise over bank types. The discoveries uncovered that out of the six variables (brand speculations, brand execution, brand striking nature, brand decision, brand sentiments and brand newness)

extricated from the examination which represented 73% fluctuation, brand decision developed as the most noteworthy factor that prompted the assurance of client based brand value. It was also found that there were no significant differences in the actual impression of clients and client-based brand value. Further, the outcomes showed that there were strong, positive and critical connections between brand execution and brand sentiments, and between brand execution and brand decision. The results also demonstrated that solitary brand execution, brand striking nature and brand sentiments affect brand decision, though brand venture had a noteworthy negative effect on brand decision.

**Paul et al. (2016)** inspected the effect of different quality factors related to services on the general fulfillment of clients and think about the private and public banks utilizing a sample from India. With the assistance of forward stepwise regression, the researchers clarified how an assortment of factors were both contrarily and decidedly affecting consumer loyalty. For this, the data was gathered from 500 respondents in India; 250 from each sector's banks and got a 65% response rate. On account of private banks, information of items, reaction to require, unraveling questions, quick administration, brisk association with the correct individual, and endeavors to lessen lining time were observed to be the variables that were decidedly connected with by and large fulfillment. Help to the client, appearance, and line up were adversely connected with consumer loyalty. Then again, on account of public banks, learning of the item and quick administration were the components which were related emphatically, and appearance was the main factor that is adversely related.

**Potluri et al. (2016)** measured and analyzed the quality of services offered by the top three public- and private-sector banks in India and to attempt to know how bank services quality affects customer satisfaction. By administering both questionnaires and personal interviews, researchers garnered the opinions of a total of 600 respondents with BANKQUAL statement. All the public-sector banks chosen for the study lead in the satisfaction index over the private-sector banks by demonstrating differences in the dimensions of credibility, influence, and geographic spread.

**Selvaraj (2016)** worked on the association between perceived and desired levels of service quality of private sector banks in Madurai. The study entitled customer perception to the services of commercial banks in Madurai city is carried out in the Temple city which is the second largest one in Tamil Nadu. Twenty-four public sector banks and fifteen private sector banks function in Madurai district. Overall, twenty branches were selected from public and private sector banks respectively, covering a period of ten years from 2005-2006 to 2014-2015. It was found that variables like

parking spot in the bank premises, clarification of transactions in the pass book, attitude of the bank staff in case of without prior appointment, nonstop administration during business hours, bank branch adequacy in other areas, client discrimination, reasoning of the rate of interest charged, arrangement of core banking, stand-in as money exchanger, and leasing funds had received the lowest scores. An overall perception of the customers showed that the financial measurement logged the lowest mean score. Most of the customers' level of perceptions on ten individual factors of service quality of banks and overall perception on all measurements fall under the medium level.

**Sharma and Sharma (2016)** studied the X-efficiency of Indian commercial banks for the post financial crisis period i.e. 2007-14 using DEA method and identifying important determinants of service quality of efficient banks by applying factor analysis. The findings showed that Indian public sector banks have larger network, but the percent of efficient private sector banks was more than the public sector banks. As regards service quality dimensions, on the basis of customers' perceptions and expectations both reliability and empathy dimensions were found to be important.

**Ali and Raza (2017)** measured the relationship between service quality and customer satisfaction among the customers of Pakistani Islamic banks. This study employed a modified SERVQUAL model by introducing a unique dimension of compliance in the context of service industry. A self-administered questionnaire-based field survey was conducted with the help of modified SERVQUAL dimensions. Data were gathered from 450 walk-in customers of Islamic bank. The sample data were statistically analysed through exploratory factor analysis followed by confirmatory factor analysis (CFA) and structural equation modelling (SEM) analysis to determine the service quality perception and customer satisfaction. Results revealed that the multidimensional service quality scale is positively and significantly associated with the unidimensional scale of customer satisfaction. In addition, the compliance dimension of the SERVQUAL model proved its importance by showing the highest contributing factor in the overall model.

**Kant and Jaiswal (2017)** revealed that the apparent service quality measurements: tangibility, empathy, responsiveness, assurance, and image had a huge positive association with consumer loyalty in the chosen public banks in India. They approved an estimation model utilizing basic condition displaying for examining the effect of apparent service quality measurements on consumer loyalty. The examination test comprised of 480 respondents in the National Capital Region (NCR) of India; the information was gathered through an organized poll using a seven-point Likert scale while actualizing a purposive inspecting method. The observational discoveries uncovered that "responsiveness" was observed to be

the most critical indicator of consumer loyalty. Then again, "image" (corporate image) had a positive however the least noteworthy association with consumer loyalty pursued by every single other develop. The special case was "unwavering quality," which was irrelevantly identified with consumer loyalty.

**Mane and Rajeshirke (2017)** focused on the impact of internet on service quality and customer satisfaction of public sector banks (Bank of India and Bank of Maharashtra) and private sector banks (ICICI Bank and HDFC Bank) operating in Pune city. The research model was developed on the basis of service quality dimensions such as Reliability, responsiveness, access, efficiency and safety/security. Total sample size was 300 respondents using Convenient sampling method (75 respondents of each bank). Statistical tools such as an Independent Sample T Test and Chi-Square Tests were used to test the hypotheses. Results revealed that private sector banks provided better services to their customers as compared to public sector banks and customers of private sector banks were more satisfied with the e-banking services provided by their banks as compared to public sector banks. Public sector banks were further advised to improve e-banking service quality to meet the expectations of the customers to maintain the present customer base and to increase the same in future.

**Patel and Trivedi (2017)** looked at the different CRM variables of customer's services given by private and public banks of Ahmadabad region. It was presumed that there was no real contrast among the both types of banks in implementing of CRM factors, even though few public banks found to be had better actualized CRM variables contrast with private banks. The CRM factors which were better in public banks were quality programming, adequate ATMs and adequate branches. Study demonstrated that there was no significant contrast for convenient location, distinctive plan to prerequisites, proficient staff, administration charges and aggressive loan costs between the two sorts of banks. In the light of discoveries, it was inferred that private banks keep up CRM contrast with their partners. Working hours, modernized financial task, brief and fast administration, whine explained inside time and gripe taking care of focus were the supports which founds to be better in private banks. It was further observed that there was no real contrast between the two kinds of banks for simple documentation process, effortlessness of activity, protection of data, dependability and brand picture. Central banking, electronic financial exchange and portable banking were found better in private banks. Study uncovered that there was no real contrast for 24-hour client care focus, SMS and mail offices between the two kinds of banks. It was also observed that Consumer loyalty, brief administrations and client consideration were accomplished in approach making in private banks.

**Prasad and Prasad (2017)** gone for surveying the quality of services that conveyed by the banks in rustic territories, utilizing SERVQUAL model. The investigation was directed by taking HDFC bank offices in country zones in Karimnagar locale of Telangana State. The respondents were ranchers, Employees and Businesspersons and it was found that the clients appraised the bank in the middle of good and awesome on all the five elements of service quality. So as to remain aggressive, the bank needs to enhance their administration quality particularly in the recognized regions 'Substantial quality' and 'Sympathy' which were the major mindful variables for consumer loyalty in regard to the administrations given by the bank. The Bank should be increasingly responsive and train its staff how to indicate compassion to their clients. The general administration quality got demonstrated that, although the clients were happy with the bank, still legitimate consideration was required to improve the administration quality to hold the current clients and to pull in new clients.

**Rezapour and Peykani (2017)** compared customer satisfaction with the quality of e-banking services among state, private and altered banks in Isfahan. The population of this research included all clients of state, private and altered banks in Isfahan. Depending on the bank, the sampling method was available stratified sampling. In this study, a questionnaire was used to assess the variables. The results showed that there was a significant difference between the beauty of the website and privacy between state, private and altered banks and in all the variables, men scored more than women on average.

**Uddin et al. (2017)** identified the customers' attitude towards the present service quality of banks and evaluated the performance of government specialized bank based on quality of services. A total of 75 respondents were taken as sample based on randomly technique. The survey questionnaires were conducted via face to face interviews. Findings of the study suggested the need and relevance of heavy investment on tangibles particularly computer-based banking, Mobile banking, 'anywhere and anytime banking', etc.

**Alolayyan et al. (2018)** examined the impact of the constructs of service quality and customer satisfaction in commercial banks operating in Jordan. The study found that the order of importance of the dimensions of service quality tested were assurance; reliability; tangibles; empathy; and responsiveness. Customers indicated high satisfaction with the five dimensions of service quality. This finding reinforced the need for banks managers to place an emphasis on the underlying dimensions of service quality, especially on assurance, and should start with improving service quality in order to raise customer satisfaction. Managers should be aware that, among the various dimensions of service quality, assurance was especially significant in fostering satisfaction for the customers of Jordanian commercial banks. It was

apparent that focusing on delivering high quality services and improve service quality effectively is critical for customer satisfaction.

**Bazrkar et al. (2018)** measured the relationship between management commitment and quality of service with job satisfaction of employees and CS with service performance in the banks of Tehran. The results showed a significant and positive relationship between management commitment and effective participation of employees. Moreover, the results showed a positive and significant relationship between effective employee participation with job satisfaction of staff and CS with service performance. Therefore, according to the results of the study, it can generally be stated that the management commitment to the quality of services has a positive effect on the organizational outputs (employee satisfaction and CS from service performance) in the banks of Tehran province.

**Chakrabarti et al. (2018)** proposed easy to use and savvy approach by amalgamating the customary idea of service quality in banks (showcasing base) and opinion examination writing (data frameworks base). In this examination, the principle goal was to investigate client audits to all the more likely comprehend the relationship between RATER measurement estimation scores as free factors and client in general rating (consumer loyalty) gathering in "great" and "terrible" as reliant variable through advancement of creators' own calculated relapse model utilizing dictionary based opinion investigation. The model has been created for three biggest private banks in India relating to three financial item classes of advances, reserve funds and current records and charge cards. The outcomes demonstrated that the responsiveness and physical assets measurements essentially sway the client assessment rating. Even though the three biggest private banks in India were focusing on the effect's measurement, not every one of them were adequately centered around the responsiveness measurement. Moreover, clients searching for credit items were progressively defenseless to negative discernments on administration quality.

**Kumari and Singh (2018)** examined the relationship between customer satisfaction with service quality (Tangibility, Reliability, Responsiveness, Assurance and Empathy). The data was obtained from a sample of 300 bank customers (155=public sector bank, 145=private sector bank) having accounts in banks in Varanasi, Uttar Pradesh. The finding suggested that all the dimensions of service quality were significantly related with customer satisfaction. Also, all the dimensions of service quality were found to be good strategy to enhance the customer satisfaction, simultaneously retain the customer for long term banking business and relate new customers.

**Madan (2018)** compared the public sector and private sector banks in various aspects of relationship marketing. For the same purpose, 23 variables were taken followed by the calculation of mean and standard deviation. The data was collected through the chosen employees of the different banks of National Capital Region (NCR). It was observed that there was a significant difference between private sector and public sector banks and the performance of private sector banks was found to be better in every aspect studied.

**Malarvizhi et al. (2018)** explore the most critical success factors of post-implementation relationship marketing (RM) for the private banks in Bangladesh along with the impact of RM on the sustainability of the banks. The research intends to explore the 10 post-implementation success factors of relationship marketing for the 7 leading Private Banks in Bangladesh. Furthermore, it also wants to identify the most important postimplementation success factor for the private banks as well.

**Pedro et al. (2018)** studied the relationship between perceived quality (PQ) and satisfaction in Higher education, and especially to identify if these variables could differ between groups of students exposed to different teaching methods. A quantitative study was conducted at a Portuguese Faculty of Health Sciences, through a survey applied to a final sample of 359 students. Data analysis was performed through a structural equation model, using, for this purpose, the PLS method. Results confirmed that PQ was positively related to students' satisfaction in the Higher Education Institutions (HEI) context, and that PQ and satisfaction were significantly different when students were exposed to different teaching approaches.

**Sitorus and Yustisia (2018)** aimed at exploring and testing the intervened impact of Customer Satisfaction because of the Service Quality and Customer Trust toward Customer Loyalty. This examination was directed in the five greatest national remote trade private banks that were recorded in the Indonesia Stock Exchange up to the time of 2014, with the all-out example of 170 clients, where after the fiscal emergency in 2008, the matter of bank in Indonesia was looked with the issue of client believe that in the end affected the client unwaveringness. In this examination, the Structural Equation Model by AMOS was utilized to break down the information. The outcomes showed high Goodness of Fit and the concurrent and individual tests likewise created huge outcomes. The consequences of information investigation demonstrated that: (1) Service Quality altogether gives positive impact to Customer Satisfaction, (2) Customer Trust has critical and positive effect on Customer Satisfaction, (3) Service Quality does not essentially give positive impact to Customer Loyalty, (4) Customer Trust fundamentally gives positive impact to Customer Loyalty, and (5) Customer Satisfaction altogether gives positive impact to Customer Loyalty. Consequently, the interceded impact of Customer

Satisfaction because of Service Quality and Customer Trust toward Customer Loyalty has more quality contrasted with the immediate impact of Service Quality and Customer Trust toward Customer Loyalty.

**Sukwadi and Sanjaya (2018)** aimed to develop the strategy for Airline X in order to improve their service quality based on the attractive service attributes and affected Kansei words. The result of the research was the action plans to improve the service quality of Airline X, such as: airlines alliances, classes of seats, brand identity, modern information system, and expert consultation.

**Vallejo et al. (2018)** analyzed the service quality in universities based on users' level of satisfaction of the service provided in the city of Cuenca, Ecuador. The methodology combined a descriptive and a multidimensional statistical analysis, the former demonstrated the frequencies and the percentages of the variables under study while the latter was used to show the group classification of the people under study. Hierarchical grouping was used since it determines the groups of people as a result of their common characteristics. At first, the results indicated that in all cases the percentage of students' satisfaction surpasses 65%. However, there was a minority group of people (3,67%) who were totally unsatisfied regarding their sense of belonging to the Institution and their class as well as with the teaching - learning process.

**Yilmaz et al. (2018)** examined the structure of banking related SERVQUAL service dimensions with first order and second order confirmatory factors analysis using the attitudes of students toward ideal banking services. It was concluded that the confidence inspired by the banks, the reliability of their services, and the physical appearance and accessibility of the bank all have an effect in increasing customer satisfaction.

**Abbasi (2019)** measured the quality of service offered by private banks operating in Pakistan and showed the three basic aspects of a customer in the banking sector which were service quality, customer satisfaction and banking loyalty in the banking sector. The findings showed that most of the respondents were well satisfied with banking services to provide by different commercial and Islamic banks such as HBL, UBL, NBP, MCB etc. in Peshawar sadder. The services provided by the banks particularly ATM machines were very praised by the customers. The loyalty provided to customers by the banks was also very good and most of the respondents were satisfy from that. It was also found that the banking policies for customer services and to maintain loyalty with customer should be enhanced more precisely.

**Cruz and Mendes (2019)** analysed the influence of perceived service quality and patients' satisfaction on behavioral intentions, as well as the role of the institutional image in this chain of relations, studying

also the applicability of the PAKSERV scale in the Cape Verdean health care context. Data collection was conducted through a self-administered questionnaire applied to emergency services users in two public hospitals in Cape Verde. Results of a structural equation modelling approach confirmed the influence of perceived service quality and patients' satisfaction on behavioral intentions, as well as a partial mediation role of the institutional image.

**Farooq et al. (2019)** aimed to research and measure the fulfillment of understudies with the libraries' administrations of Malaysian Universities. To accomplish this, a self-managed poll was circulated among the understudies of private Universities. The study instrument was adjusted from Parasuraman's conventional SERVQUAL model. In this examination aggregate of 287 reactions were gathered from the clients of libraries. After investigation of information with SPSS and Smart PLS 3, it has been reasoned that the Service Quality measurement "Tangibles" was the most significant factor in the fulfillment of the clients. SERVQUAL segments' reliability likewise has a huge positive effect on understudy's fulfillment. Contrasted with past investigations which state sympathy has a positive association with the understudies' fulfillment it was discovered that the responsiveness assumes an intervening job among compassion and consumer loyalty. In the event where representatives were empathic, their responsiveness increments and at last understudies become happy with the library administrations.

**Joshi and Sankaranarayanan (2019)** revealed that there was a significant difference in the expectation and perception level of the customers on various dimensions of service quality across various categories of banks. The private sector banks have the least gap and were in a better position to satisfy their customers followed by multi state coop banks and finally public sector banks. Further it was also observed that there is a significant association between service quality and customer satisfaction, between service quality and customer loyalty across, but no significant relationship was observed in case of performance in all categories of banks under study.

**Velankar and Pahuja (2019)** examined the relationship between cost of human capital and financial performance in the private sector banks of India. The study involved 10 selected private sector banks of India on their capital structure size. The cause and effect relationship were checked by regression model using E-Views 9. Since, the time series data was employed, stationarity of the data was checked in order to avoid spurious regression. The Augmented Dickey – Fuller test was used for unit root testing to check the stationarity. The result of the study revealed that cost of human capital has a significant impact on financial performance of the private sector banks of India.

### 3. OBJECTIVES OF THE STUDY

1. To explore the various services offered by private banks in NCT of Delhi.
2. To establish a relationship between the service quality dimensions and satisfaction of customers.
3. To establish a relationship between customer satisfaction and loyalty of customers towards private banks.

### 4. HYPOTHESES OF THE STUDY

- H<sub>0</sub>1: Service quality dimensions is not significantly related with customer satisfaction.
- H<sub>0</sub>2: Overall service quality is not significantly related with customer satisfaction in banking services.
- H<sub>0</sub>3: Customer satisfaction is not significantly related with loyalty in banking services.

### 5. RESEARCH METHODOLOGY

The study is exploratory and employed 7- point Likert's scale from strongly disagree to strongly agree. The responses obtained from the respondents are analyzed using the Regression analysis. The test of significance is done with the help of t – test and ANOVA. This study is restricted to respondents utilizing banking services provided by private banks in NCT of Delhi. The importance of this study is that it focuses on investigating the impact of various service quality dimensions on the satisfaction of customers using banking services provided by private banks of NCT of Delhi.

To cater the need of the research, the researchers have used primary data through self-constructed structured Questionnaire and as far as the secondary data is concerned that was obtained from web sites, journals etc. to explore the significance of various dimensions of service quality on the satisfaction of customers using banking services. Primary data were collected from 245 respondents using banking services through purposive sampling technique provided by private banks of NCT of Delhi. Structured questionnaire, divided into four parts, was constructed to interview the respondents using banking services provided by private banks.

The former part consisting of demographic profile followed by questions related to the expectations of customers in terms of service quality of the private banks. Third part of the questionnaire was concerned with the questions used to assess the perception of customers about service quality of the private banks and the fourth one contains questions related to the loyalty of the customers.

### 6. DATA ANALYSIS AND INTERPRETATION

**Table 1.** Showing Reliability Analysis

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	No. of Items
0.834	0.819	26

So as to check the unwavering quality of the poll, the Cronbach's Alpha test was connected for which the value appeared as 0.834 which believes the information to be solid for hypothesis testing.

**Table 2.** Showing KMO and Barlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		0.826
Bartlett's Test of Sphericity	Approx. Chi-Square	6982.240
	Df	529
	Sig.	0.000

From table 2, it is found that the value for Kaiser-Meyer-Olkin Measure of Sampling Adequacy was more than 0.6, and it is 0.826 also Bartlett's Test of Sphericity has significance value less than 0.05 at 5 % level of significance.

#### 6.1 Gap Analysis

The distinction between the Expectations and Perceptions of Customers is the GAP score which is then found the middle value of. Respondents were encouraged to put an incentive somewhere in the range of 1 and 7 against every announcement twice; one for desires and another for recognitions. At that point the hole between hole score is determined and found the middle value of as given underneath.

**Table 3.** Showing the designing of SERVQUAL Instrument

EXPECTATIONS		PERCEPTIONS		GAP SCORE
Tangibles	E	Tangibles	P	E-P
<b>E1</b> Private Banks has modern looking equipment.	6.5	<b>P1</b> Private Banks has modern looking equipment.	5.4	1.1
<b>E2</b> The physical facilities at private banks are visually appealing.	6.8	<b>P2</b> The physical facilities at private banks are visually appealing.	3.9	2.9

**Table 3.** Showing the designing of SERVQUAL Instrument (continued)

<b>EXPECTATIONS</b>		<b>PERCEPTIONS</b>		<b>GAP SCORE</b>
Tangibles	E	Tangibles	P	E-P
<b>E3</b> Employees at private banks are formally dressed.	6.8	<b>P3</b> Employees at private banks are formally dressed.	4.5	2.3
<b>E4</b> Materials associated with the services is visually appealing at a private bank.	5.7	<b>P4</b> Materials associated with the services is visually appealing at a private bank.	4.1	1.6
<b>Total</b>	<b>25.8</b>		<b>17.9</b>	<b>7.9</b>
Average Gap Score of Tangibles [Total of Gap Score/4]				<b>1.97</b>
<b>Reliability</b>	<b>E</b>	<b>Reliability</b>	<b>P</b>	<b>E-P</b>
<b>E5</b> Commitment fulfilled on time.	5.8	<b>P5</b> Commitment fulfilled on time.	4.3	1.5
<b>E6</b> Helps in problem solving.	6.1	<b>P6</b> Helps in problem solving.	4.1	2.0
<b>E7</b> Private banks perform task without error.	5.8	<b>P7</b> Private banks perform task without error.	3.8	2.0
<b>E8</b> Private banks provide the service at the time they promise to do so.	6.5	<b>P8</b> Private banks provide the service at the time they promise to do so.	4.4	2.1
<b>E9</b> Private banks insist on error free records.	6.8	<b>P9</b> Private banks insist on error free records.	5.2	1.6
<b>Total</b>	<b>31.0</b>		<b>21.8</b>	<b>9.2</b>
Average Gap Score [Total of Gap Score/5]				<b>1.84</b>
<b>Responsiveness</b>	<b>E</b>	<b>Responsiveness</b>	<b>P</b>	<b>E-P</b>
<b>E10</b> Representatives of private banks tell clients precisely when services will be performed.	6.8	<b>P10</b> Representatives of private banks tell clients precisely when services will be performed.	4.7	2.1
<b>E11</b> Employees of private banks give prompt service to customers.	6.4	<b>P11</b> Employees of private banks give prompt service to customers.	4.8	1.6
<b>E12</b> Employees of private banks always willing to help customers.	6.4	<b>P12</b> Employees of private banks always willing to help customers.	4.8	1.6
<b>E13</b> Employees of private banks never be too busy to respond to customers' requests.	6.1	<b>P13</b> Employees of private banks never be too busy to respond to customers' requests.	3.5	2.6
<b>Total</b>	<b>25.7</b>		<b>17.8</b>	<b>7.9</b>
Average Gap Score (Total of Gap Score/4)				<b>1.98</b>
<b>Assurance</b>	<b>E</b>	<b>Assurance</b>	<b>P</b>	<b>E-P</b>
<b>E14</b> The conduct of representatives in private banks ingrains trust in clients.	6.1	<b>P14</b> The conduct of representatives in private banks ingrains trust in clients.	3.9	2.2
<b>E15</b> Clients of private banks have a sense of security in exchanges.	5.8	<b>P15</b> Clients of private banks have a sense of security in exchanges.	4.2	1.6
<b>E16</b> Employees of private banks are consistently courteous with customers.	5.8	<b>P16</b> Employees of private banks are consistently courteous with customers.	3.9	1.9
<b>E17</b> Representatives of private banks have the information to respond to clients' inquiries.	6.4	<b>P17</b> Representatives of private banks have the information to respond to clients' inquiries.	4.2	2.2
<b>Total</b>	<b>24.1</b>		<b>16.2</b>	<b>7.9</b>
Average Gap Score (Total of Gap Score/4)				<b>1.98</b>
<b>EMPATHY</b>	<b>E</b>	<b>EMPATHY</b>	<b>P</b>	<b>E-P</b>
<b>E18</b> Private banks give individual attention to customers.	6.8	<b>P18</b> Private banks give individual attention to customers.	4.1	2.7
<b>E19</b> Private banks have convenient operating hours.	6.4	<b>P19</b> Private banks have convenient operating hours.	3.2	3.2
<b>E20</b> Private banks have employees who give customers personal attention.	5.6	<b>P20</b> Private banks have employees who give customers personal attention.	3.2	2.4
<b>E21</b> Private banks have their clients' best advantages on the most fundamental level.	6.1	<b>P21</b> Private banks have their clients' best advantages on the most fundamental level.	3.1	3.0
<b>E22</b> The representatives of private banks comprehend the particular needs of their clients.	6.5	<b>P22</b> The representatives of private banks comprehend the particular needs of their clients.	3.5	3.0
<b>Total</b>	<b>31.4</b>		<b>17.1</b>	<b>14.3</b>
Average Gap Scores (Total of Gap Score/5)				<b>2.86</b>

**Table 4.** Showing Average Scores

Dimensions	Gap Scores
Tangibles mean value	1.97
Reliability mean value	1.84
Responsiveness mean value	1.98
Assurance mean value	1.98
Empathy mean value	2.86
<b>Total</b>	<b>10.63</b>
<b>Average (Total/5) Un-weighted score</b>	<b>2.126</b>

This is the augmentation of the SERVQUAL score and is possibly required whenever weighted score is determined. Setting loads against every one of the five measurements is basic in light of the fact that the measure of weight speaks to the overall significance of the measurements to the client. The poll has a different page requesting that every respondent put relative load against every measurement. The focuses against every one of the measurements are totaled and found the middle value of to standardize it. Complete 100 points has been dispensed among these measurements as expressed underneath that have been determined thinking about respondents' perspective on it:

**Table 5.** Showing Ranks

Dimensions	Points
The appearance of the private banks Physical Facilities, Equipment, Personnel, and Communication Materials ( <b>Tangibles</b> ).	<b>14</b>
The private bank's ability to perform the promised service dependable and accurately ( <b>Reliability</b> ).	<b>24</b>
The private bank's willingness to help customers and provide prompt service ( <b>Responsiveness</b> ).	<b>22</b>
The knowledge and courtesy of the private bank's employees and their ability to convey trust and confidence ( <b>Assurance</b> ).	<b>28</b>
The caring, individual attention the private bank provides its customers ( <b>Empathy</b> )	<b>12</b>
<b>TOTAL</b>	<b>100</b>

## 6.2 Weighted Scores

**Table 6.** Showing Calculation of weighted Scores

DIMENSIONS	Un-weighted score (step2)		Weights (step3)	=	Weighted
Tangibles	1.97	X	0.14	=	<b>0.275</b>
Reliability	1.84	X	0.24	=	<b>0.441</b>
Responsiveness	1.98	X	0.22	=	<b>0.435</b>
Assurance	1.98	X	0.28	=	<b>0.554</b>
Empathy	2.86	X	0.12	=	<b>0.343</b>
<b>Total Weight Score</b>					<b>2.048</b>

At long last, the score ought to be examined to discover the powerless zone where more consideration is required. The gap score demonstrates the degree of gap in the quality of services. The higher the gap score is, the more is the disappointment.

**Table 7.** Showing overall weights score

Dimensions	Expectations	Perceptions	Total Gap Score (E-P)	Average Gap Score	Weighting (w)	Weighted score
Tangible	25.8	17.9	7.9	1.97	0.14	0.275
Reliability	31.0	21.8	9.2	1.84	0.24	0.441
Responsiveness	25.7	17.8	7.9	1.98	0.22	0.435
Assurance	24.1	16.2	7.9	1.98	0.28	0.554
Empathy	31.4	17.1	14.3	2.86	0.12	0.343
<b>Total</b>						<b>2.048</b>

The measurement Empathy has most elevated normal gap score 2.86. Be that as it may, after the modification with loads, the score is 0.343 which isn't the best score any longer. This demonstrates the weight has a noteworthy ramification. Separately, the clients are to some degree disappointed in this Category, yet they accept that it should have less weight at the season of ascertaining collected score. Based on weighted score, the measurement Assurance got the most noteworthy score (0.554). It implies that the exhibition of the bank in this classification isn't enough. The bank should consider the majority of the sub classes under this measurement to better the administration.

## 6.3 Hypotheses Testing

**Table 8.** Showing Correlation between Service Quality Dimensions and Customer Satisfaction

Dimensions	Customer Satisfaction	Tangibility	Reliability	Responsiveness	Assurance
Tangibility	0.792	-	-	-	-
Reliability	0.649	0.651	-	-	-
Responsiveness	0.805	0.578	0.349	-	-
Assurance	0.741	0.629	0.724	0.682	-
Empathy	0.779	0.618	0.662	0.628	0.736

As indicated by the Table 8, there is a noteworthy positive connection between the five elements of quality of services and consumer loyalty, the most elevated relationship is among Responsiveness and consumer loyalty (0.805); trailed by Tangibility (0.792), Empathy (0.779) and assurance (0.741) individually. The weakest relationship is among reliability and consumer loyalty (0.649). Since the relationship was certain, service quality and consumer loyalty are emphatically related, which means the better administration quality was the higher consumer loyalty. In like manner, the most significant administration quality measurement that influences consumer loyalty is Responsiveness, which goes to demonstrate that Responsiveness saw as a predominant service quality pursued by tangibility.

Thus, we can conclude that there is significant relationship between the service quality dimensions and the customer satisfaction. Thus, in case of hypothesis 1, null hypothesis is rejected, and the alternative hypothesis is accepted. Thus, there is significant relationship between service quality dimensions and customer satisfaction in banking services.

**Table 9.** Showing Regression analysis between overall Service quality and customer satisfaction

Model	Unstandardized Coefficients		Standardized	T	Sig.
	B	S.E.	Beta		
Constant	- 0.118	0.074		- 1.429	0.284
Tangibility	0.048	0.027	0.048	2.250	0.083
Reliability	0.043	0.079	0.043	0.787	0.478
Responsiveness	0.170	0.141	0.159	1.148	0.022*
Assurance	0.141	0.052	0.139	3.024	0.034*
Empathy	0.725	0.149	0.734	4.707	0.014*
R <sup>2</sup>	0.924				
Adjusted R <sup>2</sup>	0.913				
F	18.584				

From Table 9, it is indicated that Empathy, Responsiveness, and Assurance dimension of service quality have a significant impact on customers' satisfaction at 5% level of significance. On the other hand, reliability and tangibles measurement have no huge impact on clients' fulfillment. The huge administration quality elements have been incorporated for the foundation of the capacity. The built-up regression function is:

$$Z = - 0.118 + 0.048X_1 + 0.043X_2 + 0.170X_3 + 0.141X_4 + 0.725X_5$$

The regression results demonstrate all the categories joined altogether impact the fulfillment of clients. The estimation of R<sup>2</sup> is 0.924 and balanced R<sup>2</sup> of 0.913 shows 91.3% of the fluctuation in consumer loyalty can be anticipated by the quality of services offered by the private banks.

Thus, from the above regression analysis, it is clear that there is significant relationship between overall service quality and the customer satisfaction.

**Table 10.** Showing Regression Analysis – Customer Satisfaction and Loyalty

Model	Unstandardized Coefficients		Standardized	t	Sig.
	B	S.E.	Beta		
Constant	2.052	0.346		5.993	0.000*
Satisfaction	0.441	0.108	0.819	3.969	0.004*
R <sup>2</sup>	0.718				
Adjusted R <sup>2</sup>	0.684				
F	15.718				

Table 10 shows the connection between client's fulfillment with their dedication to the bank. The general fulfillment of clients appears to have factually critical and constructive outcome on their devotion. The balanced R<sup>2</sup> of 0.684 shows 68.4 % of consumer satisfaction is related with their loyalty. This shows consumer satisfaction assumes a significant job in upgrading client dedication in private banks of Delhi and NCR. In this manner there is critical connection between consumer satisfaction and loyalty in banking.

## 7. CONCLUSION

The objective of the study was to assess the service quality of private banks and its impact on customer satisfaction as well as study also indicated the relationship that exists between customer satisfaction and their loyalty. It was being observed that the average scores of service quality dimensions were between 3.2 and 6.8. Thus, it can be concluded that there is a need of improvements of service quality on all the five service quality dimensions, especially the dimensions of Responsiveness and Empathy. It is also concluded that there is a significant relationship between all service quality dimensions and the customer satisfaction. Also, there is a strong positive correlation between the service quality dimensions and the customer satisfaction towards private banks of Delhi and NCR. It is also concluded that there is strong relationship between the customer satisfaction and the customer loyalty. The general fulfillment of clients appears to have measurably noteworthy and beneficial outcome on their dedication. The balanced R<sup>2</sup> of 0.684 demonstrates 68.4 % of consumer satisfaction is related with their loyalty. This shows consumer loyalty assumes a significant job in upgrading client faithfulness in private banks of NCT of Delhi. Thus, there is significant relationship between customer satisfaction and loyalty in banking services.

## 8. FUTURE SCOPE

The study has covered only limited number of variables leading to satisfaction of customers towards private banks. The satisfaction of customers differs from one person to another depending upon the kind of services they want to avail. One person can be satisfied on one aspect and other may not on that. As the study is subjective, although lot of care has been taken to involve variables related to study but may be some gaps can exist. The study can be done on larger samples and more diversified manner in terms of demographic and regions to make it more effective. Also, in spite of the fact that this examination gives some critical bits of knowledge into quality of services in NCT of Delhi banking industry, there is as yet an opportunity to stretch out the discoveries to pick up a progressively far reaching comprehension of the idea of banking services.

The future research may feature the quality of services in banking altogether, near investigation on SERVPERF scores in various kinds of banks and relative examination on SERVQUAL and SERVPERF scores in banking industry.

The future research might be coordinated to examine the use of SERPERF to other administration enterprises by fusing different elements of administration quality.

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