

Service Quality and Customer Satisfaction: Evidence from State Commercial Banks in Ampara District, Sri Lanka

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Abstract

Banking industry plays a crucial role in the industry and economic growth of a country. The products and services offered by banks are significant to attain competitive edge. The research study empirically finds the effects of service quality dimensions in improving the customer satisfaction of state commercial banks in Ampara district quantitatively by using deductive approach. The present study focusses on the factors determining the service quality and customer satisfaction. Data was collected from 275 customers from Ampara district. The conceptual model was formed and categorized under human related factors, non-human related factors. Accordingly, hypotheses were formed to examine the relationship exist between the service quality and customer satisfaction. The research study empirically found that there is a positive relationship exist between the service quality and customer satisfaction while human related factors have great impact on customer satisfaction than the non-human related factors. Reliability and Assurance are the most influential determinants on customer satisfaction in state commercial banking industry. The findings and managerial implications were suggested to state commercial banks to invest more efforts towards human related factors than non-human related factors to uplift their service quality to attract and retain their valuable customers.

Keywords: Service Quality, Customer Satisfaction, State Commercial Banks, Human, Non-human related factors.

1. Introduction

The globalization, industrialization result competitiveness, economic changes technological advancement, rapid changes in preferences, expectations of customers have thrown challenges to most business organizations. Due to these challenges many businesses, corporations have adopted the quality policies and implemented various quality improvement programs. The American National Standards Institute (ANSI) and the American Society for Quality (ASQ) define quality as “the totality of features and characteristics of a product or service that bears on its ability to satisfy given needs.” The view of quality as the satisfaction of customer needs and expectation.

Commercial banks play a significant role in the economic development of the country representing major part of the service sector. Hence, providing better service quality is vital as banks have to fulfill or exceed the expectation of the customers. Customers who select particular bank and prefer for their financial services to get the service that gives them maximum satisfaction. Although there are other factors such as price, product quality etc. other than service quality that determine customer satisfaction (Wilson 2008). The contribution of the services sector and the financial sector to Gross Domestic Product (GDP) in Sri Lanka, 58.24% and 27.4% respectively in 2019 reflect the importance of the two sectors to the economy. Today one of the fast-growing segments in Sri Lanka's economy is the financial sector. This is manifested in developments in money and capital market. The financial system in Sri Lanka mainly consist of bank, finance companies, other credit providing institutions (including micro finance institution), leasing companies, insurance companies, primary dealers, stock brokers/dealers, investment managers, margin providers, stock underwriters, unit trusts, provident and pension funds. Today, the role of banks has expended like never before and has become the most integral part of every society. Banks offer a wide range of products and services customized to cater to specific needs of different category of customers. These ranged from current accounts, saving products, term deposits, foreign currency deposits, currency deposits, trade, finance, leasing, factoring, personal lending,

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pawning, housing credit/debit cards, inward remittances, investment in government securities, fund management, project finance and special lending schemes for areas such as fisheries, agri-business and small and medium enterprises. If the banking system in a country is effective, efficient and disciplined, it brings about a rapid growth in various sectors of the economy. The role of banking in the economy thus can be considered to be very significant and imperative.

1.1. Statement of the Problem

The present competitive business environment facilitates customers to switch banks easily by seeking better quality services for higher levels of satisfaction. It is also revealed in the preliminary investigation with stake holders, customers and managers, that due to stiff competition, the use of multiple banks and incidents of switching are high among the banking customers towards high quality banks, and it is a common feature in the banking industry. Presently the use of multiple banks and switching is a major problem in the banking industry. Banking could be recognized as a key industry in the service sector which demarcates one of the critical financial mechanisms of the economy. However, the context has not been properly studied in terms of performance, consumer behavioral responded and competitiveness. Customers of public sector banks experienced a higher service gap compared to the private sector banks. The process efficiency and interactive service marketing are comparatively poor in public sector banks (Dissanayake & Wanninayake, 2007). Amanfi and Benjamin, (2012) said that the public-sector banks have been seen as lethargic and non-responsive to the needs of the customers. Issues such as poor working conditions, poor work ethics, outdated systems, procedures and practices among others, conspire to impact adversely on service quality delivery by public sector organizations. Therefore, Service quality particularly in the public-sector banks has become ever more important in improving customer satisfaction. Private banking sectors become as major competitors and challenge for state commercial banks in Sri Lanka at present. They have come forward with various facilities with flexibilities towards the customers to fulfill their expectation. In order to compete with private banks, it is required to adopt certain quality measures and adopt some key indicators to satisfy or exceed the customers' expectation.

Therefore, examining consumer's perception towards the service quality delivered by public sector commercial bank could address to the empirical and practice-related knowledge gaps in Sri Lanka. Hence the present study focuses on quality services and customer satisfaction in state commercial bank in Ampara district in order to find out the determinants to improve the service quality and customer satisfaction.

1.2. Research Questions

In terms of problems identified above, the research question can be formulated as follows:

1. What are the key factors determining the effectiveness of service quality of state commercial banks?
2. To what extent does effectiveness of service quality improved customer satisfaction?
3. Are the determinants factors positively affecting quality services performed by state commercial banks to satisfy the customers?

1.3. Objectives of the Study

- To identify the key factors determine the effectiveness of service quality of state commercial banks.
- To analyze the relationship between service quality and customer satisfaction in state commercial banks.
- To examine the role of quality services to satisfy the customers of state commercial banks.

2. Literature Review

The present competitive business environment facilitates customers to switch banks easily seeking better options for higher levels of satisfaction. This is a major challenge to the banks. (Silva, 2009). Empirical studies indicated that service quality has been increasingly recognized as a critical factor in the success of any business (Parasuraman, 1988), and the banking industry in this case is not exceptional (Hossain & Leo, 2009). Service quality has been widely used to evaluate the performance of banking services (Cowling & Newman, 1995).

The banks understand that customers will be loyal if they provide a greater service than their competitors (Dawes & Swailes, 1999), and on other hand, banks can only earn high profits if they are able to position themselves better than competitor within specific market (Davies, 1995). Consequently, banks need to focus on service quality as a core competitive strategy (Chaoprasert & Elsey, 2004). Further, Dissanayake (2016) stated that the commercial banking sector need more consumer driven service improvements to enhance the overall performance including commercial banks as a postulated segment. Delivering a higher service quality better than competitors gives an opportunity for the banks to achieve competitive differentiation and advantage (Ranganathan & Ganapathy, 2002). Kirti Dutta & Anil Dutta, (2009) observed that Customer expectations are higher than perceptions and this gap varies across the banking sector with tangibility having the highest impact on overall customer satisfaction. Dharmalingam, Ramesh & Kannan, (2011) stated that all the service quality attributes are positively correlated with customer satisfaction.

Gopalkrishnan, (2011) determined that Service quality and customer satisfaction had a direct positive effect on customer's retention intentions out of which customer satisfaction is a stronger predictor for retention. Jackie (2004) found that customer with higher perceptions of the value of the service results in turn with greater satisfaction. Montes, Mar & Fernandez, (2003) found that customers' perceptions, attitudes and intentions are being affected by employees' experiences and attitudes who are the internal customers of the organization. Wasantha, Ali & Goash (2015) Service quality aspects have been fragmented as: Human Related Factors of perceived service quality and Non-Human Related Factors of perceived service quality on customer satisfaction providing a new notion to be examined (Silva, 2009). Moreover, institutional service delivering excellence has been recognized as one of the key detriments to assist for the wholesome development where rural economies are considered as strategically a sensitive scope for the said matter

Hennayake, (2017) revealed that the human related factors of service quality have a greater impact on customer satisfaction than that of the non-human related factors of perceived service quality on Customer Satisfaction. To enhance customer satisfaction in retail banking, high managerial attention should be focused on improving human related factors of perceived service quality. Kant, R. and Jaiswal, D (2017) The empirical study indicated that "responsiveness" was found to be the most significant predictor of customer satisfaction. On the other hand, "image" (corporate image) has a positive but the least significant relationship with customer satisfaction followed by all other constructs. The exception is "reliability," which is insignificantly related to customer satisfaction in Indian public sector banks. Paul J, Mittal A, & Srivastav G (2016) stated that private sector banks, knowledge of products, response to need, solving questions, fast service, quick connection to the right person, and efforts to reduce queuing time were found to be the factors that are positively associated with overall satisfaction. Assistance to the customer, appearance, and follow up are negatively associated with customer satisfaction. Whereas, public sector banks, knowledge of the product and fast service are the factors which are associated positively and appearance is the only factor that is negatively associated. Rabbani M.R, Qadri F.A, & Ishfaq M (2017) and Ali, I., & Siraji, M. (2021) found that service quality, customer satisfaction and loyalty programs are the important factors that can increase the loyalty of a customer towards its bank but customers do have some reservations about the loyalty programs and marketing stimulus influences consumer intention to buy green products and customer attitude positively. Roche I.D, (2004) revealed that corporate image is the most significant indicator of Customer satisfaction, followed by assurance, problem handling, empathy, reliability and security/ privacy. Corporate Image has a direct and positive impact on internet banking customer satisfaction. Further enhancing corporate image is the foremost significant factor in achieving Customer Satisfaction utilizing internet banking in Sri Lanka.

2.1. Service Quality

Parasuraman, Berry & Zeithaml, (1985, 1988) defines 'service quality' as the difference between customer perceptions of the current service being provided by a given organization and customer expectations of excellent service within that given industry. According to Gronroos (1982), perceived quality of a given service is the result of an evaluation process since consumers often make comparison between the services they expect with perceptions of the services that they receive. He points out; when it comes to service quality it is not the actual level of quality, but the level of quality the customer expects. Hence, service quality depends on the strategy of the organization, how it wants to be perceived. A customers' perceived service quality is very much impacted by how the customers are approached by, and treated by the banks front-line, and support-employees at different encounters with the organization. The same can be applied to the banking industry. Customers perceive services in terms of quality of the service and of the overall satisfaction with their experience. Thus, organizations today recognize that they can compete more effectively by distinguishing themselves with respect to service quality and improved customer satisfaction.

2.2. Customer Satisfaction

According to Kotler (2006) Customer satisfaction is the extent to which a product's perceived performance matches a buyer's expectations. It further argues customer satisfaction depends on the product's perceived performance relative to a buyer's expectations. If the product's performance falls short of expectations, the customer is dissatisfied. If performance matches expectations, the customer is satisfied and if performance exceeds expectations, the customer is highly satisfied or delighted. (Kotler 2006).

Oliver (1997) defines customer satisfaction as the customers' evaluation of a product in terms of whether that product has achieved their needs and expectations. If it fails to do so, dissatisfaction would occur. Satisfaction commonly has thresholds at a lower level (under fulfillment) and at an upper level (over-fulfillment). A consumer's satisfaction may drop if he "gets too much of a good thing". People focus upon the lower threshold and neglect the potential for an upper threshold. Outcomes of satisfaction feelings may involve intent to repurchase, word-of-mouth and complaints.

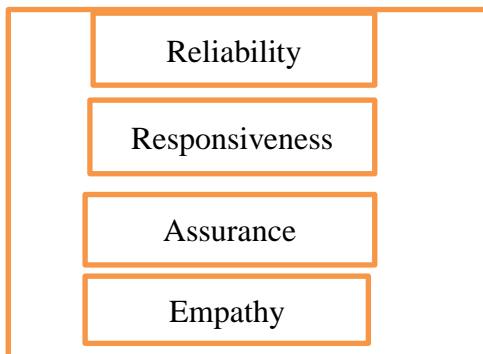
3. Conceptual Framework

Service Quality Measurement Model (SERVQUAL) developed by Parasuraman (1988) and was used as the conceptual body of the research and the empirical data collection was made on it. The Dependent Variable (Customer Satisfaction) and two set of Independent variables (Human Related Factors of Perceived Service Quality and Non-human Related Factors of Perceived Service Quality) of the study has been conceptualized based on the empirical findings of previous studies.

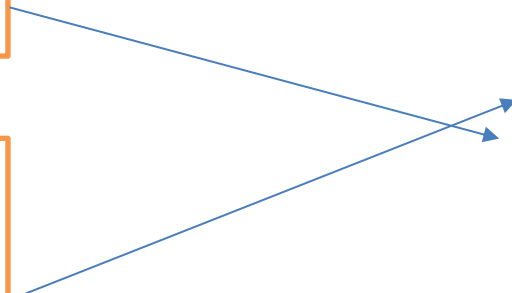
3.1. Conceptual Model

Service Quality Dimensions

Human related factors



Non-human factors



3.2. Hypothesis

Hypothesis was developed to test the most influence factors on customer satisfaction through the empirical findings of the research.

1. “There is a significant relationship exist between human related service quality factors and customer satisfaction in state commercial banks”.
2. “There is a significant relationship exist between non- human related service quality factors and customer satisfaction in state banks”.
3. “There is a positive effect exist between quality services and customer satisfaction in state commercial banks”.

4. Methodology

A survey research method of data collection adopted in this was questionnaire and interview guide. Primary data was collected by distributing a detailed questionnaire for 275 respondents who are the customers of state commercial banks in Ampara district by using simple random sampling method. The questionnaire comprised of 38 close ended questions. All close ended constructs used in this study were measured by various items on five-point Likert-type scales ranging from 1 (strongly disagree) to 5 (strongly agree) to measure the relationship between service quality and customer satisfaction. Interviews were arranged with 10 senior state bank managers and professionals to provide a deeper understanding of the issues being investigated, and to complement and provide deeper insights into the findings of the quantitative analysis. Secondary data was collected from previous researches, journal articles books, annual reports of state banks, and websites which are related to service quality and customer satisfaction. Descriptive and Inferential statistical methods were utilized to analyze the data. Charts, percentages, Mean, St. Deviation were used as descriptive statistics whereas co-relations and coefficient techniques were used as inferential statistics. The researcher used SPSS-20 version software package to analyze data. As per the inferential statistical tools, the researcher used Coefficient- Beta and Regression analysis in order to test the hypothesis and evaluate the relationships in between service quality and customer satisfaction.

5. Results

5.1. Reliability Testing of Variables

A reliability test (Cronbach's Alpha) was conducted to assess the internal consistency of each construct. According to the values in the table 1, all variables are adequate and reliable. Cronbach's Alpha ranged from 0.723 to 0.860, this score denotes a reliability of co efficient that indicates how well the indicators in a set are positively correlated to one another. Cronbach's Alpha can be 0.700 to ensure conservative minimum level of reliability. Accordingly, all the independent, dependent variables are considered are reliable and internally consistent among them. The customers' perception for each variable is presented in below table.

Table 1. Reliability Testing

Variable	No. of Items	Cronbach's Alpha
1. Human Related Factors		
1.1. Reliability	06	0.836
1.2. Responsiveness	03	0.838
1.3. Assurance	04	0.784
1.4. Empathy	04	0.860
2. Non-Human Related Factors		
2.1. Tangibility	05	0.798
2.2. Service Features	07	0.788
2.3. Price	03	0.723
3. Customer Satisfaction	06	0.792

5.2. Multiple Regression Analysis for determinants effectiveness of service quality dimensions- Human related factors.

As shown in the conceptual model Reliability, Responsiveness, Assurance and Empathy are considered as human related factors from the SERVQUAL measurement. As presented in table 2, over all scores for means and standard deviations are 3.35 and 0.999 respectively. This mean value implies that the state commercial bank customers have an overall fair opinion (neither good nor poor) on the four human related factors. The lower SD value indicates that this is a significant variable. Among the four factors, Assurance scores higher mean as 3.7 and SD of 0.911, those customers have experienced a satisfactory status towards assurance. Next, the Reliability scores a mean of 3.52 and SD 0.986, which shows that relatively they have a good opinion on reliability. Empathy scores a lower mean of 2.96 and a SD of 1.012, customers expressed relatively poor opinion for empathy and likewise other factors as well.

As in the same table, the simultaneous effect of human related factors (independent variables) on the customer satisfaction (dependent variable) is $R = 0.414$, which means 41 % of variance in the customer satisfaction is significantly explained by these combined effects of four human related factors at 0.000 significant level. Similarly, individual factor, 33 % of variance is explained by Reliability at 0.012 significant level, ($P < 0.05$). 30 % of variance is explained by Responsiveness at 0.227 insignificant level, ($P < 0.05$). 34 % of variance is explained by Assurance at 0.001 significant level, ($P < 0.01$). 28 % of variance is explained by Empathy at 0.011 significant level, ($P < 0.05$). Assurance has the highest standardized coefficients (Beta) as 0.263 and this is the most influence factor in customer satisfaction (dependent variable) at 0.001 significant level, ($P < 0.01$). This means that, when other independent variables are constant, it increases one unit of Assurance and will affect in customer satisfaction by 0.263 units. Among these variables, Assurance has relatively strong control on customer satisfaction. Finally, overall beta value for human related factors is 0.645 at 0.000 significant level, ($P < 0.01$).

Table 2. Effect of human related factors on dependent variable

Human Related Factors	Mean	SD	Adjusted R2	% effect of R2	Individual Standardized beta coefficient	"P" Value (Significance)	Overall Standardized beta for human related factors
Reliability	3.52	0.986	0.325	33%	0.209	0.012	0.645 (0.000)
Responsiveness	3.21	1.09	0.295	30%	0.101	0.227	
Assurance	3.7	0.911	0.339	34%	0.263	0.001	
Empathy	2.96	1.012	0.279	28%	0.18	0.011	
Average for Mean & SD	3.35	0.999	0.414	41%			

5.3. Multiple Regression Analysis for determinants effectiveness of service quality dimensions- Non - human related factors.

As indicated in the conceptual model; Tangibility, Service features and, Price are considered as non-human related factors from the SERVQUAL measurement and from technical quality features (core/outcome). As presented in table 3, over all scores for means and standard deviations are 3.33 and 0.838 respectively. The mean and SD values imply that the state commercial bank customers have a moderate opinion (more or less) for the three non-human related factors with significantly with lower SD value. Among these three factors, Tangibility scores higher mean as 3.74 and SD of 0.874, those customers have experienced a satisfactory status towards that factor significantly. The view on Service features was with a mean 3.62 and SD 0.957, which shows that they have a moderate opinion towards service features significantly. Whereas, for the Price relatively a lower mean of 2.62 and SD 0.684, customers have expressed a relatively a poor opinion significantly on price.

As in the same table, the simultaneous effect of non-human related factors (independent variables) on the customer satisfaction (dependent variable) is $R^2 = 0.223$, which means 22 % of variance in the customer satisfaction is significantly explained by these combined effects of three non-human related factors at 0.000 significant level.

Further, individually 17% of variance is explained by Tangibility at 0.008 significant level, ($P < 0.01$), and another 17% of variance is explained by Service features at 0.002 significant level, ($P < 0.01$), while 06% of variance is explained by Price at 0.011 significant level, ($P < 0.05$). Accordingly, Service features have the highest standardized

coefficients (Beta) as 0.252 and this is the most influence factor in customer satisfaction (dependent variable) at 0.002 significant level, ($P < 0.01$). This means that, when other independent variables are constant if it increases one unit of Service features, this will affect on customer satisfaction by 0.252 units. Among these variables, Service features have relatively strong control over customer satisfaction.

Finally, the overall beta value for non- human related factors is 0.481 at 0.000 significant level, ($P < 0.01$).

Table 3. Effect of non- human related factors on dependent variable

Non-Human Related Factors	Mean	SD	Adjusted R2	% effect of R2	Individual Standardized Beta coefficient	"P" Value (Significance)	Overall Standardized beta for human related factors
Tangibility	3.74	0.874	0.171	17%	0.215	0.008	0.481 (0.000)
Service feature	3.62	0.957	0.172	17%	0.252	0.002	
Price	2.62	0.684	0.056	06%	0.155	0.011	
Average for Mean & SD	3.33	0.838	0.223	22%			

6. Discussion and Findings

6.1. The key factors determining the effectiveness of service quality of state commercial banks.

The first objective of this research is to identify the key factors determining the effectiveness of service quality of state commercial banks. To achieve this objective, as shown in the conceptual model, Reliability, Responsiveness, Assurance and Empathy were identified as Human related factors as determinants of the effectiveness of service quality, while Tangibility, Service features (range of products, physical access and electronic access) and Price were identified as Non-human related factors as determinants of the effectiveness of service quality.

This empirical survey reveals that, the Human related factors of service quality are wish all mean of 3.35 and SD 0.999, this implies that the customers have a moderate level Opinion towards the state banks. Since this over all human factors are mostly interacted between customers and employees, the banks should pay more attention towards customer relationship management and consider its human resources to be user friendly. Measures should be taken to address the lacking part in this human factor, because this average mean and SD significantly indicates that customers are in a low satisfaction level and there may be a possibility of getting worse in the long run if not attended on timely manner. Among these, human related factors, Reliability scores for highest mean of 3.52 with SD of 0.986, when the bank making promises for certain task, which should achievable and reliable within the stipulated time frame, so that the bank can minimize disappointment of promises. The welcoming and problem-solving atmosphere at the banking counter need to be improved in view of attracting customers. Next, the lowest mean 2.96 with SD of 1.01 were scored for Empathy and it says a poor opinion was expressed by customers, the bank needs to specifically understand, what customers actually needed and provide its services tailor-made to the specific need. Certain type of customers like, school children, disabled people and pensioners etc.to be given individual attention as to their nature. Responsiveness scored for 3.21 of mean and SD of 1.1, customers are in a more or less status for this factor. The employees need to help customers always while they should consider the possibility of servicing the customers quickly without unnecessary delays.

Assurance scores for 3.7 of mean and 0.911 of SD, the employees should attend to customers in a polite way to show a professional behaviour and build-up confidence among them by having sound knowledge. It is worth to note here that, assurance has the highest beta value of 0.263 and highly influential on customer satisfaction than the other factors, accordingly high attention should be given to these attributes.

The second set of independent variables, the non- human factors have an overall mean of 3.33 and mean of 3.74 with SD of 0.838, customers have a nearly good opinion on this feature. The Tangibility scores a higher mean of 3.74 with SD of 0.874 among the non- human factors. The physical environment of the bank should be convenient to the customers and attractiveness. The business hours of the bank should be convenient to the customers for flexible transaction. The service features need to have multiple variety of banking services and schemes, while banking

services are remotely available and easily reachable to all customers with improved virtual banking facilities. For the price, customers rated a poor mean of 2.62 and SD of 0.684, in this case basically the state banks do not have direct influence on it since these rates are monitored and administered by Central Bank of Sri Lanka, any how the bank can see the possibility of giving alternate concession on this rates and service charges.

6.2. Relationship between service quality factors and customer satisfaction

The second objective of this research is to analyze the relationship between service quality and customer satisfaction in state commercial banks to improve the customer satisfaction. As indicated in table 1 the simultaneous effect of four human related factors like, Reliability, Responsiveness, Assurance and Empathy (independent variables) on the customer satisfaction (dependent variable) has an adjusted $R^2 = 0.414$, which means 41 % of variance in the customer satisfaction is significantly explained by these combined effects of four human related factors at 0.000 significant level. Since this considerable level of (41%) effect is explained by the human related factors are relatively one-fold higher than the effect of non-human related factors (22%) on the customer satisfaction. So that relatively, more emphasis should be given to the improvement of human related factors to increase customer satisfaction.

The beta value of Assurance has the highest beta = 0.263, at 0.001 significant level, ($P < 0.01$). Therefore, that assurance is the most influential factor on customer satisfaction. This reveals that the employees should pay more attention toward customer centered approach and build-up confidence among customers and behave professionally with them. At the next level, Reliability has a beta = 0.209, at 0.012 significant level, ($P < 0.05$), This has the second lowest impact over customer satisfaction; accordingly, services should be arranged for the better improvement of reliability.

Next, the Empathy has beta= 0.180, at 0.011 significant level, ($P < 0.05$), finally the Responsiveness has lower beta as 0.101, at 0.227 significant level, ($P < 0.05$) as it has lower control in customer satisfaction. So that, based on beta value, those factors have to give importance in improving customer satisfaction. In essence, the above human related factors have a highest significant effect in explaining the variance on customer satisfaction. Therefore, the overall beta value for human related factors is 0.645 at 0.000 significant level ($P < 0.01$) which indicates that, there is a significant relationship exist between human related service quality factors and customer satisfaction in state commercial banks. Accordingly, hypothesis H1 is accepted. As illustrated in table 3, three non-human related factors have a combined effect of adjusted $R^2 = 0.223$, which means 22 % of variance in the customer satisfaction is significantly explained by those non-human related factors. As discussed in the above paragraph this effect is much lower than the effect of human related factors, accordingly a lower level of importance can be given to these factors. However, among the three factors Service features have the relatively highest standardized coefficients (Beta) as 0.252 and this is the most influential factor in customer satisfaction, so that corresponding level of importance should be given to such factor. Tangibility has second low influence (Beta) as 0.215, while Price has the lowest (Beta) as 0.155.

Therefore, the overall beta value for non-human related factors is 0.481 at 0.000 significant level ($P < 0.01$) which indicates that, there is a significant relationship exist between non-human related service quality factors and customer satisfaction in state commercial banks. Accordingly, hypothesis H2 is verified.

Comparing the values of beta for human related factors and non-human related factors, it is statistically and empirically evident that the simultaneous effect of human related factors has most influence on customer satisfaction than the simultaneous effect of non-human related factors on customer satisfaction.

This result is consistent with previous studies, which indicates that; "The human related factors of perceived service quality have a greater impact on customer satisfaction than non- human related factors of perceived service quality" (Silva. V.D, 2009). Another study has found that service quality appears to be a stronger determinant than service features or price. (Wijetunga D & Goonatillake R, 2003).

6.3. Role of quality services on customer satisfaction

The third objective of the study is examining the role of quality services to satisfy the customers of state commercial banks to improve the level of customers. As per the table 4, the present performance of state commercial banks on Reliability, responsiveness, and Assurance is moderate level of mean, SD for human related factors, while Empathy is little lower mean below the average. Therefore, banks need to have more attention towards empathy. On the other hand, tangibility, and service features on non-human related factors scored nearly good value, but it is scored a lower value in price.

Overall satisfaction level relatively scored poor mean value with slightly high SD, so that customers over all view seem to be in an unsatisfactory level, by addressing the above discussed service quality features in an effective manner, the bank can improve their overall satisfaction to successful level. Therefore, there is a positive effect exist between quality services and customer satisfaction in state commercial banks and H3 is verified.

Table 4. Service quality measures of state commercial banks and its effect on customer satisfaction

Service quality measures	Mean	Standard Deviation	Level
Human Related Factors			
Reliability	3.52	0.986	Moderate
Responsiveness	3.21	1.09	Moderate
Assurance	3.7	0.911	Moderate
Empathy	2.96	1.012	Low
Average – human related factors	3.35	0.9999	Moderate
Non-human related factors			
Tangibility	3.74	0.874	Moderate
Service Features	3.62	0.957	Moderate
Price	2.62	0.684	Low
Average Non-human related factors	3.33	0.838	Moderate
Customer satisfaction	2.81	1.024	Low

7. Conclusions

Based on the above study it was empirically established that the human related factors of perceived service quality (reliability, responsiveness, assurance and empathy), has a greater impact on customer satisfaction than that of the non-human related factors of perceived service quality (tangibles, service features and price) on Customer Satisfaction. It was further established that Reliability and Assurance are the most influential determinants on customer satisfaction in state commercial banking industry. The previous studies in state commercial banking industry have not explored the degrees of impact of the two types: human related factors and non-human related factors of perceived service quality on customer satisfaction. Therefore, the present study added new knowledge which can be practically used in managerial decisions in state commercial banks. Further it added many insights to the state banking sector to increase customer satisfaction and addressed a knowledge gap in the sector. Finally, it contributed to increasing the economic and financial value of the state banking industry, thereby contributing to the economic growth of the country.

The banking industry is highly competitive with the ever-increasing competition and is very sensitive to the external changes. It is presently experiencing the financial turbulence more than ever before, due to the effects of globalization, demographic trends, regulatory shifts, modern technologies and new communication modes. The banks cannot release their full potential, unless they are aware of their customers’ needs and wants. The above new knowledge on perceived service quality determinants will help the state commercial banking sector to improve customer service quality and retain the valuable customers through competitive edge. Empirical findings of the present research clearly offer to the state banks with an opportunity to improve customer satisfaction through the improved of service quality. Professionals of banks make some decisions to improve service quality, which involves investment of money. The return on such investment from the implementation of this quality improvement decision should be maximized. The maximum benefits for this investment can be achieved only when the needs and wants of the customers are addressed accurately to fulfill the customer expectation. Accordingly, they should identify, prioritize most important factors for improving service quality and make the decisions to implement them in an actionable way.

Based on the multiple regression analysis, the present study also has identified some factors for effective quality improvement and prioritized most important factors for customer satisfaction. Accordingly, some decisions are recommended for state commercial banking professionals to practice in their banking sector. These are described as follows as found in the empirical survey. It is impossible to ascertain the number of customers that each bank is having, since the bank authorities are reluctant to disclose the details, accordingly the present study conducted in Ampara district only. The sample was limited to 275 respondents; however, it will be worthwhile to include other

districts as well. The future research can be conducted among the bank to ascertain the individual status on service quality if authorities permits and this can be extended to private banking sector as well. In addition to functional dimension, there are two other dimensions in service quality: Technical and, Image quality, which influence customer satisfaction. Therefore, banks should encourage further study to investigate the influence of Technical and Image dimensions on customer satisfaction in retail banking.

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