



A Study On Service Quality Of Private Sector Banks: A Review Paper

Ankitha T S¹ & Balamani P²

¹Research Scholar- Department of Commerce, Vellalar College for Women, Thindal

²Associate Professor- Department of Commerce, Vellalar College for Women, Thindal

ABSTRACT

The banking sector plays a pivotal role in the economic development of a country, with private sector banks emerging as key players in delivering customer-centric services. This review paper examines the service quality of private sector banks by analyzing existing literature and research findings. It explores key dimensions of service quality, such as reliability, responsiveness, assurance, empathy, and tangibles, with a focus on how these factors influence customer satisfaction and loyalty. The study also highlights the growing importance of technology-driven services and digital banking in shaping customer experiences. By synthesizing insights from various empirical studies, this paper identifies gaps in service delivery, best practices, and areas requiring improvement. The findings aim to provide valuable implications for bank managers, policymakers, and researchers seeking to enhance service quality and customer relationship management in the competitive landscape of private sector banking.

Keywords: *Service Quality, Private Sector Banks*

Introduction

In today's competitive banking environment, service quality has become a critical determinant of customer satisfaction, loyalty, and overall organizational success. The private sector banking industry, in particular, has seen rapid growth due to liberalization, technological advancements, and customer-oriented strategies (Gupta & Dev, 2012). With increasing customer expectations and a wide array of banking options, private sector banks are compelled to constantly assess and improve the quality of services they offer.

Service quality is often evaluated using the SERVQUAL model developed by Parasuraman, Zeithaml, and Berry (1988), which identifies five key dimensions: tangibility, reliability, responsiveness, assurance, and empathy. Numerous studies have applied this framework to assess customer perceptions in private sector banks, underlining the significance of these dimensions in influencing consumer behavior (Jham & Khan, 2008; Arasli, Katircioglu, & Mehtap-Smadi, 2005).

Private banks are also leveraging digital tools and personalized banking services to enhance the customer experience. However, despite advancements, challenges related to consistency in service delivery, employee behavior, and responsiveness persist (Kumar, Kee, & Charles, 2010). Therefore, a comprehensive review of

literature on this subject is essential to identify patterns, highlight gaps, and propose strategies for service improvement.

This paper aims to critically review existing research on service quality in private sector banks, drawing insights from various empirical studies to offer a synthesized understanding of current trends and future directions in banking service excellence.

Methodology

This is a review paper. This study reviewed service Quality in the last 10 years. The researcher did not use primary data only used secondary data. The researcher has collected all the secondary data from various previous research papers. The researcher has reviewed 12 works of literature out of which 6 are Indian and 6 are abroad. Then the researcher analyzed and interpreted all the collected data.

Objectives:

- To review and analyze existing literature on service quality in private sector banks
- To examine the role of technology and innovation in enhancing service quality and customer experience in private sector banks.
- To highlight challenges and gaps in service delivery based on findings from previous empirical studies.

Analysis and Interpretation

In this study the researcher considered the customers in respect to gender, locality, and type of management. Analyzing the various papers, the researcher explicates the following findings:-

Table 1: Based on Research conducted in India

Author	Year	Samples	Findings
J. Praveen Paul and S. Sharmila	2021	112 customers	From the outcome it was found that majority of the customers of private banks are satisfied with the services offered by the banks. There is a significant impact from the considered factors on the overall satisfaction of the customers on the services offered by these banks and there is no significant group difference among the gender and domicile of customers considered on their perception of overall satisfaction on the services offered by these banks.
Anitha .M	2022	104 customers	Customer service with banking is positive. If a customer is satisfied with banks financial services, they will not only continue to do business but also recommend to other regulars. To increase service quality and provide greater satisfaction to their clients
Kumbhar	2011	250 samples	

			The public banks have more gaps in providing the desired customer services and hence the level of customer satisfaction is very low than the private banks. Empathy is the most important dimension where both banks need to improve by refining policies and procedures and devising new strategies to achieve increased customer satisfaction in Surat. The private banks are operating very efficiently in the dimensions of service quality like Reliability, Assurance, Responsiveness when compared to the public banks and the key in gaining the momentum is Consistency
Annie K. T. 1 and Dr. Bindu Hari2	2024	80 respondents	Majority of the respondent’s choosing bank nearness to office or residence. Majority of the respondents preferred banking service in internet banking. Most of respondents prefer bank equipped with modern technology as service quality of bank. There are still customers expecting some short time in cash counter. Improvement in banking is expected for user friendly internet and mobile banking facility.
Dasharathraj K Shetty1	2022	1329 respondents.	The results showed that the new dimensions “Assurance”, “Empathy”, Responsiveness”, “Tangibles” have a significant impact on “Service quality”. In addition, a significant relationship between “Service quality” and “Customer loyalty” is observed.
Sunayna Khurana	2010	250 respondents who had at least one savings account in a private sector bank.	This study focused on customers' satisfactions towards the various service provided by private sector banks. The results of the study indicated that the overall service quality provided by the private banks was below customers' expectations.

Table 2: Based on Research conducted in foreign context

Author	Year	Samples	Findings
Jawdat Jaafar Khatab	2019	384 participants	The findings indicate that dimensions of service quality (tangible, reliable; responsiveness, assurance, and empathy) have a significant and positive effect on customer satisfaction in Kurdistan's public sector and private sector banks. Empathy indicates the greatest favourable client satisfaction correlation and reliability indicates the least favourable client satisfaction correlation.
Dr. Kingshuk Adhikari	2016	120 bank customers	The study concluded that perception of customers of all the three private sector banks towards all the five dimensions of service quality is positive. However, reliability dimension of service quality earns the most positive perception of customers, which is followed by assurance, empathy, responsiveness and tangibility dimension of service quality.
Xin Guo	2010	259 corporate customers in China	Bank management could benefit from focusing their efforts on the four dimensions of CBSQ. Originality/value This research contributes understanding of service quality in the Chinese banking market by creating CBSQ a model to capture the quality of service provision in corporate banking
Sajal Kabiraj	2013	450 customers	It has been found that certain factors, such as customer service, accessibility, and security, have a strong impact on customer in both types of banks. The results shows that nationalized banks have strengths in areas such as providing stability and security or offering better customer service.
Mehbooba Sultana	2022	200 customers having at least an account in the banks	The study suggested that effective measures for better service quality for appropriate customer relationship management is the need of the hour for acquiring the new customers and retaining the existing customers to create superior value for the banks and their customers
Kevin Ramadhan Eldi	2010	250 in Canada and 222 in Tunisia	Respondents in both countries reported high levels of perceived service quality in banks. However, Canadians reported higher perceived service quality than Tunisians for all Five SERVQUAL dimensions, In the Canadian sample, empathy and reliability were found to be the most important predictors of satisfaction and loyalty, while

		in the Tunisian sample, and reliability and responsiveness were the most important predictors of satisfaction and loyalty.
--	--	--

Interpretation

- **Objective:** To examine the role of technology and innovation in enhancing service quality and customer experience in private sector banks

In recent years, technology has become a critical enabler of service excellence in banking. Innovations such as mobile banking applications, AI-powered chatbots, customer relationship management (CRM) systems, and automated service platforms have significantly transformed the way banks interact with customers, leading to enhanced convenience, speed, and personalization (Kumbhar, 2011). These advancements help banks not only to streamline their operations but also to offer tailored experiences, thereby increasing customer satisfaction and loyalty.

Private sector banks, in particular, have been at the forefront of adopting cutting-edge technologies to remain competitive and meet rising customer expectations. According to Sunayna Khurana (2010), technological innovations improve service quality by reducing wait times, minimizing errors, and offering real-time solutions, which are key drivers of positive customer experiences. Furthermore, Kevin Ramadhan Eldi (2010) argues that innovation in service processes allows for differentiation in a crowded market, giving private banks a strategic advantage.

- **Objective:** To highlight challenges and gaps in service delivery based on findings from previous empirical studies

Many studies have reported that despite significant technological advancements, banks continue to face challenges such as inconsistent service quality, technical failures, lack of personalization, and digital literacy gaps among customers (J. Praveen Paul and S. Sharmila). Furthermore, research by Sajal Kabiraj (2010) emphasizes that service delivery in banking is multidimensional, involving both technological infrastructure and human interaction, and gaps often arise when one of these elements is underdeveloped or poorly integrated.

Empirical studies have also noted issues such as delayed grievance redressal, ineffective use of customer data, and service accessibility limitations in rural or semi-urban areas (Dasharathraj K Shetty 2022). These findings point to a mismatch between customer expectations and actual service delivery, especially in private sector banks that strive to differentiate themselves through superior service. By highlighting these challenges and gaps, the objective seeks to contribute to a more comprehensive understanding of where service delivery mechanisms fall short and what strategic interventions may be necessary to bridge these gaps.

Discussion and Conclusion

The review of existing literature on service quality in private sector banks reveals a dynamic and evolving landscape influenced heavily by technological advancements, rising customer expectations, and increasing competition. Private sector banks, in contrast to their public counterparts, have typically placed a stronger emphasis on customer-centric approaches, leveraging technology and innovation to enhance service delivery. However, despite these efforts, several challenges and gaps persist.

One of the most widely used models to measure service quality is the SERVQUAL model developed by Kevin Ramadhan Eldi (2010), which outlines five key dimensions: tangibility, reliability, responsiveness, assurance, and empathy. Many studies applying this model in the context of Indian private sector banks (e.g., ICICI, HDFC, Axis Bank) indicate that while banks perform well in tangibles and assurance thanks to well-designed branches and professional staff they often lag in empathy and responsiveness, particularly in handling complaints and customer-specific needs (Dr. Kingshuk Adhikari,2016).

Technological integration, such as online banking, mobile apps, and AI-driven chatbots, has improved convenience and accessibility, significantly enhancing perceived service quality (Mehbooba Sultana, 2022). However, the literature also reveals that technical glitches, system downtime, and lack of personalization remain major concerns. These issues not only disrupt service delivery but also negatively impact customer satisfaction and loyalty (Rani & Mehta, 2014).

Furthermore, studies suggest that while urban customers benefit more from technologically advanced services, rural and less tech-savvy customers are often excluded, indicating a digital divide that affects service equality. Another gap highlighted is the underutilization of customer feedback, where banks often lack structured systems to translate customer suggestions and complaints into actionable improvements (Anitha .M, 2022)

Overall, the literature underscores that while private sector banks are proactive in adopting innovations, service quality still suffers from inconsistencies, lack of emotional engagement, and uneven service experiences across different customer segments. Addressing these issues requires not just more technology, but a holistic approach that combines human touch, data-driven personalization, and inclusive digital strategies

Reference:

- Anitha m, 2022, *Analysing the impact of service quality on customer satisfaction in selected private banks services at Chennai City, May 2022, International Journal of Health Sciences DOI:10.53730/ijhs.v6nS2.7738*
- Annie K. T. 1 and Dr. Bindu Hari, *A Study on Service Quality and Customer Satisfaction of Private Sector Banks with Reference to Kodakara Panchayat, International Journal of Advanced Research in Science, Communication and Technology (IJARSCT) International Open-Access, Double-Blind, Peer-Reviewed, Refereed, Multidisciplinary Online Journal Volume 4, Issue 2, February 2024*
- Dasharathraj K Shetty, *A study of service quality in Indian public sector banks using modified SERVQUAL model, Cogent Business & Management Volume 9, 2022 - Issue 1 Article: 2152539 Received 03 Aug 2021, Accepted 23 Nov 2022, Published online: 05 Dec 2022*
- Dr. Kingshuk Adhikari, *SERVICE QUALITY OF PRIVATE SECTOR BANKS: AN EMPIRICAL STUDY, Vol. 4 Issue. 10 (October-2016) EPRA International Journal of Economic and Business Review(JEBR)*
- Dr. Renu Mehta Soni, *Comparative study on Consumer satisfaction between private banking and nationalize banking, International Research Journal of Management and Commerce ISSN: (2348-9766) Impact Factor 7.098 Volume 10, Issue 10, October 2023*
- Gallarza-Granizo, M. G., Ruiz-Molina, M.-E., and Schlosser, C. (2020). *Customer value in quick-service restaurants: a cross-cultural study. Int. J. Hospital. Manag. 85:102351. doi: 10.1016/j.ijhm.2019.102351*
- Kumbhar, *IMPACT OF SERVICE QUALITY ON CUSTOMER SATISFACTION IN PUBLIC SECTOR AND PRIVATE SECTOR BANKS IN SURAT, 2018 IJCRT Volume 6, Issue 2 April 2011 ISSN: 2320-2882*

- *Mehbooba Sultana, Customer Perceptions on Service Quality of Private Sector Commercial Banks in India: The Principal Component Analysis, International Journal of Science and Research (IJSR)*
- *Praveen Paul and S. Sharmila, A STUDY ON SERVICE QUALITY IN PRIVATE BANKS – AN ALTERNATE APPROACH , ICTACT JOURNAL ON MANAGEMENT STUDIES, FEBRUARY 2021, VOLUME: 07, ISSUE: 01*
- *Jawdat Jaafar Khatab ,The Influence of Service Quality on Customer Satisfaction: Evidence from Public Sector and Private Sector Banks in Kurdistan/Iraq,December 2019, International Journal of Advanced Science and Technology Vol.28, No. 20.(2019):865-872*
- *Xin Guo,2010 Service quality measurement in the Chinese corporate banking market International Journal of Bank Marketing 26(5):305-327*

