

Impact of Service Quality on Customer Satisfaction: A Study of State Banks & Private Banks in Sri Lanka

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Commercial banks play a major role in the economic development of the country. Customers prefer to get the maximum satisfaction; hence providing better service quality is the key to success and gives competitive advantage. This research is solely focused on service quality to determine the customer satisfaction. The aim of this study is to identify the impact of service quality on customer satisfaction using service quality dimensions by comparing government banks and private banks in Sri Lanka. Primary data were collected through a questionnaire and the stratified simple random sampling method used. Data were collected from respondents representing two state banks and two local private banks in Colombo district on SERVQUAL scale measure. Descriptive analysis, correlation analysis and regression analysis were used to evaluate the level of service quality. The results indicated significant positive relationship between service quality and customer satisfaction in the banking sector. The research findings showed the offering of high quality service will increase the customer satisfaction level, which leads to high level of customer loyalty for successful performance of banks.

Keywords: Customer satisfaction, Service quality, commercial banks, SERVQUAL, Sri Lanka