

Impact of Service Quality Dimensions on Customers' Satisfaction, Retention and Loyalty: An Empirical Evidence from Commercial Banks in Kerala

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Abstract: The performance of service organization should be measured continuously to achieve competitive edge and this is possible through providing quality service by any organization. The quality of customer service determines the extent of customer satisfaction. The customer satisfaction leads to customer retention and loyalty. This paper attempts to assess the quality of service, from the perspective customers and analyze its impact on customer's satisfaction, retention and loyalty from commercial banks in Kerala. And also determine the main factor that effects the customer satisfaction towards banking service. SERVQUAL model introduced by Parashuranman et.al in 1988 has been used to measure service quality. This study is of descriptive and analytical nature based on the primary data collected from customers of commercial banks (public and private sector) in Kerala. A structured questionnaire has been used to collect primary data. 150 questionnaires were distributed randomly to the customers of commercial banks (public and private sector) located in Kozhikode (A district of Kerala). The results of this study revealed that service quality dimensions of empathy, responsiveness, assurance and reliability have direct and significant impact on customer satisfaction and customer satisfaction has positive influence both on customer retention and loyalty. The dimension of empathy has the greatest impact on customer satisfaction, customer retention and loyalty, then responsiveness, assurance and lowest in reliability; while the effect of the dimension of Tangibility does not have any significant impact on customer satisfaction.

Keywords: Service quality, customer satisfaction, customer retention, customer loyalty.

I. INTRODUCTION

In the current scenario, the service sector plays a vital role in the development of economy of nations. The new economic has drastically changed conventional patterns of business in all sectors. Banking sector is of no exemption. With the opening up of economy a number of private sector banks have joined the fray and offering a plethora of products and services rechristening themselves as financial boutiques, so banking sector become more competitive. The quality of service will be the dominant primary factor in ensuring the success and survival of service provider in the Indian banking sector. The quality of customer service determines the extent of customer satisfaction. The customer satisfaction leads to customer retention and loyalty.

Banking is a major part of the service sector in India. Quality management and quality maintenance are mandatory for success of the banking sector and for our economy. Every banking organization tries to understand the needs of customers with respect to the service and aims to satisfy its customers to a great extent. The real victory of service provider based on the extent of customer satisfaction, it will influence customer retention and loyalty. In the banking industry, similar products are available to customers. Service providers have to pay prime attention to quality service provision. This is because service quality not only impact on the customer satisfaction, but also influence customer retention and loyalty (Berry & Zeithaml, 1994) (Li & Lee, 2001) (K & A, 1996). Thus, this study arises as an attempt to analyze the relationship between service quality and customer satisfaction, customer retention and loyalty.

II. STATEMENT OF THE PROBLEM

Economic reform has opened Indian banking sector to private and foreign players. It gives rise to cut throat competition. In such a situation organizations have to adopt Quality service strategies able to cope with changes and survival of fittest. It is the prime way to convince customers to use bank products and services and ensure customer satisfaction. This study was conducted to study the impact of service quality and customer satisfaction, customer retention and loyalty in banking service from commercial banks in Kerala.

III. OBJECTIVES OF THE STUDY

1. To assess the impact of service quality dimensions on customer satisfaction of customers of commercial banks in Kerala.
2. To analyze relationship between customer satisfaction and customer retention and loyalty of commercial banks in Kerala
3. To identify the factors contributing customer satisfaction in banking service of commercial banks in Kerala

IV. LITERATURE REVIEW

A. Service quality

The word quality consists of those product features, which meet the needs of customers, thereby providing product satisfaction. In any competitive economy like banking sector, continuous quality improvements are essential if an organization is to stay in operation. Service has been defined as "a social act that occurs directly between the consumer and representatives of the service

corporation". Quality is a complex phenomenon based on perceptions by individuals with different perspectives on products and services. (Oakland, 2001) Defined quality of a banking service as the degree to which it meets the requirements of the customer.

(Parasuraman & Berry, 1988) made an attempt to develop conceptual framework of service quality based on the interpretation of qualitative data from extensive explanatory research performed in four service businesses and introduced the criteria and dimensions through which service quality can be assessed: Reliability, Responsiveness, Competence, Accessibility, Courtesy, Credibility, Security, Understanding/ knowing the customer and Tangibility. Later these dimensions have been integrated into only five ones. Scholars agreed on the fact that these attributes are appropriate ones which help reveal the customers' perception and expectations. These five dimensions include: This new model is known as 'Servqual', The name consists of the two words 'Service' and 'Quality', these five dimensions include: Assurance, Empathy, Reliability, Responsiveness, and Tangibility. This model is known as 'Servqual'. The name consists of the two words 'Service' and 'Quality'. these five dimensions include:

1. Tangibility: this includes physical facilities, equipment, and the physical appearance of an employee.
2. Reliability: this refers to the ability to provide the exact required service according to given specifications and conditions.
3. Responsiveness: the inclination and willingness of the employees to serve customers quickly and properly.
4. Assurance: feelings of trust and confidence in dealing with the organization. This reflects the workers' knowledge and experience and their ability to build self-confidence as well as confidence in the customers themselves.
5. Empathy: understanding the customers' personal needs, taking care of them individually and showing them all sorts of sympathy and affection, looking at them as close friends and distinguished clients. (Mohammad & Alhamadani, Service Quality Perspectives and Customer Satisfaction in Commercial Banks Working in Jordan, 2011)

(Mualla & Deeb, 1997) Measured Banking Service Quality provided by Jordanian Commercial Bank and argued that the Service quality as perceived by customers definitely indicates what is left of their past perception of the service quality and the extent of their satisfaction with the current performance of the service. That is, satisfaction is an intermediary factor between the past perceptions of the service quality and the present perception of it. They also reveals that customers can assess the actual service quality provided to them. Hence, the customer's satisfaction with the actual performance level of service has a further affect on the formation of the customers' perceptions and expectations of service quality.

(Angur & Jahera, 1999) assessed Service quality in the banking industry in a developing economy and described that Banking services are perhaps the largest industry that caters to the needs and desire of various part of the population, reflecting the diversity of society. Moreover, perceived service quality tends to play a significant role in banking industries. Also, banks often have long-term business relationships with customers. In addition, the banking sector is large enough to capture and represent almost all the critical features of customer-perceived service quality and the critical dimensions of excellence that management may encounter in order to effectively manage a service organization

(Adebanjo, 2001) examined the influence of service quality and described that the service quality does not impact only on the customer decision-making process, but also influences customer satisfaction, purchase retention, loyalty and business survival.

B. Customer Satisfaction, Customer Retention and Loyalty

Customer satisfaction is the extent to which a product's perceived performance matches a buyer's expectations: if the products performance matches or exceeds expectations the buyer is satisfied; if performance falls short of expectations the buyer is dissatisfied. (Kotler & Armstrong, 1999) defended the customer satisfaction as the customer's perception that compare their pre-purchase expectations with post purchase perception

(Mohammad & Alhamadani, Service Quality Perspectives and Customer Satisfaction in Commercial Banks Working in Jordan, 2011) to examined the level of service quality as perceived by customers of commercial bank working in Jordan and its effect customer satisfaction, Service quality measure is based on modified version of SERVQUAL as proposed by Parasuraman et al. The study is based on the data collected from 260 customers drawn from thirteen commercial banks in IRBID (A city of Jordan) through a structured questionnaire. Multiple regression analysis was used to test the impact of service quality on customer satisfaction. The results indicated that service quality is an essential factors which influence the customer satisfaction and overall model was statistically significant relationship between service quality and customer satisfaction.

(S.G & Srivasteva, 2010) Have attempted to examine the strength of association between service quality, customer satisfaction, customer loyalty and commitment and explore the difference in perception of these variables between public sector and private sector banks. The study reveals that there is a significant difference found between public and private banks with regard to customer satisfaction, customer loyalty and commitment and loyalty. Public sector banks should focus Assurance, Empathy, Tangibles and private sector should focus on providing reliable service.

(Maysam Molaee & Teimuory, 2013) made an attempt to investigate the impact of various dimensions of service quality on customer satisfaction and loyalty. The population of this study was the 150 customers of selected bank of Mellate in Iran and the data collected through questionnaire. The results showed that responsiveness, tangibility, reliability and compliance have direct and significant effect on customer satisfaction, and assurance and empathy don't have positive and significant impact on customer satisfaction. This study also indicated that customer satisfaction has positive and significant impact on customers' loyalty.

(Ennew & Binks, 1996) made an attempt to explores the relationship between service quality customer relationships and customer loyalty and retention using evidence from the UK banking sector and its small business customers. This study reveals that the building and maintenance of a long- term customer relationship in banking business is seen as central to improved business performance and identified the service quality as an important factor which should contribute to an organization's ability to retain loyal customers. It also provided preliminary evidence concerning the positive impact of aspects of functional and technical quality on loyalty and retention.

The forgoing overview of literature reveals that though various studies were done on the impact of service quality dimensions and customer satisfaction. Every investigation showed the service quality and its relationship to customer satisfaction, customer

retention and loyalty. This research was conducted to make an empirical evidence on an impact of service quality on customer satisfaction, customer retention and loyalty from commercial banks in Kerala.

V. METHODOLOGY

A. Instrument

This study was an analytical nature based on primary. The primary data for the analysis were collected, by the researcher, from the customers’ of commercial public sector banks and private sector banks in Kerala. It was collected with the help of structured questionnaires. Questionnaire measures service quality by implementing the five dimensions of the “SERVQUAL” instrument namely Tangibility, Reliability, Responsiveness, Assurance, and Empathy and customer satisfaction, customer retention and loyalty. The instrument used is a seven-point Likert scales, representing a range of attitudes from 1 – strongly disagree to 7 – strongly agree to measure the variables.

B. Sampling

For the collection of samples survey, multistage deliberate sampling technique was used. For the purpose of the study One district (Kozhikode) selected from 14 districts in Kerala randomly. Then selected district divide into three levels viz City, Thaluk and Panchayath. The primary data is collected from a sample of 150 persons from customers of commercial banks from Kozhikode city, Vatakara thaluk and Nadapuram panchayath.

C. Research Hypotheses

In order to investigate the objectives of the study, the following hypotheses have been developed.

1. H0: There is no significant impact of service quality dimensions on customer satisfaction of commercial banks in Kerala.
2. H0.: There is no significant positive relationship between customer satisfaction and customer retention & loyalty of commercial banks in Kerala.

D. Variable Measurements

1. Independent Variables

Service quality: Service quality is measured on the basis of a modified version of SERVQUAL as proposed by (Parasuraman & Berry.L, 1988), which involves five dimensions of service quality, namely Tangibility, Reliability, Responsiveness, Assurance, and Empathy. In questionnaire, Tangibility dimensions followed by 5 questions, Reliability dimensions followed by 7 questions, Responsiveness dimensions followed by 4 questions, Assurance dimensions followed by 5 questions and Empathy dimensions followed by 5 questions.

2. Dependent variable

Customer satisfaction, Customer retention and Loyalty: In questionnaire, customer satisfaction followed by 3 questions and customer retention and loyalty followed by 2 questions each.

E. Research Framework

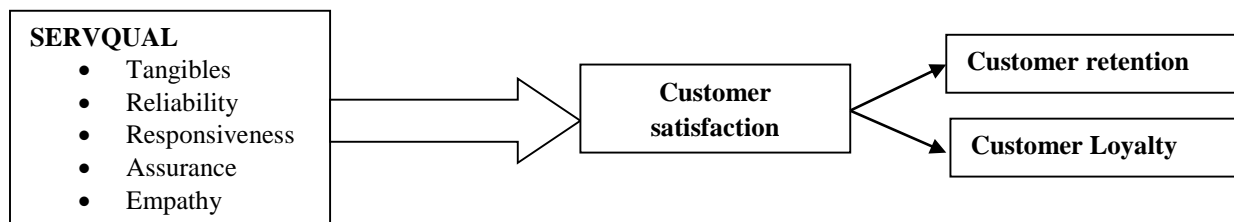


Figure 1. Research conceptual model

F. Questionnaire

A summary of the questionnaire is presented below in Table I

Table 1 Questionnaire Summary

Questionnaire Items
TANGIBILITY Bank has technologically up to date equipments to provide modern banking facility. Bank employees look professional and are well dressed. Physical facilities are visually appealing (Parking facility, Drinking water, AC, Interior). Pamphlets and Statements are clear and well explained. Bank has convenient Branch Location.
RELIABILITY Banker has the ability to fulfill promises in a timely manner. Banker shows a sincere interest in solving problems Banker settles customer claims with no unnecessary delays. Banker performs the service right the first time. Banker provides services at the time it promises to do so. Banker insists on error-free records. Bankers offering products and services of the utmost quality.
RESPONSIVENESS Banker tells exactly when services will be performed. Banker provides fast and efficient counter services Banker is always willing to help you.

Personnel in the bank are never too busy to respond to your requests.
ASSURANCE
The behavior of your banker instills confidence in you.
Banker makes you to feel safe in your transactions
Banker is consistently courteous with you.
Banker has the knowledge to answer your questions
Easy to meet / have a session with bank managers or supervisors
EMPATHY
Operating hours convenient to all customers
Banker provides individual and personal attention to you.
Banker has your best interest in heart.
Banker recognizes you and calls you by your name.
Banker offers you the product which best suits you.
CUSTOMER SATISFACTION
The overall quality of service provided by bank is excellent
I am satisfied with products and services provided by my bank
I am satisfied with after sales services provided by bank
CUSTOMER RETENTION
I would like to continue my customer-ship with the bank in the future
I have complete trust in my bank in service matter
CUSTOMER LOYALTY
I promote others to become a customer with my bank
Whenever i get a chance; I suggest my bank as first priority for banking service.

VI. STATISTICAL ANALYSIS

The collected data were presented in tables for the purpose of analysis. The primary data were analyzed with the help of computer package namely MS. Excel 2010 and SPSS 23. Statistical Inferences used are as follows:

1. Reliability Analysis

Reliability test is a judgment of the degree of stability and consistency between multiple measurements of a variable. Cronbach's alpha is the commonly accepted measurement technique with a generally agreed lower limit of 0.7 (Nunnally., 1967). The following Table provides an overview of the reliability scores. As can be seen from this table, all the alpha coefficients were above the required level of 0.7. Thus it can be concluded that the measures used in this study are valid and reliable. A multiple regression analysis was used to determine the relative importance of service quality characteristics in predicting the customer satisfaction.

Table 2 Reliability

Scale	Number of items	Cronbach's Alpha
Tangibility	5	0.711
Reliability	7	0.747
Responsiveness	4	0.811
Assurance	5	0.855
Empathy	5	0.866
Customer Satisfaction	3	0.859
Customer Retention	2	0.804
Customer Loyalty	2	0.713

2. Descriptive Statistics Analysis

Table 3: Summary of Means, standard deviations

Variable	Mean	Std.Dev	Level Category
Satisfaction	5.53	0.91	High
Tangibility	5.22	1.05	High
Reliability	5.47	0.96	High
Responsiveness	5.41	1.08	High
Assurance	5.51	1.24	High
Empathy	5.12	1.31	High

Norms for Level of Customer Satisfaction

Level Category	Score Range
Low	1.00 –3.00
Medium	3.00–5.00
High	2.37 – 3.00

Table (3) shows that customers of commercial banks in Kerala perceived Assurance (with the highest mean scores, i.e. $M = 5.51$, $SD = 1.24$) to be the most dominant service quality and evident to a considerable extent, followed by Reliability ($M = 5.47$, $SD = 0.96$), Responsiveness ($M = 5.41$, $SD = 1.08$), Tangibility ($M = 5.22$, $SD = 1.05$), and Empathy ($M = 5.12$, $SD = 1.31$) which were all rated as high practices by Kerala commercial banks. The standard deviations were quite high, indicating the dispersion in a widely-spread distribution. This means that the effects of service quality on customer satisfaction are an approximation to a normal distribution. This also indicates that respondents were in favor of customer satisfaction

3. Correlation Analysis: Relationships between the Variables

Correlation matrix is defined as “a set of correlation coefficients between a number of variables” (Kline, 1998). A correlation matrix was constructed using the variables to find the strength of relationship among the variables considered in the questionnaire. SPSS version 23.0 was used

Table 4(1): Summary of correlations between Service Quality dimension and Customer Satisfaction
Pearson correlation coefficient

Variable	Satisfaction	Tangi	Rel	Resp	Assu	Emp
Satisfaction						
Tangibility	0.115**					
Reliability	0.220**	0.488**				
Responsiveness	0.381**	0.501**	0.686**			
Assurance	0.367**	0.321**	0.577**	0.576**		
Empathy	0.439**	0.311**	0.461**	0.589**	0.749**	

Correlation is significant at the 0.01 level (2-tailed)

As reveals in table 4(1), the Pearson correlation coefficient indicates that service quality were directly and positively correlated with customer satisfaction. The highest coefficient of correlation in this research between service quality variables and customer satisfaction, however, is 0.439, which is below the cutoff of 0.90 for the collinearity problem. Thus, multicollinearity problem does not occur in this research. These correlations are also further evidence of validity and reliability of measurement scales used in this research (Hair J.F & Tatham R.L., 1998).

There was a significant positive relationship between empathy and customer satisfaction ($r = 0.439$, $n = 150$, $p = 0.000$). The positively significant correlation were for responsiveness and customer satisfaction ($r = 0.381$, $n = 150$, $p = 0.000$), assurance and customer satisfaction ($r = 0.367$, $n = 150$, $p = 0.000$) reliability and customer satisfaction ($r = 0.220$, $n = 150$, $p = 0.007$), and between tangibility and customer satisfaction ($r = 0.115$, $n = 150$, $p = 0.162$). The results indicate that empathy, responsiveness, assurance and reliability have a significant and positive impact on customer satisfaction. But in tangibility, don't have positive and significant impact on customer satisfaction, which goes to prove that Assurance was perceived as a dominant service quality; improvements in customer satisfaction levels were significant. The findings revealed that the customers who perceived a greater awareness of service quality exhibiting the more significant and positive reactions in favor of customer satisfaction. Thus, hypotheses 1.H0 was not supported, ie, there is significant and positive impact of all service quality dimensions except tangibility on customer satisfaction of commercial banks in Kerala.

Table 4(2): Summary of correlations between Customer Satisfaction and customer retention and loyalty
Pearson correlation coefficient

Variable	Satisfaction	Retention	Loyalty
Satisfaction			
Retention	0.399**		
Loyalty	0.888**	0.384**	

Correlation is significant at the 0.01 level (2-tailed)

As shown in table 4(2), the correlation matrix indicates that Customer Satisfaction were positively and strongly correlated with customer retention and loyalty. The positively strong correlation were for Customer Satisfaction and customer Loyalty ($r = 0.888$, $n = 150$, $p = 0.000$) and between Customer Satisfaction and customer retention ($r = 0.399$, $n = 150$, $p = 0.000$). Thus, hypotheses 2.H0 was not supported, ie, there is significant and positive impact of customer satisfaction on retention and loyalty of customers of commercial banks in Kerala.

4. Multiple Regression Analysis

Multiple regression analysis is a useful technique that can be used to analyze the relationship between a single dependent and several independent variables (Hair J.F & Tatham R.L., 1998). This analysis was employed to test the impact of service quality on customer satisfaction.

Table 5(1): Regression results between service quality and customer satisfaction

a. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.480 ^a	.230	.204	.81195

a. Predictors: (Constant), Empathy, Tangibility, Reliability, Responsiveness, Assurance

R is the correlation, its value is 0.480 and R square is degree of determination, its value is 0.230. The degree of determination shows the extent to which Empathy, Tangibility, Reliability, Responsiveness and Assurance influences the customer satisfaction. Here the customer satisfaction is determined to an extent of 23% by Empathy, Tangibility, Reliability, Responsiveness and Assurance.

b. ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	28.400	5	5.680	8.616	.000 ^b
	Residual	94.934	144	.659		
	Total	123.333	149			

a. Dependent Variable: Customer Satisfaction

b. Predictors: (Constant), Empathy, Tangibility, Reliability, Responsiveness, Assurance,

ANOVA table shows that the significant value is less than 0.01, which means dependent variable that is customer satisfaction is significantly predicted by independent variables that is service quality dimensions (Empathy, Tangibility, Reliability, Responsiveness and Assurance) at 99 % of confidence level.

c. Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.850	.430		8.948	.000
	Tangibility	-.078	.075	-.090	-1.039	.301
	Reliability	.100	.102	.105	.978	.030
	Responsiveness	.240	.097	.283	2.477	.014
	Assurance	.050	.087	.068	.569	.049
	Empathy	.208	.081	.299	2.575	.011

a. Dependent Variable: Customer satisfaction

The effect of Empathy, Tangibility, Reliability, Responsiveness and Assurance on customer satisfaction is given by the regression equation,

$$\text{Customer Satisfaction} = 3.850 + 0.10 \text{ Reliability} + 0.240 \text{ Responsiveness} + 0.05 \text{ Assurance} + 0.208 \text{ Empathy}.$$

Table 5(2): Regression results between customer satisfaction and customer retention

a. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.399 ^a	.159	.154	.80152

a. Predictors: (Constant), Customer Satisfaction

R is the correlation, its value is 0.399 and R square is degree of determination, its value is 0.159. It can be observed that 15.9 percent of customer retention can be explained by customer satisfaction.

b. ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	18.013	1	18.013	28.038	.000 ^b
	Residual	95.081	148	.642		
	Total	113.093	149			

a. Dependent Variable: customer retention

b. Predictors: (Constant), Customer satisfaction

ANOVA table indicates that the significant value is less than 0.01, which means dependent variable that is customer retention is significantly predicted by independent variable that is customer satisfaction at 99 % of confidence level

c. Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.259	.405		8.052	.000
	Customer satisfaction	.382	.072	.399	5.295	.000

a. Dependent Variable: customer retention

The effect of customer satisfaction on customer retention is given by the regression equation,

$$\text{Customer retention} = 3.259 + 0.382 \text{ customer satisfaction}$$

Table 5(3): Regression results between customer satisfaction and customer loyalty

a. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.888 ^a	.789	.787	.39020

a. Predictors: (Constant), Customer satisfaction

R is the correlation, its value is 0.888 and R square is degree of determination, its value is 0.789. it can be observed that 78.9 percent of customer loyalty can be explained by customer satisfaction.

b. ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	84.026	1	84.026	551.879	.000 ^b
	Residual	22.534	148	.152		
	Total	106.560	149			

a. Dependent Variable: Customer loyalty

b. Predictors: (Constant), Customer satisfaction

ANOVA table indicates that the significant value is less than 0.01, which means dependent variable that is customer loyalty is significantly predicted by independent variable that is customer satisfaction at 99 % of confidence level

c. Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.073	.197		5.445	.000
	Customer satisfaction	.825	.035	.888	23.492	.000

a. Dependent Variable: customer loyalty

The effect of customer satisfaction on customer loyalty is given by the regression equation,

$$\text{Customer retention} = 1.073 + 0.825 \text{ customer satisfaction}$$

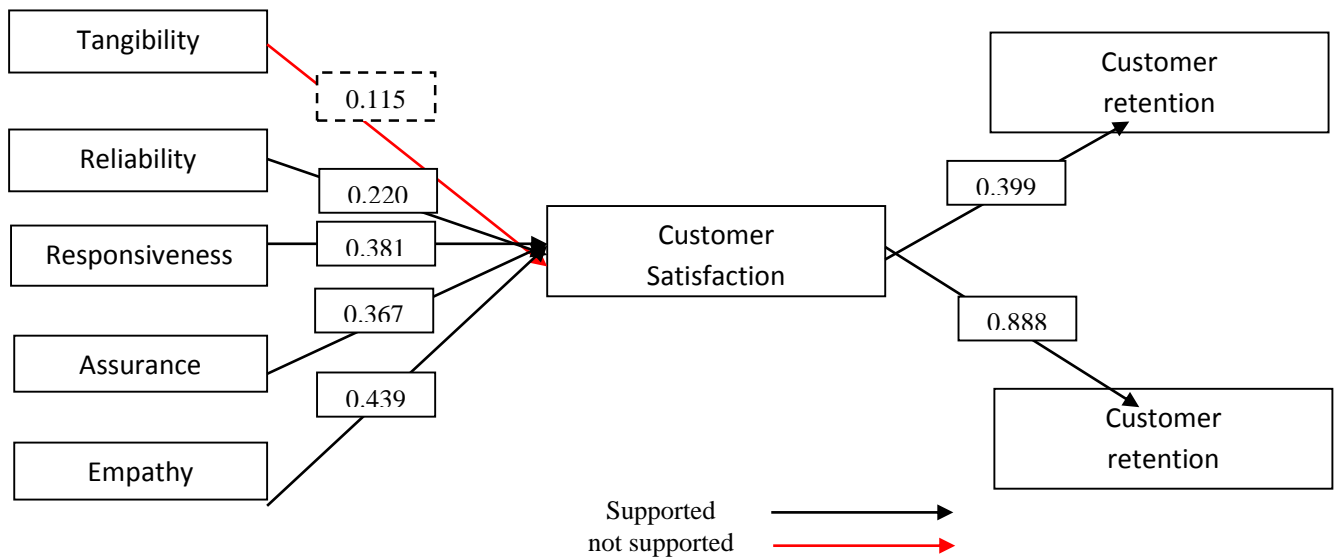


Figure 2. Results concerning the hypotheses

VII. DISCUSSIONS AND CONCLUSIONS

The objective of this study was to analyze the impact of various dimensions of service quality on customer satisfaction, customer retention and loyalty. Given the research hypothesis, the results indicated that empathy, responsiveness, assurance and reliability have positive and significant effect on customer satisfaction. But, the effect of tangibility dimension does not have any significant impact on customer satisfaction. Testing the hypothesis of this study showed that empathy has the greatest impact on customer satisfaction with the rate of 0.439. Empathy implies the service providers' personal attention, best interest in heart, recognition, suitability of products and convenient working hours. And this is consistent with previous study done by Niveen El Saghier, Demyana Nathan in 2013. Personal attention gains customer satisfaction and also makes the bank more successful.

Based on the finding, responsiveness has positive and significant effect with Customer Satisfaction. This is consistent with previous studies that have reported by Ravichandran et al., 2010. Responsiveness implies the service providers' willing to help, respond to customer request and fast and efficient counter services. Therefore frontline employees must be made an attention to create better relationship with customers.

Based on the finding, Assurance has positive and significant effect with Customer Satisfaction, Assurance is mean of being safe, bankers' knowledge to answer your questions, courteous and instills confidence. The responses indicate that the customers feel assurance is being important as part of the service quality that should be included.

Testing of the hypothesis of the study indicated that reliability have a significant and positive impact on customer satisfaction. This is consistent with the previous researches (Yang & Fang., 2004) (Parasuraman & Berry, L, 1988) in which they have reported the impact of this dimension on customer satisfaction positive and significant. Reliability is bankers' ability to fulfill promises, interest to solve customers' problems, service right the first time and error-free records. Reliability in transaction can play a significant role in making for long-term relationship with customers.

Furthermore data analysis revealed that customer satisfaction has positive and significant impact on customers' retention and loyalty. So, it seems logical that to improve levels of customers' satisfaction, customer retention and loyalty, we must focus on service quality dimension of empathy, responsiveness, assurance and reliability.

The results indicated that tangibility dimension of service quality don't have positive and significant impact on customer satisfaction. Finally the results conclude that the customer satisfaction is an inter link or mediator of the relationship between empathy, responsiveness, assurance and reliability and customer retention and loyalty. Thus, the importance of customer satisfaction in services is undeniable (Maysam Molae & Teimuory, 2013).

VIII. MANAGERIAL IMPLICATION

It is understood from the present study that managers and decision makers in Kerala commercial banks to seek and improve the elements of service quality that make the most significant contributions on customer satisfaction, customer retention and loyalty. From a managerial point of view, it can be concluded that service quality is indeed an important predecessor to customer satisfaction. The importance of our findings for managerial decision-making processes is evident. Banks managers seeking to improve their customers' satisfaction levels, in their effort to increase loyalty, retention rates and attract new customers, may benefit by information about the effect of individual dimensions of service quality on customer satisfaction. From these conclusions, Bank

managers should focus on high quality services, and improve service quality effectively. (Mohammad & Alhamadani, Service Quality Perspectives and Customer Satisfaction in Commercial Banks Working in Jordan, 2011). Certainly some limitations must be mentioned. The primary limitation of this study is the size and scope of its sample.

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