Impact of Service Quality on Customer Loyalty in Banking Industry: with Reference to ABC Bank

K. G. G. Weerasinghe*, C. I. K. Weerasinghe
University of Sri Jayewardenepura, Business Management School, Sri Lanka.
gaminiw64@sjp.ac.lk

Service quality impressions result from a comparison between customer desires with actual service output. Nevertheless, Customer loyalty is where shop keepers try to appeal their customers to the shop and gain the trust of them. Therefore, authorized individuals in the firms have to continue higher degree of service quality in order to create customer loyalty. However, this study efforts to identify the impact of service quality on customer loyalty in the banking industry, particularly with ABC bank PLC. In this study, deductive approach has been used as the research design because quantitative research method often falls under deductive approach. Also, SERQUAL model has been tested and total of 65 surveys were taken into account with a form of Likert scale questionnaires that have distributed to the clients of the bank to get the information. Therefore, random sampling method has been used to identify the candidates from the target population. However, the end result showed that service quality is positively related with the customer loyalty. Further, it resulted that the dimensions of the service quality such as Reliability and Assurance are the most significant predictors of the Customer loyalty at the Bank level. Moreover it showed, all the dimensions of SERQUAL model were required to gain the customer loyalty for the ABC bank. Further analyzes and the conclusions can be derived from the findings.

Keywords: banking industry; customer loyalty; reliability; SERQUAL Model; Service Quality