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Customer Perception of Service Quality and Customer Satisfaction in Selected Public Sector Banks in Thiruvananthapuram District Kerala

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Abstract

The study examined customer perception of service quality and its relationship with customer satisfaction in selected public sector banks in Thiruvananthapuram district, Kerala. Primary data were collected from 666 active bank customers using a structured questionnaire comprising Customer Perception (35 items), Service Quality Assessment (30 items), and Customer Satisfaction (10 items) scales on a five-point Likert format. The instrument demonstrated excellent internal consistency (overall Cronbach's alpha = 0.924). Data were analysed using EDUSTAT through descriptive statistics and hypothesis testing. Three hypotheses were tested for the research paper: gender-wise difference in perceived service quality, the association between overall service quality and customer satisfaction, and the predictive effect of service quality dimensions on satisfaction. The gender-wise comparison indicated no significant difference in perceived service quality between male and female customers ($t = 1.25$, $p > 0.05$). Overall service quality showed a strong positive correlation with customer satisfaction ($r = 0.75$, $p < 0.01$; 99% CI [0.71, 0.79]). Multiple regression confirmed that the service quality dimensions jointly explained 57% of the variance in customer satisfaction ($R^2 = 0.57$, $F = 143.2$,

$p < 0.01$), and each dimension made a statistically significant positive contribution. The findings highlighted that service quality improvements—particularly convenience/digital support alongside core service dimensions—were closely associated with higher customer satisfaction in public sector banking.
Key Words: Public sector banks, service quality, customer perception, customer satisfaction

I. INTRODUCTION

Service quality in banking remained a central determinant of customer experience because financial services were largely intangible, high-contact, and trust-dependent. Unlike products that could be examined prior to purchase, banking services were evaluated mainly during and after delivery, making customers' perceptions highly sensitive to employee behaviour, procedural clarity, and the consistency of outcomes. In public sector banks, customers assessed service encounters across multiple touchpoints such as branch accessibility, waiting time and queue discipline, transaction accuracy, clarity of communication, timeliness of service delivery, and responsiveness in handling complaints and exceptions. Because most customers engaged with banks repeatedly over long periods, service quality was not perceived as a single event; rather, it was built cumulatively through recurring interactions that either strengthened or weakened confidence in the institution.

Conceptualisations of service quality in services marketing highlighted multidimensional evaluation involving tangibles, reliability, responsiveness, assurance, and empathy. The SERVQUAL framework positioned perceived quality as a gap between expectations and perceptions, emphasising that customers evaluated both what was delivered and how it was delivered (Parasuraman, Zeithaml, & Berry, 1988). Grönroos (1984) further stressed that customers formed quality judgments by integrating technical quality (the accuracy and correctness of banking outcomes) with functional quality (the process and manner of service delivery), a distinction particularly relevant for banking where errors, delays, or weak service recovery could directly affect trust. In contemporary banking, the service environment extended beyond the physical branch. Customers increasingly evaluated technology-enabled dimensions such as the reliability of ATM and digital channels, the ease of completing transactions through mobile or internet banking, the availability of help when a digital transaction failed, and the transparency of system-generated confirmations. Thus, convenience and digital support formed part of modern service judgments alongside classical interpersonal dimensions (Lovelock & Wirtz, 2016).

In this service setting, perceived service quality was closely linked to customer satisfaction and continued relationship behaviour. Satisfaction reflected customers' overall evaluation of whether service experiences met or exceeded their prior standards and needs, while repeated satisfactory experiences supported retention-related outcomes such as continued usage, cross-buying, and positive word-of-mouth. At the same time, dissatisfaction in banking carried higher perceived risk than in many other services because it could involve financial loss, privacy concerns, or disruption of essential payments. Therefore, understanding how customers perceived service quality in public sector banks remained essential for explaining satisfaction and for identifying operational areas where improvements produced the greatest effect on customers' evaluations.

Background of the Study

Public sector banks in India served a broad and heterogeneous customer base and continued to play a major role in retail banking, small business banking, and payment intermediation. Their service context often involved high transaction volume, diverse customer literacy levels, and varied service needs ranging from routine deposits and withdrawals to complex credit-related interactions. In Kerala, public sector banks operated dense branch networks and delivered services to customers whose expectations frequently centred on speed, transparency, and the seamless integration of branch and digital channels. At the same time, competitive pressure from private banks and new-age service benchmarks in digital banking intensified the need to understand how customers perceived service quality in public sector settings, particularly in districts where customers compared public and private sector experiences across similar services.

Operationally, public sector banking service quality was shaped by both front-end and back-end factors. Front-end factors included staff courtesy, willingness to assist, communication clarity, and fairness in service delivery. Back-end factors included transaction processing accuracy, coordination across counters and departments, reliability of core banking systems, and the effectiveness of complaint-handling mechanisms. Service failures—such as delayed issue resolution, unclear communication about procedures, or repeated errors—often amplified dissatisfaction because they signalled process weakness and reduced perceived assurance. Conversely, efficient service recovery could soften negative evaluations by demonstrating responsiveness and accountability, thereby restoring trust in the relationship. These characteristics made banking a context in which customers' satisfaction depended not only on routine service quality but also on how exceptions and problems were addressed.

Prior research consistently indicated that higher perceived service quality was associated with higher customer satisfaction and favourable behavioural outcomes. Studies also suggested that satisfaction frequently acted as a mechanism through which service quality translated into loyalty-oriented outcomes, meaning that service improvements influenced relationship stability largely by raising satisfaction levels (Bloemer, Ruyter, & Peeters, 1998; Caruana, 2002). However, the relative importance of specific service quality dimensions could vary by context, customer segment, and service channel. For public sector banks, identifying which dimensions contributed most strongly to satisfaction was practically important because resource constraints and operational realities required prioritisation of interventions.

In this context, the present study investigated customers of selected public sector banks in Thiruvananthapuram district to examine perceived service quality and its relationship with customer satisfaction. By focusing on customer perceptions in a district-level public sector banking setting, the study provided evidence on how service quality dimensions were evaluated in day-to-day banking experiences and how those evaluations were associated with satisfaction among customers of public sector banks.

Research Questions

The study addressed the following research questions:

(1) Did perceived service quality differ between male and female customers of selected public sector banks?
(2) What was the nature and strength of the relationship between overall perceived service quality and overall customer satisfaction?
(3) To what extent did the service quality dimensions jointly predict customer satisfaction?

Research Objectives

The objectives were:

(1) to test whether male and female customers differed significantly in their perception of service quality
(2) to determine the relationship between overall perceived service quality and overall customer satisfaction
(3) to assess the predictive effect of service quality dimensions on customer satisfaction.

Hypotheses

H1: There is a significant difference in customer perception of service quality between male and female customers.

H2: There is a significant positive correlation between overall perceived service quality and overall customer satisfaction.

H3: Service quality dimensions (Tangibles, Reliability, Responsiveness, Assurance, Empathy, and Convenience/Digital) significantly predict overall customer satisfaction.

Methodology

The study adopted a descriptive, cross-sectional survey design to examine customers' perceptions of service quality and its relationship with customer satisfaction in selected public sector banks in Thiruvananthapuram (Trivandrum) district, Kerala. The investigation relied predominantly on primary data collected directly from bank customers using a structured questionnaire. Data collection was carried out over seven months, from February 2025 to August 2025, to ensure adequate coverage of customers visiting branches across different periods and routine banking conditions.

The population comprised active customers of public sector banks operating in Thiruvananthapuram district. For inclusion, an active customer was defined as an account holder who maintained at least six months of continuous banking relationship at a public sector bank branch in the district. Sample size was determined using a modified version of Cochran's formula with finite population correction (Cochran, 1963). With the population of active customers estimated at approximately 2,00,000, a 99% confidence level ($Z = 2.58$), a 5% margin of error ($e = 0.05$), and maximum variability assumption ($p = 0.50$), the minimum required sample size was 662; a total of 666 usable responses were obtained and retained for analysis. Stratified random sampling was used, with stratification based on branch location (urban, semi-urban, and rural). Within strata, branches were selected using simple random procedures, and eligible customers were selected systematically (every kth eligible customer during business hours) to reduce selection bias and ensure balanced representation across branch contexts.

Primary data were collected using a structured questionnaire grounded in the service quality framework widely applied in banking research, aligned with the SERVQUAL conceptualisation (Parasuraman et al., 1988). The questionnaire consisted of four sections: Section A captured background and profile information, while Sections B, C, and D measured the key constructs using a five-point Likert format. Section B measured customer perception (35 items), Section C measured service quality assessment (30 items), and Section D measured customer satisfaction

(10 items). Response options were scored from Strongly Disagree (1) to Strongly Agree (5). Negatively worded statements were reverse scored at the coding stage to maintain uniform direction of measurement. Composite scores were computed by summing item scores for overall constructs, and service quality dimension scores were computed for Tangibles, Reliability, Responsiveness, Assurance, Empathy, and Convenience/Digital using the relevant item sets.

Instrument refinement and quality assurance were addressed through pilot testing, validity checks, and reliability estimation. A pilot study was conducted among 30 public sector bank customers to confirm clarity, comprehension, and sequencing of items, and to remove minor ambiguities before final administration. Content validity was ensured through expert judgement from academicians in commerce and banking professionals, focusing on construct coverage and alignment with the objectives. Internal consistency reliability was established using Cronbach's alpha, showing excellent reliability for the full 75-item instrument (alpha = 0.924). Scale-wise reliability was also high: Customer Perception Scale (35 items) alpha = 0.927, Service Quality Assessment Scale (30 items) alpha = 0.914, and Customer Satisfaction Scale (10 items) alpha = 0.920, supporting retention of all items for the main analysis.

Data were screened for completeness and consistency prior to analysis, and cleaned responses were entered into the statistical software EDUSTAT for all computations. Descriptive statistics (frequency, percentage, mean, and standard deviation) were used to summarise respondent characteristics and overall patterns. Hypothesis testing followed the paper's three selected hypotheses: an independent-samples t-test was applied to test gender-wise differences in perceived service quality (H1), Pearson correlation was computed to assess the relationship between overall perceived service quality and overall customer satisfaction (H2), and multiple linear regression was used to test the predictive effect of the service quality dimensions on customer satisfaction (H3). Statistical decisions were interpreted using conventional significance levels (0.05 and 0.01), and results were presented with appropriate test statistics and interpretive narration.

Ethical safeguards were maintained throughout the study. Participation was voluntary, the purpose of the study was explained before administration, and informed consent was obtained. Anonymity and confidentiality were ensured by avoiding collection of personally identifying information, and responses were used strictly for academic analysis and reported in aggregate form only.

Data Analysis and Interpretation

The dataset was screened for completeness and internal consistency prior to analysis. After screening, 666 responses were retained for descriptive and relational analyses. All statistical computations were performed using EDUSTAT. Respondent characteristics were summarised using frequency and percentage distributions. The distributional characteristics of the overall perceived service quality score were examined through EDUSTAT descriptive statistics (mean, median, mode, standard deviation, skewness, and kurtosis). Hypothesis testing followed the analytical logic implied by the study objectives. H1 was examined using an independent-samples t-test to assess whether perceived service quality differed by gender. H2 was evaluated using Pearson's product–moment correlation to determine the magnitude and direction of association between overall perceived service quality and overall customer satisfaction. H3 was tested using multiple linear regression to estimate the joint predictive effect of service quality dimensions (Tangibles, Reliability, Responsiveness, Assurance, Empathy, and Convenience/Digital) on customer satisfaction. Statistical decisions were based on 0.05 and 0.01 significance levels.

Sample profile

Table 1 and Table 2 present the distribution of respondents by age group and gender (N = 666). The sample comprised customers across all age categories, with the largest share in the 25–34 group (29.0%) followed by 35–44 (22.7%). Gender distribution indicated a slight predominance of male respondents (53.5%) relative to female respondents (45.6%), while a small proportion selected "Other/Prefer not to say" (0.9%).

Table 1

Distribution of respondents by age group (N = 666)

Age group	Frequency	Percent
Below 25	60	9.0
25–34	193	29.0
35–44	151	22.7
45–54	124	18.6
55–64	73	11.0
65 and above	65	9.8
Total	666	100.0

Table 2

Distribution of respondents by gender (N = 666)

Gender	Frequency	Percent
Male	356	53.5
Female	304	45.6
Other/Prefer not to say	6	0.9
Total	666	100.0

Descriptive statistics of overall perceived service quality

Table 3 reports EDUSTAT descriptive statistics for overall perceived service quality (N = 666). The mean score (M = 105.56) and median (105) were closely aligned, and the skewness value (0.08) indicated an approximately symmetric distribution. Kurtosis was mildly negative (−0.42), suggesting a slightly flatter distribution than normal.

Table 3

Descriptive statistics of overall perceived service quality (N = 666)

N	Mean	Median	Mode	Standard deviation	Skewness	Kurtosis
666	105.56	105	95	15.99	0.08	−0.42

Testing of hypotheses

H1 Gender-wise difference in perceived service quality

Table 4 presents the independent-samples t-test comparing perceived service quality scores of male and female respondents. Respondents who selected "Other/Prefer not to say" were excluded from the gender-wise comparison, resulting in n = 660. The obtained t value (t = 1.25) was not significant at the 0.05 level ($p > 0.05$), indicating that perceived service quality did not differ significantly between male and female customers in the sampled public sector banks. Therefore, H1 was not supported.

Table 4

Independent-samples t-test for perceived service quality by gender (n = 660)

Gender	n	Mean	SD	t	p
Male customers	356	104.91	15.51	1.25	$p > 0.05$
Female customers	304	106.48	16.57		

Note: Respondents selecting "Other/Prefer not to say" (n = 6) were excluded from the gender-wise test.

H2 Relationship between overall service quality and customer satisfaction

Pearson correlation analysis (Table 5) indicated a strong positive relationship between overall perceived service quality and overall customer satisfaction ($r = 0.75$). The correlation was statistically significant at the 0.01 level ($p < 0.01$). The shared variance (r^2) was 56.14%, indicating that a substantial proportion of variability in satisfaction covaried with perceived service quality. The 99% confidence interval [0.71, 0.79] further supported the stability of the observed association.

Table 5

Correlation between overall service quality and customer satisfaction (N = 666)

N	r	t	p	SEr	CI99 lower	CI99 upper	Shared variance (%)
666	0.75	29.15	< 0.01	0.02	0.71	0.79	56.14

H3 Prediction of customer satisfaction using service quality dimensions

Multiple regression was conducted to examine whether the six service quality dimensions jointly predicted customer satisfaction. The model summary (Table 6) indicated that the regression model was statistically significant ($F = 143.2$, $p < 0.01$) and explained 57% of the variance in customer satisfaction ($R^2 = 0.57$; Adjusted $R^2 = 0.56$). The regression coefficients (Table 7) showed that all six service quality dimensions had statistically significant positive effects at the 0.01 level, indicating that higher scores on each dimension were associated with higher customer satisfaction when controlling for the other dimensions. Hence, H3 was supported.

Table 6

Multiple regression model summary for predicting customer satisfaction (N = 666)

R	R^2	Adj R^2	F	p
0.75	0.57	0.56	143.2	< 0.01

Table 7

Regression coefficients for predicting customer satisfaction from service quality dimensions (N = 666)

Predictor	B	SE	t	p
Constant	−0.18	1.59	−0.11	ns
Tangibles	0.24	0.05	4.45	< 0.01
Reliability	0.39	0.12	3.29	< 0.01

Responsiveness	0.36	0.11	3.15	< 0.01
Assurance	0.22	0.05	4.61	< 0.01
Empathy	0.32	0.08	4.17	< 0.01
Convenience/Digital	0.49	0.12	4.27	< 0.01

Note: ns = not significant at the 0.05 level.

Discussion of the Results

The absence of a significant gender difference suggested that perceived service quality in the selected public sector banks was experienced similarly by male and female customers in the district. This finding indicated that service delivery processes and interaction quality were not meaningfully differentiated by gender within the operational context studied. The strong positive association between overall service quality and satisfaction aligned with established service marketing evidence that perceived quality was a proximal antecedent of satisfaction in services. Prior work in banking and other service settings reported comparable patterns, wherein satisfaction increased with improvements in perceived service performance across multiple dimensions (Caruana, 2002; Cronin & Taylor, 1992). The regression results further clarified that customer satisfaction was influenced by a bundle of service dimensions rather than a single attribute. Convenience and digital support showed a strong positive contribution alongside reliability, responsiveness, empathy, assurance, and tangibles. This pattern supported the view that public sector banks' satisfaction outcomes depended simultaneously on core service delivery (accuracy and dependability), interpersonal performance (courtesy, competence, and empathy), and contemporary convenience expectations (digital/ATM support and accessibility).

Implications of the Study

For bank management, the results indicated that customer satisfaction could be strengthened by coordinated improvements across all service quality dimensions. Operational initiatives that improved transaction accuracy, reduced waiting time, and enhanced problem-resolution responsiveness were likely to yield satisfaction gains. Training interventions that reinforced assurance and empathy in frontline staff interactions remained important, particularly for trust-intensive services such as credit and complaint handling. The strong contribution of convenience/digital support implied that investments in stable digital channels, ATM uptime, clear digital guidance for customers, and seamless branch–digital integration were integral to satisfaction in public sector banking. For researchers, the results provided evidence for modelling customer satisfaction as a function of multidimensional service quality

in public sector bank settings and supported the use of composite and dimension-wise measurement approaches.

II. CONCLUSION

The study assessed customer perception of service quality in selected public sector banks in Thiruvananthapuram district and examined its relationship with customer satisfaction. The gender-wise comparison did not show a significant difference in perceived service quality. Overall service quality exhibited a strong positive association with customer satisfaction, and the six service quality dimensions jointly explained a substantial share of variation in satisfaction. The evidence indicated that enhancing satisfaction in public sector banks required simultaneous attention to core reliability and responsiveness, interpersonal assurance and empathy, tangible service cues, and the convenience and robustness of digital service delivery.

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