

Impact of Service Quality on Customer Satisfaction in State Banks in Sri Lanka: Reference to Ratnapura District

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Abstract

The banking sector is one of the major and fast growing sectors in the economy. Banks deliver various banking services to the customers while giving a significant contribution to the economic development of the country. Satisfied customers are an invaluable resource for every successful organization. Customers measure the superiority of the service quality by depending on various aspects of the service. There is a service quality problem in the banking sector even among the banks which provide the same facilities with the same interest rates. Undoubtedly, customers are highly attracted to banks that provide a high quality of service. Service quality is one of the major determinants of customer satisfaction. The best mechanism to promote the bank among the customers is service quality. The main objective of this study is to identify the impact of service quality and customer satisfaction in state banks in Ratnapura district. The study was mainly based on the widely accepted SERVQUAL model of service quality. The sample of the study selected by using the convenience sampling technique which comprises 100 state bank customers of BOC, People's bank, NSB, RDB and SMIB in Ratnapura district. The research comes under a quantitative approach and the primary and secondary sources were used to collect the data. The data collected through a well-structured questionnaire and hypotheses were tested using descriptive analysis, correlation analysis and multiple regression analysis. As per the results of multiple regression analysis responsiveness, assurance and tangibility have a significant impact while empathy and reliability have no such significant impact on customer satisfaction in state banks in Ratnapura district. Responsiveness, empathy, assurance and reliability have a strong positive relationship and tangibility showed a moderate positive relationship between service quality and customer satisfaction. Based on the findings researchers concluded that there is much consideration on responsiveness, assurance and tangibility which predict customer satisfaction in state banks in Ratnapura district.

Keywords: Customer satisfaction, Ratnapura district, service quality, SERVQUAL model, state banks