



# **Impact of Service Quality on the Levels of Customer Satisfaction in Public and Private Sector Banks in Sri Lanka**

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## **Abstract**

The intense competition has forced Sri Lankan banks to be more customer-oriented than a few decades ago. Decision makers, therefore, have to identify and implement the most appropriate strategies to delight customers rather than just satisfy. The right strategy must encompass the service quality parameters which ultimately condition customer satisfaction and loyalty. The main objective of this study is to assess the impact of service quality on the level of customer satisfaction in public sector and private sector banks in Sri Lanka. Accordingly, seven hypotheses were built on SERVQUAL dimensions focusing on the differences in service quality. The analysis was performed using cross tabulations and Pearson Chi-Square tests. Results reveal substantial differences in satisfaction between the public and the private banks. Findings suggest that the human related factors of perceived service quality (i.e. reliability, responsiveness, assurance, and empathy), has a greater impact on customer satisfaction than that of the non-human related factors (i.e. tangibles). Concurrently, reliability and responsiveness are the most influential determinants of customer satisfaction in the banking industry. The findings imply that the authorities should focus their attention specifically on human related factors rather than on mere physical infrastructural developments.

**Keywords:** *service quality; sheer satisfaction; SERVQUAL dimensions*