

An investigation of relationships among service quality, customer satisfaction, and customer loyalty in banking sector in Vientiane, Laos

Siphachanh Khamphanthong

Siphachanhmba@gmail.com

Nattapan Buavaraporn, Ph.D.

Nattapan_bua@utcc.ac.th

School of Business, University of the Thai Chamber of Commerce, Thailand

Abstract

In business world, customers are the source of profit and revenue for the service organizations and improvements in service quality leads to customer loyalty. The main objective of this research is to investigate the relationship among service quality, customer satisfaction and customer loyalty in Vientiane, Laos. A review of literature was conducted to find out the relationship among service quality, customer satisfaction and customer loyalty. The literature review confirms this relationship. Structural Equation Model (SEM) and factor analysis was used to test whether the model is fit or not and there were close relationship between independent variables and dependent variables. Thus, 400 qualified returned questionnaires were received. The result shows that all service quality attributes are positively correlated to customer satisfaction and customer satisfaction is positively related to customer loyalty in the banking sector in Vientiane. Reliability shows the highest positive correlation with customer satisfaction and tangibility demonstrates the least positive correlation with customer satisfaction. However, the result also indicated that there is no significant relation between service quality to customer loyalty. This study suggests that SERQUAL is a suitable instrument for measuring the bank service quality in Vientiane. The results of this research offer several implications for instant business leaders and managers of Lao banks, and academic.

Keywords: customer satisfaction, customer loyalty, service quality

1. Introduction

“The trend of world markets has changed noticeably from agricultural to service markets” (Asian Development Outlook, 2007). All the businesses in service sector try their best to satisfy their customers by providing quality service and banking industry also one of them. In the business today, the most valuable asset is the strength of the relationships of the organization with its customers. The goal to enhance profit of the company is long term relations. The relationship between the firm and consumer will occur when consumer can perceive the benefits of service quality of the firm. Elearn (2005) indicated that “Quality links directly to customer, what customer suggest is the dimension of the quality”. Davies et al., (1995) indicated that “Banks are more likely to earn higher profits if they are able to position themselves in a superior way to their competitors in a particular market”

According to Titko and Lace (2010), customers' satisfaction levels can be increased as a result of the competitive power of the bank and the survival of bank also rely on satisfaction of the customers. Banks can achieve a competitive advantage if they can provide high quality services. Providing high quality services can contribute for gaining large market shares, more profits, and higher customer retention (Bowen and Hedges 1993). The bank is one of many services that satisfy the customers with an ever-growing importance of research similar. This is resulting from the bank is becoming more and more aggressive in its marketing approach. "Retail banks are pursuing this approach, in part, because of the complexity in differentiating based on the service offering".

The attitude of the organization service can be employed as a yardstick for the customers to measure the quality of services offered to customers. A receptive attitude, a key ingredient, of the bank can be helpful in creating a good image of the bank and its services in customers' mind. Customers consider about the physical environment such as infrastructure, the design and the general atmosphere in assessing the quality of banks services. Impression of the customers both in positive and negative way depends on the duration of service delivery. For instance, a good impression regarding high quality can be earned with a short waiting time in delivering banking services (Owusu-Frimpong, 1999)

Specifically, Nasir (2005) stated that in increasing competitive markets, building strong relationships with customers, that is, developing the loyalty of consumers is seen as the key factor in winning market share and developing a sustainable competitive advantage. As the banks in Laos offered a diversity of banking system, each bank has to regard to the satisfaction of the customer by determining and estimating their opinions and use this information to improve the system's quality. "This will help to bring clients back repeatedly to the bank's site and by implication increase the number of financial transaction with it" (Gronroos, 1982).

The Lao government has created a huge incentive for supporting investors, both domestic and abroad to run business in the country in order to maintain the growth of the Lao economy. Many new entities are encouraged to be established in Laos, especially in the banking sector (Bank of Lao PDR, 2011). As a result, the commercial banks in Laos have recently increased. According to the 2013 report from the Bank Supervision Department at the Bank of the Lao PDR, there are currently 33 commercial banks – increasing from 26 banks at the end in 2011.

Moreover, according to ASEAN Secretariat (2012), AEC (ASEAN Economic Community) is going to transform ASEAN countries into a region with free movement of services, skilled labors, goods, investments, and free flow of capital in 2015. So, it is sure that there will be a highly competitive environment among local and foreign banks within the banking industry. Therefore, it is necessary for the banks to pay attention on how to sustain their competitive advantage through their service quality.

It is found out that there are so many factors affecting on customer satisfaction and customer loyalty, and there are different factors presented by various scholars, based on different locations, industries, and aspects. The relationship among service quality, customer satisfaction, and customer loyalty in banking sector in Laos are not paid attention by scholars yet. This calls for an empirical investigation of these relationships to broaden the existing body of knowledge in a specific context of Laos banking sector.

2. Literature review

2.1 Customer satisfaction

Customer satisfaction is “an emotional reaction to the difference between what customers anticipate and what they receive” (Zineldin, 2000), regarding the fulfillment of some need, goal or desire (Oliver, 1999). A related explanation was provided by Gerpott et al. (2001) who proposed that customers’ satisfaction depended on whether the fulfillment service provider met their expectation or not. “Customer satisfaction is an overall attitude formed based on the experience after customers purchase a product or use a service” (Fornell, 1992). Stauss et al. (2001) indicated that customers’ satisfaction could increase customer retention and vice versa.

In addition, according to Kotler (2000), “a person’s feelings of pleasure or disappointment resulting from comparing a product are perceived performance in relation to their expectation”. Customer will be dissatisfied if the performance falls short of expectations, and customer will be satisfied if it met their expectation. Most of the firms’ preferred to have a high level of customer satisfaction, customer who was just touch satisfied, they are still easy to switch to another provider, when a better provider comes out. Crosby et al., (1990) indicated that satisfaction could be reflected in content of service; it was the evaluation of the interacting experience with a provider of service, and customer could use it to estimate the experience in the future.

2.2 Service quality

In financial service, Howcroft, (1991) indicated that the importance for improving the quality of service has been noted in relation to the weakness’ of price competition. Thus, the firm had to understand and enhance the service quality in order to satisfy their customers.

From the definition, service quality depended on how the perceived performance meets customer needs (Edvardsson 1998). Gronroos (1982) was the first to state service quality as “the outcome of an evaluation process where the consumer compares his expectations with the service he perceived he has received.” Likewise, service quality was the level of service required compared to the level of service obtained (Parasuraman et al., 1991).

According to Lewis and Mitchell (1990), academics and practitioners had become more interested in the service quality since it could be used to fulfill customers’ needs as well as to enhance the performance of the firm. The service quality was the comparison of the perceived performance and the level of expectation (Parasuraman et al., 1988; Cronin and Taylor, 1992; and Bolton and Drew, 1992). The general definition of service quality was that the service should satisfy customer’s expectations and fulfill their requirements (Ueltschy and Krampf 2001).

Based on Yavas and Benkenstein (2007), the company will get more chance to differentiate themselves in competitive market. Caruana (2002) indicated that “service quality seems to lead to positive word-of-mouth, lessening of complaint tendencies and continuity in bank-customer relationship”. In addition, Levesque and McDougall (1996) illustrated that “high service quality results in customer satisfaction and loyalty, greater willingness to recommend to someone else, reduction in complaints and improved customer retention rates.

2.3 SERVQUAL model (PZB)

Normally, the typical research of service quality from the American view has been ground on the PZB service model, best-known as SERVQUAL model (Brady and Cronin, 2001). Based on the concept of “disconfirmation paradigm”, in which service quality was defined as the result of perceived and expected performance of service, SERVQUAL model was developed by Parasuraman et al. (1985). This model inspects the gap between the level of service performances and customers’ expectations. “SERVQUAL model has been widely used to measure the service quality”. It is, therefore, has been cited in many research in marketing publications (Brown et al., 1993).

According to Parasuraman et al. (1985), service quality was one of the commonly used and cited components in the literature of service quality (Othman and Owen, 2001). Also, he conceptualized the model of service quality by exploring “the concept of service quality in four group of service”, first suggested by Lovelock (1980). According to Buttle (1996), one of the tools used in measuring the service quality was SERVQUAL. It purposed to know how customer perceives the service quality.

Parasuraman et al., (1998) stated that “An instrument (a survey questionnaire) was used to compare what they feel the service firm should offer (expectation) and their perceptions of the performance of the actual service”. The SERVQUAL model had been developed and clarified into a multiple-item scale for evaluating the perception of customer of service quality. Moreover, it had been recently used a lot in industry. In SERVQUAL model, service quality was determined by 5 factors: tangibility, reliability, responsiveness, assurance, and empathy.

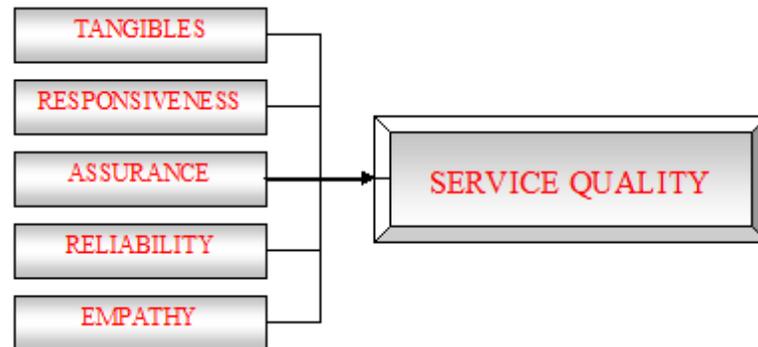


Figure 1 : SERQUAL model (Parasuraman et al., 1998)

- **Tangibility:** refers to the physical components of the facility such as equipment, staffs, their uniforms and attitudes. Conclusively, tangibility is anything that customer can easily observe.
- **Reliability:** is the effort of the firm to keep its promise.
- **Responsiveness:** means the punctuality and promptitude of the service as well as the eager and readiness to serve the customers when they need.
- **Assurance:** Are the staffs’ skill and courtesy, and abilities to serve the customer.

➤ **Empathy:** caring, the company's ability to provide individual attention and convenience.

Several researchers have used SERVQUAL to assess service quality including tourism by Kvist and Khefsjo (2006), library service (Kiran, 2010), public services (Wisniewski, 2001; Brysland and Curry, 2001; Agus et al., 2007), mobile telecommunication (Negi, 2009; Van der Wal et al., 2002), healthcare (Kilbourne et al., 2004), electricity utility services (Jannadi and Al – Saggaf, 2000), and Banking (Herington and Weaven, 2009; Rahim et al., 2010). These studies confirmed “the demonstrative value of SERVQUAL in that it identified service shortfalls irrespective of the industry, consequently, enabling service managers to appropriately allocate resources to improve service quality” (Carrillat and Jaramillo, 2007).

The SERVQUAL model was the measurement of perceptions of the customers of service quality, at the same time as it didn't point out the result dimension (Baker and Lamb, 1993). Moreover, some scholars claimed that this model could use only functional service quality, errors may be specified, and the prediction accuracy was low (Richard and Allway, 1993). Besides, Powpaka (1996) agreed that “SERVQUAL might not be sufficiently comprehensive to capture the overall service quality construct, since it focused mainly on the process quality attributes”.

However, many authors criticized the weaknesses of SERVQUAL model. One of the main weaknesses of this tool was: the five dimensions of service quality were not worldwide. Thus, it could not be practical in all industries of service. (Saurina & Canals 1997, Robinson 1999, Ladhari 2009, and Buttle 1996). They argued that “it depends on the context in which the dimensions were applied since the definitions and the number differ”. For example, Babakus and Boller (1992) used SERVQUAL model on gas utility and electronic company, indicated that out of five dimensions, only one dimension were found. Also, Melts et al. (1997) confirmed that the result of their case could use only two dimensions.

2.4 The relationship between service quality and customer satisfaction

The priority of customer satisfaction would be service quality, the first suggestion by Oliver (1993). Until now, there were so many researchers who had found supported empirical for what Oliver investigated (Anderson and Fornel, 1994; Brown and Swartz, 1989; Spreng and Mackoy, 1996). Fornell et al. (1996) pointed out that raising expectation could be improved quality of service and also could be positively correlated to customer satisfaction. In the recent decade, many studies also had established that service quality strongly drives satisfaction (Cronin and Taylor, 1992; Kotler and Keller, 2006; Oliver, 1980; Wang and Hing-Po Lo, 2002).

It would not lead to improved customer satisfaction if the improvements of quality were not based on the needs of customer. The core difference between customer satisfaction and service quality: quality associated to managerial delivery of the service, and satisfaction reflects the experience of the customers with that service (Iacobucci et al., 1995). According to Rust and Oliver (1994), the satisfaction or dissatisfaction of the customer is “affective reaction or cognitive”. As a response to a set of service quality was one dimension on which satisfaction is based (Dick and Basu, 1994). Besides, improving the quality of service would result in customer satisfaction (Anderson et al., 1994).

“The relationship between service quality and customer satisfaction was becoming crucial with

the increased level of awareness among bank customers”. Sureshchander *et al.* (2002) observed that “the relationship between service quality and customer satisfaction had received considerable academic attention in the past few years, but the nature of the exact relationship between service quality and customer satisfaction was still shrouded in uncertainty”.

Some studies had examined the relationship between service quality and customer satisfaction stemming from the debate that service quality and customer satisfaction were the same concept, on one hand, and that “they were different but related concepts on the other. Customer satisfaction was perceived as a broader concept, whereas service quality was perceived as a component of customer satisfaction (Kiran, 2010)”.

2.5 The relationship between service quality and customer loyalty

Certainly, there were many scholars studied the relationship between quality of service, behavioral intention and satisfaction. Thus, in the banking sector, Rust and Zahorik (1993) related service quality perceptions to consumer loyalty. Crosby and Stephens (1987) investigated “loyalty in the insurance industry and with regard to retailing”, and “customer patronage was investigated in relation to service encounter failures” Kelley *et al.*, (1993).

If the firm can offer higher level of service quality, the firm might achieve more favorable customers’ behavioral intentions. “The positive behavioral intentions include saying positive thing about the company to others, recommending the company to others, encouraging others to do business with the company, doing more business with the company, and considering the company the first choice” (Choudhury , 2013). “The relationship between perceived service quality and customer loyalty had been theoretically and empirically confirmed in the literature on the services industry, including banks” (Al-hawari *et al.*, 2009).

Renaweera and Neely (2003) indicated that service quality was an essential element in building and maintaining customers. Al-hawari *et al.* (2009) mentioned that it was different views in the literature on the way that the quality of service could impact the loyalty of customer. Karatepe *et al.* (2005) found “a direct as well as an indirect (via satisfaction) influence of quality on customer loyalty within the banking industry”. Some scholars had specified that the influencing of service quality to customer loyalty was only indirectly through satisfaction (Caruana, 2002).

Other authors argued for a direct effect (Renaweera and Neely, 2003; Alexandris *et al.*, 2002). Choudhury (2013) found “a direct link between the services quality different dimensions and customers’ purchase intentions in the Indian banking industry”. Al-hawari *et al.* (2009) also found “a direct link between quality and loyalty within the context of Australian banking”.

2.6 Customer loyalty

Oliver (1999) defined customer loyalty as a deeply held commitment to rebuy preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior. Edvardsson *et al.* (2000), loyalty was an intention of customer or predisposition to buy from the same service provider again.

Besides, the review also found that, consumer loyalty had been considered as an essential point, in order to achieve company success and sustainability over time (Keating, Rugimbana, and Quazi, 2003). Luis and Casalo (2008) indicated that loyalty could improve the higher future purchase intention. Loyalty behaviors were explained by the value received from one provider is greater than other alternatives (Hallowell, 1996). Loyalty regarding the banking sector was defined as the customer’s repeated patronage of a certain bank over a long period of time (Ladhari et al., 2011). Loyal customers were characterized by repetitive purchasing of products and services, recommending the company to others, defending it against bad comments by strongly supporting their choices (Akhter et al., 2011).

2.7 The relationship between customer satisfaction and customer loyalty.

Customer loyalty was determined to a large extent by customer satisfaction (Anderson and Fornell, 1994). Although satisfactory alternatives exist, customer also could give the preference to a particular product or service provider (Luarn and Lin, 2003) Jones and Sasser (1995) indicated a very intuitive classification of an individual’s link between satisfaction and loyalty.

Table 1: Individual’s link between satisfaction and loyalty

(Jones and Sasser ,1995)

	High satisfaction	Low satisfaction
High loyalty	Loyalist	Hostage
Low loyalty	Mercenary	Defector

Fornell, (1992) indicated that “There is increasing recognition that the ultimate objective of customer satisfaction measurement should be customer loyalty”. In the research area of information management, one of the important research topics was customer satisfaction. (Au, Ngai, & Cheng, 2008). In review of studies, satisfaction positively affected the customer loyalty; satisfaction was one antecedent of customer loyalty (Deng et al 2009, Dick & Basu, 1994). Cristobal et al. (2007) reported that: satisfaction had a positive significant effect on loyalty satisfied by customer.

In general, previous researches on loyal customer were highlighted on effort to analyze factors that influenced the satisfaction of the customers (Botton & Bramlett, 2000; Fornell & Wernerfelt, 2002). Those researches revealed that “the higher level of customer satisfaction toward the company, the higher level of loyalty”. However, some other researches indicated that “customer satisfaction did not always relate to customer loyalty (Fornell & Wernerfelt, 2002). In other words, a high satisfaction level did not usually guarantees the customers to stay loyal. Reichheld (2001) stated that even if there are very high satisfactions, 65 – 85 percentage of customers will switch. Other researchers like Henning – Thurán & Alexander (2002) also revealed that “dissatisfaction does not always result in the customers becoming un-loyal.

2.8 Research conceptual framework

After literature review, the conceptual framework of this research was developed and illustrated as figured 2. There were three pairs of independent variable and dependent variables. First pair, the independent variable was Service Quality, and dependent variable was Customer satisfaction. Second pair, the independent variable was Service Quality, and dependent variable was Customer loyalty. And the last pair, the independent variable was Customer satisfaction, and dependent variable was customer loyalty.

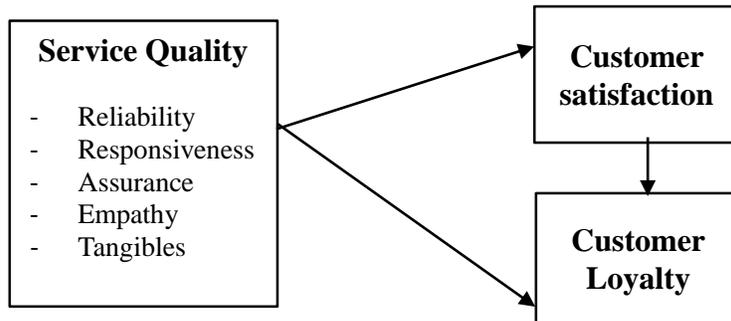


Figure 2: Adopted conceptual framework of this study

3. Research Methodology

Considering the research designed, five main steps were conducted. First, the researcher conducted literature review on related field of study from academic journals, official publications, and book. Second, an applicable quantitative method was chosen. Third, primary data was collected by designing questionnaire for survey to collect data from Lao people in Vientiane who had bank account. Fourth, the pretest of research instrument about the validity and reliability was carried out. Finally, the collected data was analyzed through descriptive statistics analysis, SEM analysis. The questionnaires structure was based on the conceptual framework of this study, and most of the questions were revised from previous studies done by other scholars.

In this research, data is collected through questionnaire. Therefore, the questionnaires had 35 questions and will distribute for 450 questionnaires and collected at 8 places in the table below:

Table2: Places to collect data

Lao Telecom Company Ltd.	100 copies
Ministry of science and technology	80 copies
Government Office	50 copies
Ministry of Energy and Mines	50 copies
Unitel Company Ltd.	50 copies
National Assembly of Laos	50 copies
Lao-American College	50 copies
Tonymoly shop	20 copies

Therefore, the questionnaires were distributed and collected in these six places by use accidental sampling to choose the respondents. Most of the data collected ranging from the 18th July to 31

August in 2015. The total sample size in this research consisted of 450 respondents distributed in Vientiane. Finally, the researcher collected the 400 available questionnaires for this research.

3.1 Research Instrument

Five-point Likert scale was used to measure all indicators where “1” indicated the least favorable response alternative (Strongly disagree) and “5” the most favorable response alternative (Strongly agree). The pre-test was conducted to assess the reliability and validity of the questionnaire. Basically, pre-test was to find out whether the questionnaires were simple and understandable to respondents and at the same time to make it a comprehensive tool to collect required information and data for pre-analyzing. On the advice of experts and the results obtained from the pre-test, the questionnaire will be modified. The study has chosen 30 samples to do the pretest. The pretest for the reliability test was collected by 30 bank account users in Vientiane. The Cronbach’s alpha coefficient was used to measure the reliability of this research. The score of 0.70 or higher is accepted as reliable construct (Hair et al., 2006). After the data test, all the Cronbach’s alpha value was greater than 0.70, all the factor reliable enough to use in the data collection. The value shows as Table 3 below.

Table 3: Reliability test

Factor	Cronbach’s alpha 30 copies
Tangibility	0.813
Responsiveness	0.822
Empathy	0.795
Reliability	0.845
Assurance	0.737
Customer satisfaction	0.905
Customer loyalty	0.891

Besides reliability testing, the validity test was conducted. There are three steps to test the validity of questionnaires: First of all, the professionals of English and Lao language were invited to evaluate the quality of the translation between two versions. Then, the 30 people who has the bank account were asked to fill out the questionnaires and to give suggestion about any item that could be hard to understand or difficult to answer. Finally, some items in the questionnaires were modified based on comments and suggestions from each step of validity test.

3.2 Data Analysis

This research used descriptive statistics analysis to evaluate the demographic data, and the information was shown into frequency and proportion respectively, and using Descriptive to evaluate level of agreement of service quality, customer satisfaction, and customer loyalty. Furthermore, Structural Equation Model (SEM) and factor analysis were used to test whether the model is fit or not and there were close relationship between independent variables and dependent variables. Thus, SEM also used to analyze the relationship between service quality and customer satisfaction, the relationship between service quality and customer loyalty, and the

relationship between customer satisfaction and customer loyalty.

4. Results

The total sample size in this study consisted of 450 respondents distributed in Vientiane. The return rate was 89%. Thus, 400 questionnaires are used for data analysis based on the conceptual framework that the researcher mentioned in the previous chapters.

The majority of the respondents who are age of 21-30 for 284 respondents which equal to 71% and the second largest group which is the respondents who are 31-40 years old that have 90 respondents which equals to 22.5% for this research, 20 respondents which equals to 5% of the respondents had the age between 41-50 years. The sample consisted of 227 male and 173 female which equals to 56.8% for male and 43.3% for female. The majority group of the respondents got a bachelor degree for 323 persons or 80.8%, 73 persons or 18.3% got a master degree, 2 people got under bachelor (0.5%), and 2 people got P.H.D (0.5%).

In the income group shows that the majority group of the respondents has income around \$401-\$600 per month for 49.8% and the second largest group was \$200-\$400 per month for 111 persons or 27.8%. Besides that, the income between \$601-\$800 per month had 52 respondents' equals to 13% of all the respondents, and the income more than \$800 had 38 persons equals to 9.5%.

In this research, the respondents mostly used the bank of BCEL counted for 197 persons equals to 49 per cent of all the respondents. The second majority bank was Lao-Viet Bank Co.Ltd, counted for 62 persons or 15.5%, and the majority bank was Phongsavanh Bank Ltd, counted for 44 persons or 11% of the total respondents. Thus, Lao Development Bank, counted for 39 persons or 9.8 per cent, followed by Agriculture Promotion Bank and Join Development Bank counted for 27 persons per each bank or around 27 per cent, and there are four people equals 1 per cent chooses Banque Franco-Lao.

According to the table below, the respondents 'attitude toward customer satisfaction overall (Mean=3.54, S.D =0.62) which consisted in level of Agree. This implied that the respondents have quite satisfied on service attributes offered by the bank. Besides, the respondents 'attitude toward customer loyalty overall (Mean = 3.47, S.D = 0.73) which consisted in level of Agree.

Table 4: The level of agreement

	Characteristics (N=400)		
	Mean	Std. Deviation	Level of agreement
Customer Satisfaction	3.54	0.62	Agree
Customer Loyalty	3.47	0.73	Agree
Tangibility	3.45	0.64	Agree
Responsiveness	3.47	0.66	Agree
Empathy	3.46	0.65	Agree
Reliability	3.58	0.68	Agree
Assurance	3.69	0.66	Agree

The correlation matrix showed that all the variables were related at significant with each other as the table below:

Table 5: Correlation matrix

	CL	T	Res	E	Re	A	CS	SQ
CL	1							
T	0.554**	1						
Res	0.568**	0.579**	1					
E	0.652**	0.561**	0.718**	1				
Re	0.614**	0.531**	0.642**	0.728**	1			
A	0.564**	0.535**	0.531**	0.589**	0.657**	1		
CS	0.740**	0.640**	0.663**	0.724**	0.708**	0.682**	1	
SQ	0.698**	0.755**	0.819**	0.855**	0.858**	0.789**	0.819**	1

Note1: **. Correlation is significant at the 0.01 level (2-tailed).

Note2: CL = Customer Loyalty; T = Tangibility; Res = Responsiveness; E = Empathy; Re = Reliability; A = Assurance; CS = Customer Satisfaction

Factor analysis was a significant method of statistic used to study the variability among all the observed variables. The extraction of communalities, in which presented how much the variances in terms explained. The communality was the sum of the squared factor loading for all factors as following:

Table 6: summarized the data of extraction of communalities

Variables	Components	Initial	Extraction
Service Quality (SQ)	Tangibility	1.000	0.554
	Responsiveness	1.000	0.626
	Empathy	1.000	0.724
	Reliability	1.000	0.702
	Assurance	1.000	0.597
Customer Satisfaction	-	1.000	0.800
Customer Loyalty	-	1.000	0.648

In this study after extraction, the communalities 'values of the component were among 0.554 to 0.800, which were greater than 0.3. So, it means that all items fit well with other item in the components.

AMOS text output of specified path analysis model of the conceptual framework of the study provided absolute goodness-of-fit measures: The p-value of the Chi-square is at 0 .000 meaning that it is statistically significant. Moreover, the goodness-of-fit index (GFI), adjusted goodness-of-fit index (AGFI) and the comparative fit index (CFI) stand at 0.921, 0.887 and 0.805, which are acceptable. Besides, the root mean square of approximation (RMSEA) is 0.025, which provides evidence of close fit of the model in relation to the degrees of freedom because RMSEA is less than 0.05. The Tucker Lewis Index (TLI) is 0.919; their values are well above the

recommended threshold level of 0.90.

Table 7: Goodness-of-fit measures

FIT Index	Acceptable threshold levels	value
X ²	x ² relative to df with p-value (<0.05)	Chi-square = 1.375 p-value= 0.000
GFI	GFI is less than or equal to 1. A value of 1 indicates a perfect fit.	0.921
AGFI	AGFI Values is less than or equal to 1. A value of 1 indicates a perfect fit.	0.887
CFI	CFI is truncated to fall in the range from 0 to 1. CFI values close to 1 indicate a very good fit.	0.805
RMSEA	Values < 0.05	0.025
TLI	range for TLI lies between zero and one	0.919

According to the table below, it showed that all five dimension has a positive effect on service quality and the table also showed that service quality has a significant positive effect on customer satisfaction as $\beta = 0.938$ (S.E. = 0.03; C.R. = 14.170), which mean that customer satisfaction could be influenced by service quality. Besides, According to the Standardized Regression Weight table, it showed that service quality has no positive significance on customer loyalty (0.667) which is more than the significant level 0.01. Moreover, based on the Standardized Regression Weight table, it showed that customer satisfaction has a significant positive effect on customer loyalty as $\beta = 0.766$ (S.E. = 0.272; C.R. = 12.205), which mean that customer loyalty could be influenced by customer satisfaction.

Table 8: Standardized regression weight

Standardized Regression Weight			β	S.E.	C.R.	P
Customer Satisfaction	<---	Service Quality	0.938	0.033	14.170	***
Service Quality	<---	Tangibility	0.767	0.036	12.294	***
Service Quality	<---	Responsiveness	0.905	0.037	13.548	***
Service Quality	<---	Empathy	0.894	0.033	16.005	***
Service Quality	<---	Reliability	0.791	0.035	12.873	***
Service Quality	<---	Assurance	0.825	0.040	12.984	***
Customer Loyalty	<---	Service Quality	0.283	0.132	3.559	0.667
Customer Loyalty	<---	Customer Satisfaction	0.766	0.272	12.205	***

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

Note: S.E = standard error; C.R = $\beta / S.E.$; P = Significant

5. Summary and discussion

Service quality

Based on the literature review, service quality is an essential in high-customer involvement

industries involved services of financial institution. It could be considered as a crucial strategy, which can help the firm to sustain their competitive advantage, also firm can increase the profit in the long-term (Howcroft, 1991). From the definition, service quality depends on how the perceived performance meets customer needs (Edvardsson 1998). Also, Caruana (2002) indicated that “service quality seems to lead to positive word-of-mouth, lessening of complaint tendencies and continuity in bank-customer relationship”.

Tangibility is one of the main dimensions of service quality which refers to the physical components of the facility such as equipment, staffs, their uniforms and attitudes. From the analysis result, the tangibility factor has been proven to be positive affect which had $\beta = 0.767$. Many empirical researches supported this finding (Levesque and McDougal, 1996; Jamal and Naser, 2002; Sohail and Shaikh, 2008; Jamal and Anastasiadou, 2009; Hossain and Leo, 2009; Jabnoun & Altamimi, 2003). In addition, Wakefield and Blodgett (1999) have found that “tangibility have an impact on the affective responses of customers, which include the sense of pleasure and relaxation and the feeling of excitement”. In this study, it showed that the facility and design was highly affected in making customer feel comfortable as factor loading equal to 0.86.

Reliability is the effort of the firm to keep its promise. In this study, the Reliability factor has been proven to be a positive effect ($\beta = 0.791$), which is also in one factor with the studies carried out by Kumar et al (2009), Jamal and Anastasiadou (2009), Lopez et al. (2007), and Ravichandran et al. (2010) that stated that Reliability have the lowest gap because the perception of the respondents are satisfied and close to expectation. However, there is some researcher like Wong et al. (2008) mentioned that Reliability, have the largest gap. It means that the performance of the banks is quite poor in providing prompt service, individualized attention and accuracy and dependability. The outcome of the research indicated that Employees are knowledgeable to answer customers’ questions, was highly affected in increasing customers ‘confident and trust in quality service as factor loading equal to 0.82.

Responsiveness measured the punctuality and promptitude of the service as well as the eager and readiness to serve the customers when they need. In the outcome of this research, Responsiveness factor, through the value of standardized coefficients (beta value) was explained that, the Responsiveness factor has the most significant positive effect on service quality, which $\beta = 0.905$. It is also in one factor with the studies carried out by Lopez et al. (2007), Carrillat and Jaramillo (2007), Negi (2009), Van der Wal et al. (2002) and Yavas & Benkenstein (2007) indicated that Responsiveness came out as having the most satisfy dimension. The result of this research explained that giving a prompt service to the customer and Employees are always willing to help the customers were the highly effective in increasing customers ‘confident and trust in quality service as factor loading equal to 0.83 and 0.80 respectively.

Empathy measured the caring, the company’s ability to provide individual attention. From the analysis result, the Empathy factor has been proven to be a positively affect which had $\beta = 0.894$. It is also in one factor with the studies carried out by Kvist and Khefsjo (2006), (Kiran, 2010), Wisniewski (2001), Brysland and Curry (2001), Agus et al. (2007), Jamal and Anaastasiadou (2009) indicated that Empathy could have a strong effect on good service quality. The outcome of the research indicated that Employees are willing to serve customers and have the enthusiasm to understand customer needs, were the highly affected in increasing satisfaction and trust of the

customer as factor loading equal to 0.83 and 0.82.

Assurance is the staffs' skill and courtesy, and abilities to serve the customer. In this study, the Assurance factor has been proven to be a positive effect ($\beta = 0.825$). Many empirical researches supported this finding (Levesque and McDougal, 1996; Jamal and Naser, 2002; Sohail and Shaikh, 2008; Jamal and Ananstasiadou, 2009; Hossain and Leo, 2009; Jabnoun & Altamimi, 2003). The result of this research explained that the bank can provide accurate service to customers, has highly effected on service quality as well as customer feel safe in the transactions with the bank, which had a factor loading as 0.88 and 0.75.

Service quality with customer satisfaction

According to the literature review, customer satisfaction is an "overall customer attitude toward a service provider" (Levesque and McDougall, 1996), or "an emotional reaction to the difference between what customers anticipate and what they receive" (Zineldin, 2000), regarding the fulfillment of some need, goal or desire (Oliver, 1999). Customer satisfaction is an overall attitude formed based on the experience after customers purchase a product or use a service (Fornell, 1992). Customer will be dissatisfied if the performance falls short of expectations, and customer will be satisfied if it met their expectation. Most of the firms prefer to have a high level of customer satisfaction, customer who are just touch satisfied, they are still easy to switch to another provider, when a better provider comes out.

The outcome of the customer satisfaction in this research, through the value of standardized estimate (beta value =0.938) was explained that: a good service quality had high effect on customer satisfaction. Until now, there are so many researchers who have supported empirical (Anderson and Fornel, 1994; Brown and Swartz, 1989; Spreng and Mackoy, 1996). Fornell et al. (1996) pointed out that raising expectation can improve quality of service and also can be positively correlated to customer satisfaction. Also, many studies also have established that service quality strongly drives satisfaction (Cronin and Taylor, 1992; Kotler and Keller, 2006; Oliver 1980; Wang and Hing-Po Lo, 2002).

The researcher found out that it will not lead to improved customer satisfaction if the improvements of quality are not based on the needs of customer. The core difference between customer satisfaction and service quality: quality associated to managerial delivery of the service, and satisfaction reflects the experience of the customers with that service.

Customer satisfaction and customer loyalty

Based on the literature review, Oliver (1999) defined customer loyalty as a deeply held commitment to rebuy preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior. Edvardsson et al. (2000), loyalty is an intention of customer or predisposition to buy from the same service provider again. Customer loyalty has been considered as an essential point, in order to achieve company success and sustainability over time (Keating, Rugimbana, and Quazi, 2003). Customer loyalty is determined to a large extent by customer satisfaction (Anderson and Fornell, 1994). Although satisfactory alternatives exist, customer also can give the preference to a particular product or service

provider (Luarn and Lin, 2003).

In this study, customer satisfaction was found to have a strong effect on customer loyalty as beta value equals to 0.766. As Yi (1990) indicated that if a bank repeated to satisfied a customer, this customer will continue to realize his or her transactions in this particular bank. Previous researches on customer loyalty were highlighted on effort to analyze factors that influenced the satisfaction of the customers (Botton & Bramlett, 2000; Fornell & Wernerfelt, 2002). Those researches revealed that “the higher level of customer satisfaction toward the company, the higher level of loyalty”.

In this study, the researcher found that if the customers get the exceeded expectation value, the customer will be highly satisfied with the value provider and not easy to switch to the other. Once customers get high satisfaction and delight, it will create an emotional affinity with the brand and the result is the service provider received the customer loyalty.

Service quality with customer loyalty

Certainly, many scholars studied the relationship between quality of service, behavioral intention and satisfaction. The relationship between perceived service quality and customer loyalty has been theoretically and empirically confirmed in the literature on the services industry, including banks (Al-hawari et al., 2009). Thus, in the banking sector, Rust and Zahorik (1993) related service quality perceptions to customer loyalty.

In this study, it was found out that service quality has no direct effect on customer loyalty which had beta value equals to 0.283 and the p-value was equal to 0.667 (higher than the significant level 0.05) same as in Cronin and Taylor’s studies, he point out that the quality of service didn’t show to have a positive effect on customer loyalty. However, Boulding et al. (1993) stated that there is “a relationship between service quality and repurchase intentions and willingness to recommend”. The researcher in this study founded out that customer of the bank in Laos might be satisfied with the service of the bank, but they are not preferred to be loyal with one bank. If other bank can offer more choices, they can switch it to that bank.

6. Contributions and limitation

This research is an important for business leaders and managers of Lao banks. One of the challenging tasks is that the leaders and managers of banks will face is how to enhance customer satisfaction and customer loyalty through service quality. As suggested by this research model, customer loyalty will develop if the formation of five dimensions of service quality (Tangibility, Responsiveness, Empathy, Reliability, Assurance) and customer satisfaction is well managed. Therefore, banks might be more fruitful through focusing on these variables. It is important for business leaders and managers of Lao banks to be a satisfying brand to increase customer loyalty.

The banks must be concerned about the quality of their service especially the Reliability and Responsiveness dimensions. For Reliability dimension, the company should be more focusing on training the employees to be knowledgeable enough to answer all of the questions of the customers in order to increase customers’ confidence and trust in service quality of the company. In adding, Responsiveness dimension is also one of the important dimensions to be more concentrating on, by always giving a prompt service to the customers and make sure that

employees are always willing to help the customer by heart. Besides, for the Empathy dimension, customers need consistently courteous and friendly employees, and they need employees who have the enthusiasm to understand customers need. So, having a good and knowledgeable staffs is the key factor to gain more customer satisfaction and customer loyalty as well as to improve the business performance and get the double win between their company and customers.

In addition, Assurance dimension is also one factor that the banks have to carry out. If the bank always can provide accurate service to the customers, it will lead to make customers feel safer in any transaction. Moreover, banks also need to be concerned about Tangibility dimension. Users not only need bank facilities to be sufficient and visible for usage, but also ask for facilities and design that can make customer feel comfortable as well as materials associated with the service should be visually appealing at the bank. Bank managers can use this information to better serve their customers and increase satisfaction in areas that need some attention. The link between service quality and customer satisfaction is visible in the study results, and financial institutions and bank managers, as a whole, should continue to find effective ways to systematically measure and manage customer sustainable satisfaction and retention.

The empirical of this research confirm that service quality, customer satisfaction, and customer loyalty are fitted for testing the relationship of these three variables. The model can be well used in context across wide variety of banks. The empirical of this research suggest that there is no significant relationship between service quality and customer loyalty in the banking sector in Vientiane because its standardized regression weight was very low.

One limitation of the study involves constraints of time in this study which are important factors for research. The study was only carried out in 8 locations (Lao-American College, Ministry of science and technology, Government Office, Lao Telecom Company Ltd., Ministry of Energy and Mines, Unitel Company Ltd., Tonymoly shop, and National Assembly of Laos) from the 18th July to 31th August in 2015. Furthermore, the respondents were made to choose one bank which constitutes an additional limitation. Some of the respondents may have transactions in more than one bank.

7. Recommendation for the future research

First, the researcher can recommend with some confidence the SERVQUAL scale as starting point for assessing service quality. The five dimensions of service quality showed impressive reliability and were surprisingly robust. Besides, the results of this study only provide results of the relationship among service quality, customer satisfaction, and customer loyalty in banking sector in Vientiane. Future research can consider extending it with other areas in Laos or other countries. In addition, the study only focused on relationship of service quality, satisfaction, and loyalty, but it did not relate to successful relationship, that is strategic or profitability growth. Future research can address whether success results from high quality of relationship generated.

It is considered essential to extend this research to multiple bank users in order to have a clearer view of the notions of the respondents who have financial products in more than one institution. The future research could use more variable to measure customer satisfaction and customer loyalty. So that it will make the content more extensive and make the results more

meaningful .Also, future research could be enlarging the number of respondents, which can make the results of the research more accurate. Future research could explore the differences in response towards the investigated variables among different groups of people of varied backgrounds and demographics. Also, the new researcher could investigate the effect of demographic part to service quality or customer satisfaction.

References

- Aaker, D & Day, G. 1990. **Marketing research**. New York: J. Wiley.
- Akhter, W., Abbasi, A.S., Ali, I. and Afzal, H. (2011), “Factors affecting customer loyalty in Pakistan”, *African Journal of Business Management*, Vol.5 No.4, pp. 1167 – 1174
- Al-Wugayan, A. and Pleshko, L. P. (2010), “A study of satisfaction, loyalty, and market share in Kuwait banks”, *Proceedings of the Academy for studies in International Business*, Vol. 10 No.1, pp. 2-7
- Anderson, E.W. and Fornell, C. (1994), “A customer satisfaction research prospectus”, in Rust, R.T. and Oliver, R.L. (Eds), *Service Quality: New Directions in Theory and Practice*, Sage, Thousand Oaks, CA, pp. 241-68
- Anderson, J.C. and Narus, J.A. (1990), “A model of distributor firm and manufacturing firm working relationships”, *Journal of Marketing*, Vol. 54 No. 1, pp. 42-58.
- Angur, M.G., Natarajan, R. and Jahera, J.S. (1999), “Service quality in the banking industry: an assessment in a developing economy”, *International Journal of Bank Marketing*, Vol. 13 No. 3, pp. 116-123.
- Arasli, H., Katircioglu, S. T. and Mehtap – Smadi, S. (2005), “A comparison of service quality in the banking industry”, *International Journal of Bank Marketing*, Vol. 23 No.7, pp. 508-526
- Arbore, A. and Busacca, B. (2009), “Customer satisfaction and dissatisfaction in retail banking: exploring the asymmetric impact of attribute performances”, *Journal of Retailing and Consumer Services*, Vol. 16 No. 4, pp. 271-280.
- Arun Kumar, S., Tamilmani, B., Mahalingam., S. and Vanjikovan, M. (2010), “ Influence of Service Quality on attitudinal loyalty in private retail banking: an empirical study”, *The IUP Journal of Management Research*, Vol.9 No.4, pp. 21-38
- Babakus, E. and Boller, G.W. (1992), An Empirical Assessment of the SERVQUAL Scale, *Journal of Business Research*, 24(3), 253-68
- Bansal, H.S., Irving, P.G. and Taylor, S.F. (2004), A three component model of customer commitment to service providers, *Journal of the Academy of Marketing Science*, Vol.32 No.3, pp. 234-50
- Bell, S.J., Auh, S. and Smalley, K. (2005), Customer relationship dynamics: service quality and customer loyalty in the context of varying levels of customer expertise and switching costs, *Journal of the Academy of Marketing Science*, Vol. 33 No.2, pp. 169-83
- Bick, G., Brown, A.B. and Abratt (2004) Customer Perceptions of the Value Delivered by Retail Banks in South Africa, *The International Journal of Bank Marketing*, 2(5), 300-318
- Bolton, R. N., Kannan & Bramlett. (2000). Implications of loyalty program membership and service experiences for customer retention and value. *Journal of the Academy of Marketing Science*, 28(1), 95 - 108
- Bowen, J. and Hedges, R.B. (1993), Increasing Service Quality in Retail Banking, *Journal Retail Banking*, 15(3), 21-28

- Bowen, T.J. and Chen, S. (2001), "The relationship between customer loyalty and customer satisfaction", *International Journal of Contemporary Hospitality Management*, Vol. 13 No. 5, pp. 213-217
- Boulding, W., Kalra, A., Staelin, R. and Zeithaml, V. (1993), "A dynamic process model of service quality: form expectations to behavioral intentions", *Journal of Marketing Research*, Vol. 30, pp. 7-27
- Brady, M. K. and Cronin Jr., J. J. (2001). 'Some New Thoughts on Conceptualizing Perceived Service Quality: A Hierarchical Approach.' *Journal of Marketing*, Vol. 65(3), pp. 34-49.
- Bravo, R., Montaner, T. and Pina, J. M. (2009), "The role of bank image for customers versus non-customers", *International Journal of Bank Marketing*, Vol.27 No.4, pp 315-334
- Brown, S.W. and Swartz, T.A. (1989), "A gap analysis of professional service quality", *Journal of Marketing*, Vol. 53, pp. 92-8.
- Bryslund, A. and Curry, A. (2001), "Service improvements in public services using SERQUAL", *Managing Service Quality*, Vol. 11 No. 6, pp. 389 - 401
- Buttle, F. (1996) SERVQUAL Review, Critique, Research Agenda, *European Journal of Marketing*, (30), 8-32
- Carrillat, F. and Jaramillo, F.M. (2007), "The validity of the SERQUAL and SERVPERF scales: a meta – analytic view of 17 years of research across five continents", *International Journal of Service Industry Management*, Vol. 18 No.5, pp. 472 – 490
- Caruana A (2002), "Service Loyalty: The Effect of Service Quality and Mediating Role of Customer Satisfaction", *European Journal of Marketing*, Vol. 36, Nos. 7 & 8, pp. 811-828.
- Chan, H. H., & Chen., S.W. (2009). Consumer perception of interface quality, security, and loyalty in electronic commerce. *Information & Management*, 46 (7), 411-417
- Chen, T.Y., Chang, P.L. and Chang, H.S. (2005), Price, Brand cues and Banking Customer Value, *International Journal of Bank Marketing*, 23(3), 272-291
- Chen, H.G., Liu, J.Y.C., Sheu, T.S. and Yang, M. H. (2012), "The impact of financial services quality and fairness on customer satisfaction", *Managing Service Quality*, Vol. 22 No.4, pp. 399-421
- Colgate, M., & Lang, B. (2001). Switching barriers in consumer markets: An investigation of the financial services industry. *The Journal of Consumer Marketing*, 18(4), 332-347
- Cronin, J.J. and Taylor, S.A. (1992), "Measuring service quality: a reexamination and extension", *Journal of Marketing*, Vol. 56, pp. 55-68.
- Cronin Jr, J.J., Brady, M. K., & Hult, G. T. M. (2000). Assessing the effects of quality, value, and customer satisfaction on consumer behavioral intentions in service environments. *Journal of retailing*, 76(2), 193-218
- Crosby, L.A. and Stephens, N. (1987), "Effects of relationship marketing on satisfaction, retention and prices in the life insurance industry", *Journal of Marketing Research*, Vol. 24, pp. 404-11.
- Crosby, L.A., Evans, K. R., & Cowles, D. (1990). Relationship quality in services selling: An interpersonal influence perspective. *Journal of Marketing*, 54(3), 68-81 an integration conceptual framework. *Journal of the Academy of Marketing Science*, Vol. 22 No.2, pp.99-113
- Dagger, T.S., & David, M.E. (2012). Uncovering the real effect of switching costs on the satisfaction-loyalty association: The critical role of involvement and relationship benefits. *European Journal of Marketing*, 46(3), 447-468
- Dick, A.S and Basu, K. (1994), Customer loyalty: toward an integrated conceptual framework.

- Journal of the Academy of Marketing Science*, Vol. 22 No.2, pp. 99-113
- Dunn, G. E., et. al. (1994). A principal component analysis of the Dissociative Experiences Scale in a substance abuse population. *Journal of Clinical Psychology*.50.
- Edvardsson, B., Johnson, M.D., Gustafsson, A. and Stranddvik, T. (2000). The effect of satisfaction and loyalty on profit and growth: product versus services. *Total Quality Management*, Vol. 11, pp. 917-927
- Fathollahzadeh, M., Hashemi, A. and Kahreh, M.S. (2011), “Designing a new model for determining customer value satisfaction and loyalty towards banking sector of Iran”, *European Journal of Economics, Finance and Administrative Sciences*, Vol. 28 No. 1,pp. 126-138.
- Fornell, C, (1992), “A national customer satisfaction barometer: The Swedish experience”, *Journal of Marketing*, Vol. 56, January, pp. 6-21
- Fornell, C., Larcker, D.F., (1981). Evaluating structural equation models with unobservable variables and measurement error. *Journal of Marketing Research*, 18 (1), 39-50
- Fornell, J. E., & Wernerfelt. (2002). Customer relations & rapport: Professional development series. Australia: South Western Thomson Learning.
- Giese, J. L., & Cote, J. A. (2000). Defining consumer satisfaction. *Academy of Marketing Science Review*, 4 (2)
- Gil S M, Hudson S and Quintana T A (2007), “The Influence of Service Recovery and Loyalty on Perceived Service Quality: A Study of Hotel Customers in Spain”, *Journal of Hospitality and Leisure Marketing*, Vol. 14, No. 2, pp. 47-68.
- Godes, D., & Mayzlin, D. (2004). *Firm created word of mouth communication: A field based quasi experiment*.
- Hair, J., Black, W., Babin, B., Anderson, R., & Tatham, R. (2006). *Multivariate Data Analysis*, 6th ed. Pearson Prentice Hall, Upper Saddle River, New Jersey.
- Hair, J., Black, W., Babin, B., and Anderson, R. (2010). *Multivariate data analysis* (7th ed.): Prentice-Hall, Inc. Upper Saddle River, NJ, USA.
- Hallowell, R. (1996), “The relationships of customer satisfaction, customer loyalty, & profitability: an empirical study”, *International Journal of Service Industry Management*, Vol. 7 No. 4, pp. 27-42.
- Henning, T., Thorsten, & Klee, A., (2002). *The impact of customer satisfaction and relationship quality on customer retention: A critical reassessment and model development*. Psychology & Marketing, John Wiley & Sons, Inc
- Herington, C. and Weaven, S. (2009), “E – retailing by banks: e-service quality and its importance to customer satisfaction”, *European Journal of Marketing*, Vol. 43 No.9, pp. 1220 - 1231
- Howcroft, J. B. (1991). 'Customer Satisfaction in Retail Banking.' *The Service Industries Journal*, Vol. 11(1), pp. 11-17.
- Iacobucci, D., Ostrom, A. and Grayson, K. (1995), Distinguishing service quality and customer satisfaction: the voice of the consumer. *Journal of Consumer Psychology*, Vol.4 No.3, pp. 277-303
- Jabnoun, N. and Al-Tamimi, H.A.H. (2003), Measuring Perceived Service Quality at UAE commercial banks, *International Journal of Quality and Reliability Management*, 20(4), 458-472
- Jamal, A. and Naser, K. (2002), “Customer satisfaction and retail banking: an assessment of some of the key antecedents of customer satisfaction in retail banking”, *International*

- Journal of Bank Marketing*, Vol. 20 No. 4, pp. 146-160.
- Jannadi, O. and Al-Saggaf, H. (2000), "Measurement of quality in Saudi Arabian service industry", *International Journal of Quality & Reliability Management*, Vol. 17 No. 9, pp. 949-966
- Johnson, M.D., & Fornell, C. (1991). A framework for comparing customer satisfaction across individuals and product categories. *Journal of Economic Psychology*, 12(2), 267-286
- Johnston, R. (1997), "Identifying the critical determinants of service quality in retail banking: importance and effect", *International Journal of Bank Marketing*, Vol. 15 No. 4, pp. 111-116.
- Jones, C. (2004), "Developing a scorecard for service quality", *Management Services*, Vol. 48 No. 4, pp. 8-13.
- Kandampully, J (2000) "The impact of demand fluctuation on the quality of service", *Journal of Travel Research*,. 39 (3), pp. 252-260
- Kaura, Vinita; Datta, Saroj Kumar; Vyas, Vishal. Vilakshan. (2012) "Impact of Service Quality on Satisfaction and Loyalty: Case of Two Public Sector Banks", *The XIMB Journal of Management*. Sep2012, Vol.9 Issue 2, p65-76. 12p.
- Kazi, S. (2011), "Interrelation between Service Quality Attributes, Customer Satisfaction and Customer loyalty in the Retail Banking Sector in Bangladesh", *International Journal of Business and Management*, Vol.6, No.3
- Keating, B., Rugimbana, R., & Quazi, A. (2003). Differentiating between service quality and relationship quality in cyberspace. *Managing Service Quality*, 13(3), 217-232
- Kelley, S.W., Hoffman, K.D. and Davis, M.A. (1993), "A typology of retail failures and recoveries", *Journal of Retailing*, Vol. 69, pp. 429-52.
- Kheng, L.L., Mahamad, O., Ramayah, T. and Mosahab, R. (2010), "The impact of service quality customer loyalty: a study of banks in Penang, Malaysia", *International Journal of Marketing Studies*, Vol. 2 No. 2, pp. 57-66.
- Kilbourne, W., Duffy, J. and Giarchi, G. (2004), "The applicability of SERQUAL in cross-national measurements of health-care quality", *Journal of Service Marketing*, Vol.18 No.7, pp. 524-533
- Kiran, K. (2010), "Service quality and customer satisfaction in academic libraries: perspectives from a Malaysian university", *Library Review*, Vol. 59 No 4, pp. 261 - 273
- Korda, A.P. and Snoj, B. (2010), "Development, validity and reliability of perceived service quality in retail banking and its relationship with perceived value and customer satisfaction", *Managing Global Transitions*, Vol. 8 No. 2, pp. 187-205.
- Kotler, P. (2000). *Marketing management: the millennium edition*, New Jersey, Prentice Hall, Inc., 10th edition.
- Koufteros, X.A. (1999). Testing a model of pull production: a paradigm for manufacturing research using structural equal modeling. *Journal of Operations Management*, 17.
- Kumar, M., Kee, F.T. and Manshor, A.T. (2009), Determining the relative importance of critical factors in delivering service quality of banks. An application of Dominance analysis SERVQUAL Model, *Managing service quality*, 19(2), 211-228
- Kvist, A. and Klefsjo, B. (2006), "Which service quality dimensions are important in inbound tourism? A case study in a peripheral location", *Managing Service Quality*, Vol.16 No.5, pp.520-537
- Ladhari, R., Ladhari, I. and Morales, M. (2011), "Bank service quality: comparing Canadian and Tunisian customer perceptions", *International Journal of Bank Marketing*, Vol. 29 No. 3,

- pp. 224-246.
- Lam, S. Y., Shankar, V., Erramilli, K. M. and Murthy, B. (2004), Customer Value, Satisfaction, Loyalty, and Switching Costs: An Illustration From A Business to Business Service Context, *Journal of the Academy of Marketing Science*, 32(3), 293-311
- Lai, F., Giffin, M. and Babin, B.J. (2009), “How quality, value, image, and satisfaction create loyalty at a Chinese telecom”, *Journal of Business Research*, Vol. 62 No. 10, pp. 980-986
- Lehamann, D., Gupta, S. & Steckel, J. 1998. **Marketing Research**. USA: Addison-Wesley.
- Levesque, T. and McDougall, G.H.C. (1996), “Determinants of customer satisfaction in retail banking”, *International Journal of Bank Marketing*, Vol. 14 No. 7, pp. 12-20.
- Lovelock, C. (1980). ‘Towards Classification of Services.’ in Lamb, C. and Dunne, P. ed., *Theoretical Developments in Marketing*, pp. 72-76. Chicago: American Marketing
- Luarn, P. and Lin, H. H. (2003). A Customer Loyalty Model for E-Service Context. *Journal of Electron. Commerce Res.*, 4(4), 156-167
- Luis V. Casalo (2008). Toward loyalty development in the e-banking business. *Journal of systems and Information Technology*, Vol. 10 No.2, 200 pp. 120-134
- Manrai, L. A. and Manrai, A. K. (2007), “A field study of customers’ switching behaviour for bank services”, *Journal of Retailing and Consumer Service*, Vol. 14 No. 7, pp. 208-215.
- Mels, G., Boshoff, C. and Nel, D. (1997), The Dimensions of Service Quality: The Original European Perspective Revisited, *The Service Industries Journal*, 17(1), 173-89
- Mukherjee, Avinandan, Nath, Prithwiraj, Pal, Manabendra Nath, 2003. Resource, service quality and performance triad: a framework for measuring efficiency of banking services. *The Journal of the Operational Research Society* 54(7), 723–735.
- Nasir, S. (2005). The development, change, and transformation of management information systems (MIS): A content analysis of articles published in business and marketing journals. *International Journal of Information Management*, 25(5), 442 – 457
- Negi, R. (2009), “User’s perceived service quality of mobile communications: experience from Ethiopia”, *International Journal of Quality & Reliability Management*, Vol. 26 No. 7, pp. 699-711
- Oliver, R. L. (1980). A cognitive model of the antecedents and consequence of satisfaction decisions. *Journal of Marketing Research*, 17(4), 460-469
- Oliver, R.L. (1993), “ A conceptual model of service quality and service satisfaction: compatible goals, different concepts”, in Swartz, T.A., Bowen, D.E. and Brown, S.W. (Eds), *Advances in Service Marketing and Management*, Vol. 2, JAI Press, Greenwich, CT, pp. 65-85.
- Oppewal, H. and Vriens, M. (2000), “Measuring perceived service quality using integrated conjoint experiments”, *International Journal of Bank Marketing*, Vol. 18 No. 4, pp. 154-169
- Owusu-Frimpong (1999), Patrillage Behaviour of Ghanaian Bank Customers, *International Journal of Bank Marketing*, 17(1), 335-341
- Parasuraman, A., Zeithaml, V. A. and Berry, L. L. (1985), A Conceptual Model of Service Quality and Its implications for Future Research. *Journal of Marketing*, 49(4), 41-50
- Parasuraman, A., Zeithaml, V. A. and Berry, L. L. (1988). 'SERVQUAL: A Multiple-Item Scale for Measuring Consumer Perceptions of Service Quality.' *Journal of Retailing*, Vol. 64(1), pp. 12-40.
- Rahim, M., Osman, M. and Ramayah, T. (2010), “ Service quality, customer satisfaction and loyalty: a test of mediation”, *International Business research*, Vol.3 No.4, pp.72-80
- Ravichandran, K., Mani, B.T., Kumar, S.A. and Prabaharan, S. (2010), Influence of Service

- Quality on customer Satisfaction, Application of SERVQUAL Model, *International Journal of Business and Management*, 5(4), 117-124
- Razak R M, Chong C S and Lin B (2007), "Service Quality of a Local Malaysian Bank: Customers' Expectations, Perceptions, Satisfaction and Loyalty", *International Journal of Services and Standards*, Vol. 3, No. 1, pp. 18-38.
- Reichheld, F.F. (2001). Loyalty rules – how today's leaders build lasting relationship. USA: Harvard Business School. Service marketing: *Integrating customer focus across the firm* (2nded). (2000). McGraw Hill Companies Inc.
- Ronnie, C., Mei, L., Aris Y.C, L. and Yeun, C. (2013), "Measuring Service Quality in the Banking Industry: A HongKong Based Study", *Contemporary Management Research*", Vol.9, No.3, pp. 263-282
- Rust, R. T. and Oliver, R.L. (1994). Service quality: insights and managerial implications from the frontier, in Rust, R. T. and Oliver, R.L. (Eds). *Service Quality: New Directions in Theory and Practice*, pp. 241-68
- Rust, R.T. and Zahorik, A.J. (1993), "Customer satisfaction, customer retention, and market share", *Journal of Retailing*, Vol. 69, pp. 193-215.
- Seiders, K., Berry, L.L. and Gresham, L.G. (2000), "Attention, retailers! How convenient is your convenience strategy?" *Sloan Management Review*, Vol. 41 No. 3, pp. 79-89.
- Sit, W.Y., Ooi, K.B., Lin, B and Chong, A. Y.L. (2009), TQM and Customer Satisfaction in Malaysia's Service Sector, *Industrial Management and Data Systems*, 109, 957-75
- Sureshchander G S, Chandrasekharan R and Anantharaman R N (2002), "The Relationship Between Service Quality and Customer Satisfaction – A Factor Specific Approach", *Journal of Service Marketing*, Vol. 16, No. 4, pp. 363-379.
- Titko, J. and Lace, N. (2010), Customer satisfaction and loyalty in Latvian Retail Banking, *Economics and Management*, 15, 1031-1038
- Trassoras, R., Weinsein, A. and Abratt, R. (2009), "Value, satisfaction, loyalty and retention in professional services", *Marketing Intelligence & Planning*, Vol. 27 No. 5, pp. 615-632.
- Vesel, P. and Zabkar, V. (2009), "Managing customer loyalty through the mediating role of satisfaction in the DIY retail loyalty program", *Journal of Retailing and Consumer Services*, Vol. 16 No. 5, pp. 396-406.
- Winstanley, M. (1997), "What drives customer satisfaction in commercial banking", *Commercial Lending Review*, Vol. 12 No. 3, pp. 36-42.
- Wisniewski, M. (2001), "Using SERQUAL to assess customer satisfaction with public sector services", *Managing Service Quality*, Vol.11 No.6, pp. 380-388
- Wong, D.H, Rexha, N. and Phou, I. (2008), Re-Examining Traditional Service Quality in an E-Banking Era, *International Journal of Bank Marketing*, 26(7), 526-545
- Woodruff, R.B. (1997), Customer Value: The Next Source for Competitive Advantage, *Journal of the Academy of Marketing Science*, 25(2), 139-153. World Bank (2004), *Micro and Rural Finance in Ghana: Evolving industry and Approaches to Regulation*, Finding 234
- Yamane.Taro. 1967. *Statistic, An Introductory analysis*. 2nd ed, NewYork, Harper and Row
- Yavas U, Bigin Z and Shenwell D (1997), "Service Quality in the Banking Sector in an Emerging Economy: A Consumer Survey", *International Journal of Bank Marketing*, Vol. 15, No. 6, pp. 217-223

Zeithaml, Valaries A., Berry, Leonard L., Parasuraman, A. (1996), The behavioral consequences of service quality, *Journal of Marketing*, 60 (2), 31-46

Zeithaml, V.A., Berry, L.L. and Parasuraman, A. (1993), The Nature and Determinants of Customer Expectations of services, *Journal of Academy of Marketing Science*, 21(1), 1-12

Zeithaml, Valerie.A. (2000). Service quality profitability and the economic worth of customers: what we know and what we need to learn. *Academy of Marketing Science Journal* 28(1), 67–85.