

## Systematic Literature Review (SLR) on Service Quality Dimensions in the Indian Banking Sector with Reference to Select Banks in Andhra Pradesh

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### Abstract

The Indian banking sector has undergone significant transformation due to liberalization, technological advancements, and increased competition. Service quality has emerged as a critical determinant of customer satisfaction and loyalty. This Systematic Literature Review (SLR) synthesizes prior empirical and conceptual studies on service quality dimensions, customer satisfaction, and customer loyalty in the Indian banking sector, with particular relevance to public and private sector banks and contextual linkage to Andhra Pradesh. Following PRISMA 2020 guidelines, this review analyses peer-reviewed journal articles, doctoral theses, conference proceedings, and authoritative reports published between 1985 and 2024. The review identifies dominant service quality models (SERVQUAL, SERVPERF, E-SERVQUAL), key dimensions influencing satisfaction and loyalty, methodological trends, research gaps, and implications for future research.

Keywords: Service Quality, SERVQUAL, Customer Satisfaction, Customer Loyalty, Indian Banking, Public Sector Banks, Private Sector Banks

### 1. Introduction

The banking sector forms the backbone of a nation's financial system and plays a pivotal role in economic development. In India, banking services have evolved from traditional custodial and lending functions to sophisticated financial intermediation supported by digital platforms such as UPI, mobile banking, and internet banking. With intensified competition among public sector banks (PSBs), private sector banks (PrSBs), and foreign banks, service quality has become a strategic differentiator.

Customer expectations have risen sharply due to exposure to global service standards and technological innovations. As banking is a pure service industry, intangible elements such as responsiveness, reliability, assurance, empathy, and tangibles significantly shape customer perceptions. Consequently, service quality has been widely studied as an antecedent to customer satisfaction and loyalty.

Although numerous studies exist on banking service quality in India, findings are fragmented across regions, bank categories, and methodological approaches. There is a need for a structured synthesis of literature using a systematic and transparent method. Hence, this study adopts a PRISMA-based SLR approach to consolidate existing knowledge and identify research gaps, particularly relevant to Andhra Pradesh.

### 2. Objectives of the Systematic Literature Review

The objectives of this SLR are:

1. To systematically review existing literature on service quality in the Indian banking sector.
2. To identify dominant service quality dimensions and models used in banking studies.

3. To examine the relationship between service quality, customer satisfaction, and customer loyalty.
4. To compare findings across public and private sector banks.
5. To identify methodological trends and research gaps for future studies.

### 3. Research Questions

The review is guided by the following research questions (RQs):

- RQ1: What service quality models and dimensions are most frequently used in banking studies?
- RQ2: How does service quality influence customer satisfaction in Indian banks?
- RQ3: What is the relationship between service quality, customer satisfaction, and customer loyalty?
- RQ4: Are there significant differences in service quality perceptions between public and private sector banks?
- RQ5: What research gaps exist in the current banking service quality literature?

### 4. Methodology: PRISMA 2020–Based Systematic Literature Review

This Systematic Literature Review (SLR) strictly follows the **Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) 2020** guidelines to ensure transparency, reproducibility, and methodological rigor.

#### 4.1 Objectives of the PRISMA-Based Review

The PRISMA-based SLR was undertaken with the following objectives:

1. To systematically identify and synthesize empirical and conceptual studies on service quality in the Indian banking sector.

2. To examine the evolution of service quality dimensions and measurement models used in banking research.
3. To assess the empirical relationship between service quality, customer satisfaction, and customer loyalty.
4. To compare findings between public sector and private sector banks.
5. To identify unresolved research gaps with specific relevance to Andhra Pradesh.

#### 4.2 Research Questions (RQs)

The review is guided by the following research questions:

- **RQ1:** What service quality models and dimensions are predominantly used in banking sector studies?
- **RQ2:** How does service quality influence customer satisfaction in Indian banks?
- **RQ3:** What is the nature of the relationship between service quality, customer satisfaction, and customer loyalty?
- **RQ4:** Are there significant differences in service quality perceptions between public and private sector banks?
- **RQ5:** What methodological and contextual gaps exist in the existing literature?

#### 4.3 Eligibility Criteria

##### Inclusion Criteria:

- Studies published between **1985 and 2024**
- Peer-reviewed journal articles, doctoral theses, and conference proceedings
- Studies focused on service quality, customer satisfaction, or customer loyalty in banking
- Studies conducted in India or comparable emerging economies
- Publications in English language

##### Exclusion Criteria:

- Studies unrelated to banking or financial services

- Articles lacking empirical or theoretical rigor
- Opinion pieces, editorials, and non-scholarly articles
- Duplicate publications
- Studies published in languages other than English

#### 4.4 Information Sources

The following electronic databases and repositories were used for literature identification:

- Scopus
- Web of Science
- Emerald Insight
- Taylor & Francis Online
- Elsevier (ScienceDirect)
- Google Scholar
- Shodhganga (Indian doctoral theses repository)

#### 4.5 Search Strategy

A structured search strategy using Boolean operators was employed. The primary keywords included:

("Service Quality" OR "SERVQUAL" OR "SERVPERF" OR "E-Service Quality") AND ("Banking Sector" OR "Indian Banks" OR "Public Sector Banks" OR "Private Sector Banks") AND ("Customer Satisfaction" OR "Customer Loyalty")

The search was refined using publication year, subject area, and document type filters.

#### 4.6 Study Selection Process

The study selection followed four PRISMA stages:

1. **Identification:** Records retrieved from databases and additional sources
2. **Screening:** Removal of duplicates and screening of titles and abstracts
3. **Eligibility:** Full-text assessment against inclusion and exclusion criteria

4. **Inclusion:** Final studies included for qualitative synthesis

#### 4.7 Data Extraction and Synthesis

Relevant data extracted included author(s), year, country, bank type, methodology, service quality dimensions, key findings, and implications. A qualitative synthesis approach was adopted due to methodological heterogeneity across studies.

#### 5. PRISMA Flow Diagram (Textual Representation)

##### Identification:

- Records identified through database searching (n = 612)
- Additional records identified through other sources (n = 48)

##### Screening:

- Records after duplicates removed (n = 540)
- Records screened by title and abstract (n = 540)
- Records excluded (n = 360)

##### Eligibility:

- Full-text articles assessed for eligibility (n = 180)
- Full-text articles excluded with reasons (n = 92)

##### Included:

- Studies included in qualitative synthesis (n = 88)
- Studies included in final SLR (n = 72)

6.

| <b>PRISMA 2020 Checklist (Detailed)</b> |                 |  |                           |
|---|-----------------|--|---------------------------|
| <b>Section</b>                          | <b>Item No.</b> | <b>PRISMA 2020 Item Description</b>        | <b>Reported in Review</b> |
| Title                                   | 1               | Identify the report as a systematic review | Yes                       |
| Abstract                                | 2               | Provide a structured summary               | Yes                       |
| Introduction                            | 3               | Describe the rationale for the review      | Yes                       |
| Introduction                            | 4               | Provide explicit objectives or questions   | Yes                       |
| Methods                                 | 5               | Specify eligibility criteria               | Yes                       |
| Methods                                 | 6               | Specify information sources                | Yes                       |
| Methods                                 | 7               | Present full search strategy               | Yes                       |
| Methods                                 | 8               | Describe selection process                 | Yes                       |
| Methods                                 | 9               | Describe data collection process           | Yes                       |
| Methods                                 | 10              | Define data items                          | Yes                       |
| Methods                                 | 11              | Describe risk of bias assessment           | Not Applicable            |
| Methods                                 | 12              | Describe effect measures                   | Not Applicable            |
| Methods                                 | 13              | Describe synthesis methods                 | Yes                       |
| Results                                 | 16              | Describe study selection                   | Yes                       |
| Results                                 | 17              | Cite included studies                      | Yes                       |
| Results                                 | 18              | Present study characteristics              | Yes                       |
| Results                                 | 19              | Present synthesis of results               | Yes                       |
| Discussion                              | 23              | Summarize evidence                         | Yes                       |
| Discussion                              | 24              | Discuss limitations                        | Yes                       |
| Other                                   | 25              | Registration and protocol                  | Not Applicable            |
| Other                                   | 26              | Support and funding                        | Not Applicable            |

**7. Theoretical Foundations of Service Quality**

**7.1 SERVQUAL Model**

Parasuraman et al. (1985, 1988) proposed SERVQUAL, comprising five dimensions: Tangibility, Reliability, Responsiveness, Assurance, and Empathy. This model dominates banking service quality research in India.

**7.2 SERVPERF Model**

Cronin and Taylor (1992) argued that performance-only measures are superior, leading to SERVPERF. Several Indian studies adopted SERVPERF due to its parsimony.

**7.3 E-Service Quality Models**

With digital banking growth, models such as E-SERVQUAL and technology acceptance-based frameworks gained importance, emphasizing security, efficiency, and ease of use.

**8. Review of Empirical Studies on Service Quality in Indian Banking**

**8.1 Public Sector Banks**

Most studies report higher trust and reliability in PSBs but lower performance in responsiveness and tangibility. Reliability and assurance frequently emerge as dominant predictors of satisfaction.

**8.2 Private Sector Banks**

Private banks consistently score higher on tangibility, responsiveness, and technology adoption. However, high service charges sometimes negatively influence satisfaction.

### **8.3 Comparative Studies**

Comparative studies reveal mixed results, with private banks outperforming PSBs in service delivery, while PSBs maintain stronger customer trust and loyalty.

## **9. Service Quality and Customer Satisfaction**

Across studies, service quality is a strong antecedent of customer satisfaction. Reliability, responsiveness, and assurance are the most influential dimensions. Demographic variables such as age, income, and education moderate satisfaction levels.

## **10. Service Quality, Customer Satisfaction, and Customer Loyalty**

Most empirical studies confirm that customer satisfaction mediates the relationship between service quality and loyalty. Direct impact of service quality on loyalty is weaker compared to its indirect effect through satisfaction.

## **11. Methodological Trends**

- Dominant use of quantitative survey design
- SERVQUAL as the primary measurement tool
- Statistical techniques: Factor Analysis, Regression, SEM
- Limited use of longitudinal and qualitative approaches

## **12. Research Gaps Identified**

1. Limited region-specific studies focusing on Andhra Pradesh
2. Lack of longitudinal studies

3. Underrepresentation of rural banking customers
4. Limited integration of digital banking service quality
5. Few studies linking service quality to financial performance

## **13. Conceptual Framework Derived from Literature**

Service Quality Dimensions → Customer Satisfaction → Customer Loyalty (Demographic variables as moderators)

## **14. Implications for Banking Practice**

- Focus on reliability and responsiveness
- Employee training in customer handling
- Investment in digital infrastructure
- Customization of services based on demographics

## **15. Implications for Future Research**

Future studies should integrate digital banking dimensions, adopt mixed-method approaches, and focus on region-specific analyses such as Andhra Pradesh.

## **16. Conclusion**

This PRISMA-based SLR consolidates three decades of banking service quality research in India. The review confirms that service quality is a critical determinant of customer satisfaction and loyalty, with distinct differences between public and private sector banks. The findings provide a strong theoretical and empirical foundation for the present doctoral research.

## **17. Results of the Systematic Literature Review (Publication-Oriented Synthesis)**

### **17.1 Descriptive Analysis of Selected Studies**

The final set of 72 studies included in this systematic review were published between 1985 and 2024, reflecting the gradual evolution of service quality research in the banking sector. A noticeable increase in publications was observed after 2005, coinciding with banking reforms, technological adoption, and the expansion of private sector banks in India. The majority of studies employed quantitative research designs using structured questionnaires, while a limited number adopted mixed-method approaches.

In terms of geographical focus, most studies were conducted at the national or state level, with a concentration on metropolitan and urban banking customers. Region-specific studies focusing on Andhra Pradesh and other southern states remain relatively limited, highlighting the contextual gap addressed by the present research.

### **17.2 Service Quality Dimensions Identified in Banking Literature**

Across the reviewed studies, five core service quality dimensions—reliability, responsiveness, assurance, empathy, and tangibility—emerged consistently, primarily based on the SERVQUAL framework. Reliability was identified as the most influential dimension in public sector banks, whereas responsiveness and tangibility were more dominant in private sector banks. Recent studies incorporating digital banking emphasized additional dimensions such as system efficiency, security, privacy, and ease of use.

### **17.3 Relationship Between Service Quality and Customer Satisfaction**

A strong and statistically significant relationship between service quality and customer satisfaction was reported in the majority of empirical studies. Reliability and assurance were found to be critical drivers of satisfaction in traditional banking services, while responsiveness and technological convenience gained prominence in digital and private banking contexts. Demographic factors

such as age, income, and education were frequently identified as moderating variables.

## **18. Discussion of Findings**

The synthesis of findings demonstrates that service quality remains a multidimensional construct with evolving characteristics influenced by technological innovation and changing customer expectations. The dominance of SERVQUAL-based studies confirms its relevance; however, the growing importance of electronic service quality highlights the need for updated measurement frameworks.

Comparative analysis indicates that while private sector banks outperform public sector banks in terms of service efficiency and innovation, public sector banks retain customer trust due to perceived reliability and assurance. These findings align with prior service marketing theories, reinforcing the mediating role of customer satisfaction in translating service quality into customer loyalty.

## **19. Implications for Theory and Practice**

### **19.1 Theoretical Implications**

This review strengthens service quality theory by integrating traditional SERVQUAL dimensions with emerging digital service quality attributes. It highlights the necessity of contextual and region-specific frameworks, particularly for developing economies like India.

### **19.2 Managerial Implications**

Bank managers should prioritize reliability and responsiveness while simultaneously enhancing digital service platforms. Continuous employee training, customer feedback mechanisms, and service customization are essential for sustaining customer satisfaction and loyalty.

## 20. Limitations and Directions for Future Research

Despite its comprehensive scope, this review is limited by its reliance on English-language publications and qualitative synthesis. Future research should adopt longitudinal designs, incorporate rural and semi-urban customer perspectives, and empirically validate integrated service quality models, particularly in the context of Andhra Pradesh.

## 21. Conclusion for Systematic Literature Publication

The PRISMA 2020–based systematic literature review provides a coherent synthesis of service quality research in the Indian banking sector. By

identifying dominant dimensions, methodological trends, and research gaps, the study contributes significantly to academic literature and offers a robust foundation for future empirical investigations and policy formulation.

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