

The Influence of Service Quality on Overall Customer Satisfaction and the Influence of Overall Customer Satisfaction on Customer Loyalty in Retail Banking in Bangkok

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Abstract

The main objective of this paper is to identify the critical service quality dimensions that influence overall customer satisfaction and the influence of overall customer satisfaction on customer loyalty in Retail Banking in Bangkok. SERVPERF measurement was applied to measure service quality of Retail Banking. 400 questionnaires were employed to collect data in front of five banks and a quota sampling method was used to ensure that representatives of each bank were proportionate based on the number of bank branches in Bangkok. Regression analysis was applied to test the hypotheses for this study. The results indicated that all five-service quality dimensions; tangible, reliability, responsiveness, assurance and empathy positively influence overall customer satisfaction and there was a positive influence of overall customer satisfaction on customer loyalty in Retail Banking. Implications for practice are also presented and limitations of research and recommendations for further research are also discussed in this study.

Key words: service quality, customer satisfaction, customer loyalty, customer loyalty in retail banking, customer satisfaction in retail banking, SERVQUAL, SERVPERF

Introduction

After the financial crises in Thailand in the 1990s, many businesses were struggling and several businesses were closed down. One of the businesses that received a major impact and could not deny the outcome of economic recession was the banking sector. The currency market faced disequilibrium and the amount of non-performing loan had risen. The Bank of Thailand and The Ministry of Finance cooperated to ensure the improvement and stability of the financial system of the country. Numerous policies have been implemented in order to improve the financial system of the country.