E-ISSN: 2706-8927
P-ISSN: 2706-8919
www.allstudyjournal.com
IJAAS 2025; 7(6): 81-85
Received: 01-03-2025
Accepted: 05-04-2025

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A study on SERVQUAL model and customer satisfaction with reference to financial inclusion in SRI Ganganagar district

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DOI: https://www.doi.org/10.33545/27068919.2025.v7.i6b.1508

Abstract
Financial Inclusion is the primary Component of the economic growth as it seems an incremental approach to chase the UNO's Millennium Development Goals. The success of financial inclusion programme primarily depends on the service quality offered by the banks. Service quality (SERVQUAL) is a model designed to understand customer satisfaction with service by analysing the gap between customer experiences on the service provided and customes expectations. The study found that out of five dimensions of SERVQUAL tangibility and reliability has less gap score so the expectations of the customers for these is close to their satisfaction. On another hand, the bank customers are dissatisfied with Other dimensions (Responsive Assurance, Empathy). The largest gap exists in the empathy dimension which plays a crucial role in satisfying banking customers. Hence the Customers (rural) are partially satisfied with the banking services for financial inclusion. This study suggested that bank employees should be more empathetic and compassionate toward customers using financial services and the banks should begin to improve the so-called quality of service dimensions in order to elevate the satisfaction of all rural Customess in regarding financial inclusion most.

Keywords: Financial inclusion, service-quality (SERVQUAL) dimensions, customer satisfaction, bank

Introductions

Financial Inclusion is the primary Component of the economic growth as it seems an incremental approach to chase the UNO's Millennium Development Goals. Financial Inclusion is the process of ensuring access to appropriate financial products and services needed by all sections of the society in general and Vulnerable groups such as weaker sections and low-income groups in particular, at an affordable cost in a fair and transparent manner by regulated mainstream institutional players. It is emphasis on the development of banking infrastructure in order to provide banking services to remote areas of the country. Banking and financial system play a vital role in providing banking and financial services to those sections, of the society which were previously eliminated from these services. In this way, under the Financial Inclusion programme, the task of providing banking and financial services to all the people of the society is possible only through the Indian banking sector. The success of Financial Inclusion programme primarily depends on the service quality offered by the banks. Service quality is a model designed to understand customer satisfaction with service by analysing the gap between customer experience on the services provided and Coustomer expectations. This study applies SERVQUAL model to measure the service quality offered by the banking sector of Sri Ganganagar District with reference to Financial Inclusion. SERVQUAL model is a framework that is widely used to measure customer satisfaction, based on a multi-item scale, introduced by Parasuraman et.al. (1988) [7] consists of five dimensions i.e.

1. **Tangible:** Refers to the appearance of Physical facilities, equipment, personnel and communication materials.
2. **Reliability:** Related to the trust in bank's ability of performing the promised services accurately in a proper way.
3. **Responsiveness:** Emphasises the willingness, attentiveness and promptness in dealing with customer's complaints, requests and problems.
4. **Assurance:** Refers to the employees, knowledge, courtesy and their ability to Convey trust and confidence.

5. **Empathy:** Related to the caring, individualised attention by the service provider to its customers.

This paper is an attempt to study the service quality model (SERVQUAL) and customer satisfaction with reference to Financial Inclusion in Sri Ganganagar District.

Literature Review-

Parasuraman *et al.* (1988) [7] developed the SERVQUAL model, which measures the quality of services in the form of a questionnaire and contains dimensions of service quality namely tangibiles reliablitiy responsiveness assureance and embpathy. This model is divided into two parts (i) Expectation section and (ii) Perception saction. This model is based on a multi-item scale designed to measure customer expectations and perceptions and the gap between the two in service quality dimensions. In previous paper, they identified ten dimensions with twenty two variables related to service but in this study they perfected the dimensions and then reprocessed them so that they were finally simplified into five dimensions as above mentioned.

Damodaran, Akhil (2011) [2] stated that Financial Inclusion enhances the economic growth and make it more stable as it reduces the gap between rich and poor. A sound financial system is the key of development and progress of an economy. It enables people to access financial system who are unable to access financial services so far. The paper discussed about the role of financial inclusion in the Economy and recent technology innovation in financial inclusion in all over the world like M-Pesa of Kenya, IKO-Pesa Easy Paisa, EKO, G-Cash etc. Having better technology and better products itself is not enough but the basic financial education as well as the usages of technology is more important. The study focused on the main causes for financial exclusion and suggested some views for making financial inclusion a success like-Banks should emphasize more products which should be affordable and have high utility. Banks should ask to customers for feedback about the product and services. To understand the financial needs of the people banks should conduct regular surveys in respected villages. As a smart way of sending and depositing money in villages mobile banking should be encouraged.

Gupta *et al.* (2016) [3] examined the significance of Service quality dimensions on Customers of banks in Indore and its Impact on overall satisfaction. Service quality measure is based on modified version of SERVQUAL as proposed by Parastamon *et al.* (1985), which involve five dimensions of service quality, namely-Tangibles, Reliability Responsiveness, Assurance, Empathy. This study hypothesize and propound an instrument of service quality and examines the relationship between expected service quality dimensions and customer satisfaction. Outcome of the study outlined that customer's expectations are more with the banks and the level of satisfaction is lower. It is apparent from the study that banks must improve the elements of service quality that make the most significant contributions on customer satisfaction.

Naik *et al.* (2010) [5] used SERVQUAL to analysed the gap between perceptions and expectations of the customer, concerning with the service at retail units in the South Indian State of Andhra Pradesh. Customer satisfaction level is assessed for the services offered at select retail units in the city of Hyderabad, Five dimensions in service quality (SERVQUAL) tangibility, reliability, responsiveness, empthay and assurance have been considered for this research. General purpose of this study to know some factors that impact customer satisfaction. The research methodology was carried out in a survey cross-sectional applied to 369 respondents. The data obtained was analysed by using reliability method, correlation and regression. Result of research showed that services offered by retail units have positive impact and are significant in building customer satisfaction. The study concluded that service quality dimensions are crucial for customer satisfaction in retailing-a growing sector with high growth potential and opportunities in developing economies like India.

Bhatt & Bhanawat (2016) [1] used analysed the discrepancy between customer perceptions and expectations about service in retail units in southern Rajasthan by SERVQUAL model. The level of customer satisfaction is evaluated for the services provided in certain retail units in the city of Udaipur. Five dimensions of service quality (SERVQUAL) tangibility, reliability, responsiveness, assurance and empathy were considered for this empirical research. The research methodology was conducted as part of a cross-sectional survey used by 114 respondents. Research findings have shown that the services provided by retail units have had a positive impact and contribute significantly to increased customer satisfaction. Nevertheless, this research would enable marketers, retailers and Policymakers to calibrate service quality Configuration attributes to improve customer Satisfaction.

Objectives of the Study

- To examine the service quality expectations among bank customers with reference to financial inclusion in the district.
- To examine the service quality perceptions among bank customers with reference to financial inclusion in the district.
- To measure the gap between the service quality expectations and perceptions among bank customers while providing services in the reference of financial inclusion.
- To examine the level of satisfaction of rural people with respect to banking services related to financial inclusion.

Hypothesis

The banking activities for financial inclusion have no significant effect on rural people's satisfaction.

Research Methodology

This research is based on primary data, collected through a structured. questionnaire. The questionnaire was divided in two segments the first part related to the demographic profile of the respondents, and the second part is all about banking services in reference of financial inclusion in the district. To analyse the service quality satisfaction of customers (rural people), based on customer’s expectation and perception SERVQUAL Model is used. It rated the level of expectation of customers for five dimensions (i.e. Tangibility, Reliability, Responsiveness, Assurance and Empathy) between 7 to 5 points and on the other hand the level of perception regarding above mentioned 5 dimensions of the model is between 5 to 2 points.

SERVQUAL Methodology is designed to identify the gaps between what customers expected from an excellent product or service provider and what they received from their current suppliers of that product and service. The basic questionnaire as used by Parasuraman *et al.* (1988) [7] has been modified and used here with 22 statements under 5 dimensions. The responses have been captured in 7 point likert scale and gap score is calculated by deducting expectations from perception (E.P.). It consisted five dimensions-Tangibles, Reliability, Responsiveness, Assurance and Empathy of SERVQUAL model in the form of 22 statements to measure the level of service customer satisfaction. For sample size, the studied district is divided into four Categories, as indicated in the table below and randomly selected 100-100 samples from each category.

Table 1: Formation of Sample

S. No.	Selection of Samples	Villages	Sample Size
1	Such villages where no banks exist	9 H Bara-Sangatpura, 3LC (A), Mokamwala, Chak 3 Y	100
2	Such villages where only co-operative and Rural banks exist	Natewala, 2B Badi, Salempura, 22PTD	100
3	Such villages where commercial, co operative and rural banks exist	Lalgarh Jatan and Jaitsar	100
4	Town Ship-Where different banks exist	Sri Ganganagar and Raisinghnagar	100

Table 2: Demographic Profile of Respondents

Demographic Profile	Variables	Group A	Group B	Group C	Group D	Frequency	Percent
Gender	Male	60	63	56	61	241	60
	Female	40	37	44	39	160	40
Education	Illiterate	08	07	01	-	16	4
	Below 10th	26	28	09	01	64	16
	Secondary	19	15	18	-	52	13
	Higher Secondary	09	12	26	24	71	17.75
	Graduation	34	32	40	60	166	41.50
	Post Graduation	04	06	06	15	31	7.75
Occupation	Farmer	52	56	46	30	184	46
	service	05	06	14	15	40	10
	own-Business	25	18	28	49	120	30
	Agri-Labour	10	08	05	01	24	6
	Other	08	12	07	05	32	8
Income	Below 25000/-	34	45	03	03	85	21.25
	25000/-to 50,000	20	20	11	05	56	14
	50,000/-to 75000/-	21	14	39	41	115	28.75
	Above 75000/-	25	21	47	51	144	36

Interpretation

Above table shows out of total 400 sample size 60 percent are male respondents and 40 percent are female. Education status of respondents indicates that 4 percent is illiterate, 16 percent is below 10th, 13 percent. is secondary pass, 17.75 percent is higher secondary, 41.54 percent is graduate and 7.75 percent is post graduate. In context of occupation out of total respondents, maximum 46 percent is farmer, then 30 percent respondents having their own business, 10 percent is in service, 8 percent is engaged in other occupations and only 6 percent is agricultive labour. The income status of respondents shows that 21.25 percent is in the below 25000/-category, 14 percent is in 25 to 50 thousand, 28.75 percent is in 50 to 70 thousand and 36 percent is in above 75 thousand Category.

Data Analysis of SERVQUAL Dimensions

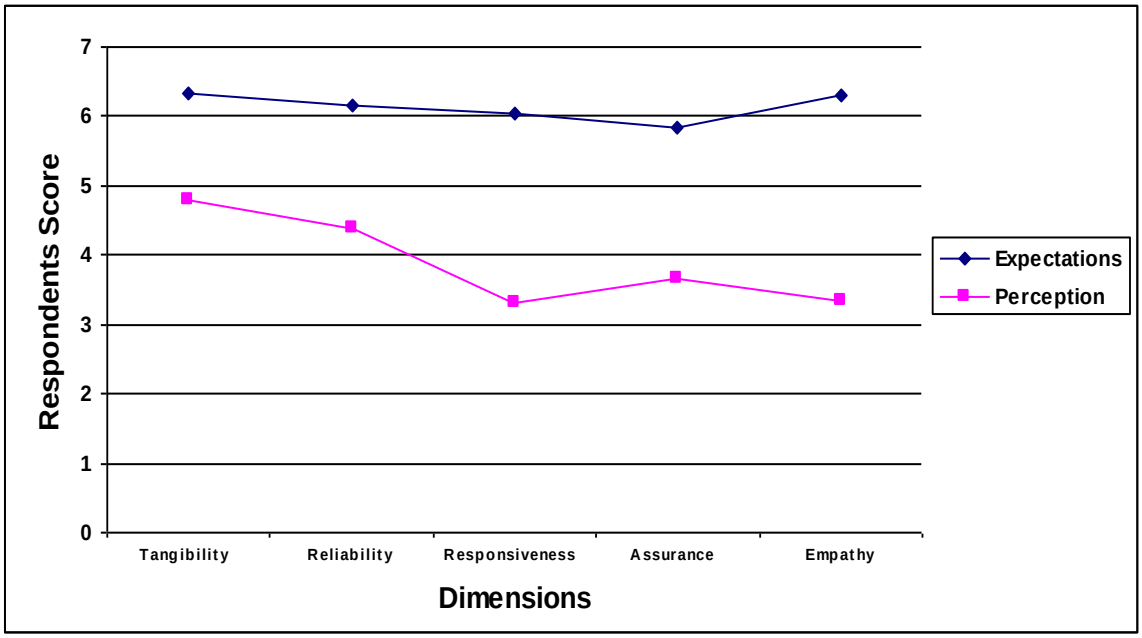
Table 3: Explanation of Dimensions indicators of SERVQUAL model

S. No.	Dimension	Indicator
1.	Tangible	1. use of modern equipment i.e large ATM network, Locker facility 2. Convenient (easy-to-reach) branch location 3. easy-to-read & understandable bank statement
2.	Reliability	1. Accuracy in information's about • e-banking channels & their usage 2. Offer to wide choice of loan maturity period and interest rates. 3. Reasonable fee & Charges 4. Customer friendly banking Procedure of documentation and identification 5. Confidentiality about accounts & personal information, 6. Promise to do something by a certain time. (dependability) 7. Quick access to deposit and loan a/cs
3.	Responsiveness	1. Employees ability to explain bank's other products and services 2. Information about the benefits of e-banking services to customers. 3. Mobile banking facility
4.	Assurance	1. Attitude & behaviour of bank employees inspire trust in customer 2. Financial Safety 3. Compatibility with bank services 4. No too long waiting time for receiving services
5.	Empathy	1. Convenient operating hours. 2. Individual attention to customer 3. Politeness during handling Customer's Complaints. 4. Customer-friendly staff. 5. Ability to understand the specific needs of Customers

Overall Service Quality (SERVQUAL) Gap Score Analysis

Average Mean Score Service Quality (SERVQUAL) of Banks

Parameter	Average Expectation Score	Average Perception Score	Average Gap Score (E-P)
Tangibility	6.33	4.8	1.53
Reliabiity	6.15	4.38	1.77
Reonsiveness	6.03	3.3	2.73
Assuance	5.85	3.65	2.20
Empathy	6.3	3.34	2.96



Average Mean Score of Service Quality (SERVQUAL) of Banks

The above table indicates the level of satisfaction as the small gap score shows the more satisfaction and the large gap score for less Satisfaction. Dimension-wise analysis reveals that service quality of banks is poor on Empathy as it has maximum average gap score 2.96. So banks will have to take more efforts to understand customers requirement and to satisfy their need.

The level of responsiveness has second maximum average gap score i.e. 2.73 that indicates lack of willingness to help customers and provide prompt service. The average gap

score of Assurance level reveals that the customers are not highly satisfied with the security aspect of the service. The small gap score shows the more satisfaction. As the reliability and tangibility have less average gap score comparatively, shows the customers satisfaction with the ability to perform the promised service dependably and accurately, appearance of physical facilities, equipment and personnel. Hence the customer are partially satisfied with the banking services for financial inclusion.

Conclusion

The Service quality (SERVQUAL) parameters such as tangibles, reliability, responsiveness assurance and empathy significantly shape customer expectations and perceptions of the quality of banking service for financial inclusion. The Study concluded that the expectation of customers for tangibility and reliability is close to their satisfaction level. The banks are doing better at providing modern, digital equipment and digital banking awareness to support financial inclusion. The research found that the bank customers are dissatisfied with other service quality dimensions such as responsiveness, assurance and empathy. The largest gap exists in the empathy dimension which plays a crucial role in satisfying banking customers while benefiting from financial services. So the study suggested that bank employees should be more empathetic and compassionate toward customers using financial services. The Conclusion reinforces the need for Indian bank Policymakers to emphasis the underlying dimensions of service quality and should begin to improve the so-called quality of service dimensions in order to elevate the satisfaction of all rural customers in regarding financial inclusion most.

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