

# Analyzing The Impact Of Service Quality On Consumer Loyalty In Public Sector Banks: The Role Of Consumer Satisfaction As A Mediating Factor

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## ARTICLE INFO

## ABSTRACT

### Purpose:

This study aims to conduct a detailed analysis of the impact of service quality on consumer loyalty within public sector banks, with a specific focus on understanding the mediating role played by consumer satisfaction. The primary objective is to provide comprehensive insights into the dynamics of service delivery in public sector banks and its influence on consumer loyalty.

### Research Methodology:

This study employs a quantitative research design, utilizing a cross-sectional survey method to gather primary data from 130 participants in the public sector banking industry. The focus is on analyzing correlations among service quality, consumer satisfaction, and consumer loyalty, employing mediation analysis using Andrew F. Hayes' approach. Data collected directly from consumers ensures the study's validity, while statistical tools like Andrew F. Hayes' Mediation Analysis and Exploratory Factor Analysis aid in examining satisfaction's mediating role and identifying key factors impacting service quality.

### Findings:

The study's findings reveal a notable link between enhancing technology for seamless banking experiences and improved service quality in public sector banks, stressing the value of modernization. Additionally, personalized communication and services stand out as crucial factors driving positive consumer experiences and perceptions of service quality. The study also identifies a significant direct effect of service quality on consumer loyalty and emphasizes the mediating role of satisfaction in shaping consumer behavior. Overall, these findings underscore the interconnectedness of service quality, consumer satisfaction, and consumer loyalty in the banking sector.

### Conclusion:

This study delved deeply into the intricate relationship between service quality, consumer loyalty, and consumer satisfaction within public sector banks, with a special focus on the mediating role of satisfaction. The findings underscore the importance of prioritizing deposit safety and security, as it fosters consumer trust and loyalty. The study concludes that, emphasizing service quality across all consumer interactions is crucial for creating positive consumer experiences and nurturing long-term relationships with clients. Consequently, strategies aimed at enhancing efficiency, reducing wait times, and ensuring convenience in service delivery positively impact consumer perceptions of the bank's effectiveness and modernity. Therefore, based on the evidence presented, we reject the null hypothesis and accept the alternative hypothesis, affirming a significant influence of service quality on consumer loyalty, mediated by consumer satisfaction, in public sector banks.

## INTRODUCTION

Service quality refers to the level of excellence or adequacy of services provided by an organization to its consumers. It encompasses various dimensions such as reliability, responsiveness, assurance, empathy, and tangibles. The relationship between service quality and consumer loyalty is foundational to the success of any business, including public sector banks. Service quality directly influences the perceptions and experiences of consumers, shaping their attitudes, behaviors, and ultimately their loyalty to the bank. When consumers consistently receive high-quality services that meet or exceed their expectations, they are more likely to develop a sense of trust and satisfaction with the bank. This trust and satisfaction foster a sense of loyalty, leading consumers to continue using the bank's services and potentially recommending it to others.

Analysing the effect of service quality on consumer loyalty in public sector banks is crucial for understanding how these institutions can retain consumers in an increasingly competitive market. Service quality refers to the level of excellence or adequacy of services provided by a bank, while consumer loyalty reflects the likelihood of consumers to continue using the services of a particular bank over time. Consumer satisfaction plays a vital role as a mediator in this relationship, as it influences consumers' perceptions of service quality and subsequently impacts their loyalty to the bank.

Service quality plays a pivotal role in building and maintaining strong relationships between the bank and its consumers. Positive interactions, efficient service delivery, and personalized attention contribute to a sense of value and appreciation among consumers. These experiences not only enhance consumer satisfaction but also deepen the emotional connection and attachment to the bank. As a result, consumers are more inclined to remain loyal and engage in long-term relationships with the bank, even in the face of competition. The effect of service quality on consumer loyalty in public sector banks is a topic of considerable interest and importance for both researchers and practitioners in the banking industry.

**Trust and Credibility:** Public sector banks often enjoy a level of trust and credibility among consumers due to their government backing and perceived stability. However, this trust can be strengthened or weakened based on the quality of services provided. Consistently delivering high-quality services reinforces trust and confidence in the bank, fostering loyalty among consumers who value reliability and dependability.

**Consumer Satisfaction:** Service quality directly influences consumer satisfaction in public sector banks. Factors such as the efficiency of transactions, responsiveness of staff, clarity of communication, and security of transactions contribute to consumers' overall satisfaction with the banking experience. Satisfied consumers are more likely to remain loyal to the bank and may even advocate for its services to others.

**Perceived Value:** Public sector banks often compete on the basis of offering competitive interest rates, low fees, and a wide range of banking products and services. However, the perceived value of these offerings is closely tied to the quality of service delivery. Consumers assess whether the benefits they receive from the bank justify any associated costs or inconveniences. Banks that consistently provide high-quality services are perceived as offering greater value, leading to increased consumer loyalty.

**Relationship Building:** Public sector banks have the opportunity to build long-term relationships with their consumers by delivering exceptional service quality. Personalized interactions, proactive assistance, and understanding consumers' needs can enhance the bond between the bank and its consumers. Strong relationships based on trust and mutual respect are key drivers of consumer loyalty, encouraging consumers to continue using the bank's services over time.

**Retention and Referrals:** High service quality contributes to consumer retention and can reduce churn rates in public sector banks. Satisfied and loyal consumers are less likely to switch to competitors, reducing the need for the bank to invest resources in acquiring new consumers. Loyal consumers may become advocates for the bank, referring friends and family members to its services, thereby contributing to organic growth and expansion of the consumer base.

The impact of service quality extends beyond individual transactions or interactions to shape the overall reputation and perception of the bank in the market. Banks known for consistently delivering high-quality services earn a reputation for reliability, trustworthiness, and consumer-centricity. This positive reputation attracts new consumers and reinforces the loyalty of existing ones, creating a virtuous cycle of consumer retention and growth. Conversely, banks that fail to prioritize service quality risk damaging their reputation and losing consumers to competitors.

The effect of service quality on consumer loyalty in public sector banks is multifaceted and critical to their success. By investing in service excellence, public sector banks can enhance consumer satisfaction, foster loyalty, and maintain a competitive edge in the market. This requires a holistic approach that focuses on understanding and meeting consumer needs, empowering employees to deliver exceptional service, and continually improving processes and systems to ensure consistency and reliability.

## REVIEW OF LITERATURE

**Sureshchandar, et al.,(2002),** This study addresses the ongoing debate surrounding the relationship between service quality and consumer satisfaction, proposing a novel approach to conceptualizing consumer satisfaction as a multidimensional construct mirroring service quality dimensions. Through this lens, the

study investigates the linkage between service quality and consumer satisfaction. Findings reveal that while the constructs are distinct, they exhibit a significant positive relationship, suggesting that improvements in service quality are likely to enhance consumer satisfaction and vice versa. This highlights the interconnectedness between service quality and consumer satisfaction, offering valuable insights for businesses aiming to optimize both aspects of consumer experience.

**Ball, D., Coelho, P. S., & Machás, A. (2004).** This paper explores the significance of consumer loyalty in marketing, with a focus on consumer relationship management. Through an extension of the European Consumer Satisfaction Index (ECSI) model, it investigates the interplay between consumer satisfaction, trust, communication, and loyalty. Utilizing survey data from the banking sector, both the ECSI model and the extended model are analyzed. Findings demonstrate the substantial influence of consumer satisfaction, trust, and communication on consumer loyalty, highlighting their direct and indirect effects. The study concludes by discussing the theoretical and managerial implications of these findings within the context of the banking sector, acknowledging the study's limitations.

**Arasli, H., et al.,(2005).** In this study, the service quality in the commercial banking sector of Cyprus, a small island economy, was analyzed and compared between Turkish- and Greek-speaking areas. A total of 268 commercial bank consumers participated, responding to translated versions of the SERVQUAL instrument. Findings revealed a four-dimensional structure of service quality, with empathy being the most significant gap. Assurance dimension notably influenced consumer satisfaction, and overall satisfaction positively impacted word-of-mouth in both areas. These insights suggest the necessity for banks to prioritize consumer-centric approaches, particularly in the Turkish-speaking region, to align with EU standards amidst economic challenges.

**Wang I. M et al., (2005).** The study aimed to explore the relationship between service quality, consumer satisfaction, and consumer loyalty in the management consulting industry through questionnaire surveys. Employing factor analysis and regression analysis, it identified five perspectives of service quality: empathy, reliability, competence, responsiveness, and tangibles. Results revealed a significantly positive impact of these service quality perspectives on consumer satisfaction. Furthermore, the study confirmed a significantly positive influence of consumer satisfaction on consumer loyalty. These findings underscore the importance of prioritizing service quality to enhance consumer satisfaction and ultimately foster loyalty within the management consulting sector.

**Hazra, S. G., & Srivastava, K. B. (2009).** This study investigates the pivotal role of service quality in the Indian banking sector's competitive landscape, focusing on its impact on consumer loyalty, commitment, and trust. Through structured interviews with 300 consumers of public and private sector banks, the relationship between service quality dimensions and consumer perceptions is examined. Findings highlight that dimensions such as assurance-empathy, reliability, and tangibles significantly predict consumer trust and commitment, with service quality positively influencing consumer loyalty. Notably, private bank consumers exhibit higher levels of commitment and loyalty, underscoring the importance of superior service quality in retaining clientele. The study advocates for public sector banks to enhance service quality to regain consumer loyalty and commitment.

**Mengi, P. (2009).** This study investigates the evolving landscape of consumer service in the Indian banking sector, shaped by regulatory and competitive dynamics since 1991. With consumer satisfaction as a focal point, it compares service quality perceptions between public and private banks in Jammu, India. Utilizing the SERVQUAL scale, the study assesses various dimensions of service quality and employs chi-square analysis to examine the impact of SERVPERF dimensions on consumer satisfaction. Results indicate that consumers of public sector banks exhibit higher levels of satisfaction with service quality compared to those of private sector banks, highlighting important considerations for both sectors amidst increasing market size and intense competition.

**Lenka, U., Suar, D., & Mohapatra, P. K. (2009).** This article investigates the impact of service quality on consumer satisfaction and loyalty within the Indian commercial banking sector, focusing on scheduled commercial bank branches in Orissa, India. Data from 350 consumers were gathered through a questionnaire, capturing socio-demographic variables and dimensions of service quality, satisfaction, and loyalty. Results reveal that superior human, technical, and tangible aspects of service quality contribute to enhanced consumer satisfaction, with human aspects exerting a stronger influence. Moreover, consumer satisfaction emerges as a significant driver of consumer loyalty. The findings underscore the importance of prioritizing service quality improvements, particularly in human interactions, to effectively satisfy and retain consumers in the Indian banking context.

**Kheng, L. L., Mahamad, O., & Ramayah, T. (2010).** This study explores the evolving role of the banking system in response to new channels and market dynamics, emphasizing the importance of consumer loyalty. Using the SERVQUAL model, it assesses the impact of service quality on consumer loyalty, with consumer satisfaction as a mediating factor, among bank consumers in Penang, Malaysia. Findings suggest that enhancing service quality can bolster consumer loyalty, with reliability, empathy, and assurance emerging as significant dimensions. While overall perceptions of banks are positive among respondents, opportunities for improvement remain evident.

**Manimaran, S. (2010).** This study delves into the relationship between service quality and consumer loyalty within the Indian retail banking sector. Utilizing confirmatory factor analysis, service quality

dimensions were identified as Reliability, Responsiveness, Knowledge and recovery, and Tangibles. While direct linkage between service quality and consumer loyalty was not significant, structural equation modeling revealed a significant indirect impact through consumer satisfaction. The findings underscore the importance of systematic assessment programs for monitoring service quality and consumer satisfaction over time, highlighting their role in fostering consumer loyalty. The establishment of a service-oriented culture within banks is crucial for enhancing consumer satisfaction, ultimately leading to greater consumer loyalty.

**Mishra et al.,(2010).** This study addresses the pressing challenges faced by the dynamic banking industry in India, particularly concerning service quality, consumer satisfaction, retention, loyalty, and delight. Through a comparative analysis between public and private sector banks, it investigates the impact of service quality on consumer perceptions and loyalty. Emphasizing the crucial role of the human element in service quality and satisfaction, the study highlights the need for public sector banks to redefine their consumer service strategies to remain competitive. By extracting and comparing dimensions of service quality perceived by bank consumers, the study sheds light on the multidimensional nature of service quality in a competitive banking environment.

**Mahamad, O., & Ramayah, T. (2010).** This research conducted in a Sepah Bank branch in Tehran, Iran, during 2009/2010, aimed to assess service quality, satisfaction, and loyalty among consumers. Using established models for evaluation, including the service quality standard model, Gremler and Brown's loyalty model, and Bitner and Hubbert's satisfaction instrument, data were collected from 147 consumers. Results reveal that consumers' expectations exceeded perceptions of service quality, indicating low service quality. Furthermore, consumer satisfaction was found to mediate the relationship between service quality and loyalty. These findings underscore the critical role of consumer satisfaction as a mediator and highlight the need for Sepah Bank to address service quality issues to enhance consumer loyalty.

**Paul, J., Mittal, A., & Srivastav, G. (2016).** This paper investigates the impact of service quality variables on consumer satisfaction in private and public sector banks in India. Using forward stepwise regression, the study analyzes data from 500 respondents, 250 from each sector, with a 65 percent response rate. Findings reveal differing factors influencing overall satisfaction: for private sector banks, knowledge of products and efficient service positively impact satisfaction, while in public sector banks, only product knowledge and fast service contribute positively. The study underscores the distinct components of service quality affecting consumer satisfaction in these sectors, highlighting implications for improving consumer experiences and loyalty.

**Hennayake, H. M. G. Y. (2017).** This study addresses the dearth of research on the impact of Human Related and Non-Human Related Factors of perceived service quality on consumer satisfaction in rural economic contexts. Using a sample of 210 respondents from Puttlam District, the study employs a deductive approach to construct a conceptual framework and test hypotheses through correlation and regression analysis using SPSS 20 software. Findings indicate that Human Related Factors exert a greater influence on consumer satisfaction, with Reliability and Responsiveness emerging as the most influential factors. The study concludes with managerial implications and research propositions for enhancing service marketing strategies in rural areas.

**Famiyeh, S., Asante-Darko, D., & Kwarteng, A. (2018).** This paper explores the moderating role of organizational culture in the relationship between service quality, consumer satisfaction, and loyalty within the Ghanaian banking sector. Utilizing survey data and partial least squares structural equation modeling, the study uncovers the significance of reliability, ambiance, and social factors in driving consumer satisfaction. Organizational culture is found to strengthen the positive relationship between service quality dimensions and satisfaction, while satisfaction directly influences consumer loyalty. Practical implications suggest the importance of training, employee grooming, and creating a conducive environment in banking halls to enhance consumer satisfaction and loyalty. The study contributes to understanding service quality dynamics in a developing country context and emphasizes the role of organizational culture in shaping consumer experiences.

**Supriyanto et al., (2021).** This study investigates the relationship between service quality, consumer satisfaction, and consumer loyalty in the context of banking services in Indonesia. Using a survey research design, data from a purposively selected sample of bank consumers were analyzed through path analysis and One-Way Analysis of Variance. Results indicate that while service quality did not directly impact consumer loyalty, it significantly influenced consumer satisfaction, which in turn influenced loyalty. Service quality exerted indirect effects on loyalty through satisfaction. The findings highlight the pivotal role of consumer satisfaction as a mediator between service quality and loyalty, suggesting the need for further research to explore additional variables in this relationship.

## RESEARCH GAP

The existing studies on service quality and consumer satisfaction in banks have extensively explored various dimensions of this relationship across different contexts and regions. However, a research gap is identified in examining the direct impact of service quality on consumer loyalty specifically within the public sector banks, with a focus on the mediating role of consumer satisfaction. While some studies have touched on aspects of service quality and loyalty, there is a need for a comprehensive analysis that delves into the unique dynamics



of public sector banks, considering factors such as trust, communication, and management practices. This research aims to bridge this gap by providing a deeper understanding of how service quality influences consumer loyalty in the context of public sector banks, with consumer satisfaction acting as a key mediator in this relationship.

### OBJECTIVE OF THE STUDY

1. To Investigate the Influence of Service Quality on Consumer Loyalty, with a Mediating Role of Satisfaction, in Selected Public Sector Banks.
2. To Formulate Strategies to Enhance Service Quality in Public Sector Banks in India.

### HYPOTHESIS OF THE STUDY

**Ho:** There is no significant influence of Service Quality on Consumer Loyalty with the Mediating Role of Satisfaction

### SCOPE OF THE STUDY

The scope of this study encompasses a detailed analysis of the impact of service quality on consumer loyalty within public sector banks, with a specific emphasis on the mediating role of consumer satisfaction. Utilizing a qualitative research approach, the study involves a sample size of 130 participants from diverse backgrounds within the public sector banking industry. A key methodological tool employed is mediation analysis, specifically using Andrew F. Hayes' approach, to examine the intricate relationships between service quality, consumer satisfaction, and consumer loyalty. The study aims to provide comprehensive insights into the dynamics of service delivery in public sector banks and its influence on consumer loyalty, thereby contributing to the existing literature on banking service quality and consumer behaviour.

### RESEARCH METHODOLOGY

#### Research Design:

The research design for "Analyzing the Effect of Service Quality on Consumer Loyalty in Public Sector Banks: The Significance of Consumer Satisfaction as a Mediator" adopts a quantitative approach, utilizing a cross-sectional survey method to gather primary data from 130 participants within the public sector banking industry. This design enables in-depth analysis of the correlations among service quality, consumer satisfaction, and consumer loyalty, particularly focusing on mediation analysis using Andrew F. Hayes' approach.

#### Data Type:

The primary data for this study is collected from respondents who are consumers of public sector banks. This data type ensures that insights into service quality, consumer satisfaction, and consumer loyalty are derived directly from the target population, enhancing the study's validity and relevance.

#### Sample Size:

The study's sample size consists of 130 participants selected from the public sector banking industry. This sample size is adequate for conducting a comprehensive analysis of the intricate relationship between service quality, consumer satisfaction, and consumer loyalty, providing robust and reliable findings.

#### Statistical Tools:

**Andrew F. Hayes' Mediation Analysis** is a statistical tool commonly used to examine the indirect effects of an independent variable on a dependent variable through a mediator variable. In the context of "Investigating the Influence of Service Quality on Consumer Loyalty, with a Focus on the Mediating Role of Satisfaction, in Selected Public Sector Banks," this analysis helps to uncover the mediating role of satisfaction in the relationship between service quality and consumer loyalty, providing insights into the underlying mechanisms driving consumer behaviour.

**Exploratory Factor Analysis** is a statistical technique used to identify underlying factors or dimensions within a set of observed variables. Applied to formulating strategies to enhance service quality in public sector banks in India, EFA aids in identifying key factors influencing service quality, thereby assisting in the development of targeted strategies to improve consumer satisfaction and loyalty.

### TABULATION AND ANALYSIS

**Objective 1** - To Investigate the Influence of Service Quality on Consumer Loyalty with the Mediating Role of Satisfaction.

**Table No – 1 Mediation Analysis of Service Quality on Consumer Loyalty, with Mediating Consumer Satisfaction in Public Sector Bank**

|  |       |        |         |        |          |       |  |
|--|-------|--------|---------|--------|----------|-------|--|
| Run MATRIX procedure:  |       |        |         |        |          |       |  |
| ***** PROCESS Procedure for SPSS Version 4.2 beta *****            |       |        |         |        |          |       |  |
| Written by Andrew F. Hayes, Ph.D.    www.afhayes.com               |       |        |         |        |          |       |  |
| Documentation available in Hayes (2022). www.guilford.com/p/hayes3 |       |        |         |        |          |       |  |
| *****  |       |        |         |        |          |       |  |
| Model : 4  |       |        |         |        |          |       |  |
| Y : serv_qua   |       |        |         |        |          |       |  |
| X : loyalty  |       |        |         |        |          |       |  |
| M : satisf   |       |        |         |        |          |       |  |
| Sample   |       |        |         |        |          |       |  |
| Size: 130  |       |        |         |        |          |       |  |
| *****  |       |        |         |        |          |       |  |
| OUTCOME VARIABLE:  |       |        |         |        |          |       |  |
| satisf   |       |        |         |        |          |       |  |
| Model Summary  |       |        |         |        |          |       |  |
| R  | R-sq  | MSE    | F       | df1    | df2      | p     |  |
| .3556  | .1264 | .6582  | 18.5277 | 1.0000 | 128.0000 | .0000 |  |
| Model  |       |        |         |        |          |       |  |
| coeff  | se    | t      | p       | LLCI   | ULCI     |       |  |
| constant   | .7567 | .1091  | 6.9373  | .0000  | .5409    | .9726 |  |
| loyalty  | .2473 | .0575  | 4.3044  | .0000  | .1336    | .3610 |  |
| *****  |       |        |         |        |          |       |  |
| OUTCOME VARIABLE:  |       |        |         |        |          |       |  |
| serv_qua   |       |        |         |        |          |       |  |
| Model Summary  |       |        |         |        |          |       |  |
| R  | R-sq  | MSE    | F       | df1    | df2      | p     |  |
| .7577  | .5742 | .2994  | 85.6179 | 2.0000 | 127.0000 | .0000 |  |
| Model  |       |        |         |        |          |       |  |
| coeff  | se    | t      | p       | LLCI   | ULCI     |       |  |
| constant   | .2318 | .0863  | 2.6856  | .0082  | .0610    | .4026 |  |
| loyalty  | .0872 | .0415  | 2.1033  | .0374  | .0052    | .1693 |  |
| satisf   | .6751 | .0596  | 11.3235 | .0000  | .5571    | .7931 |  |
| ***** TOTAL EFFECT MODEL *****                                     |       |        |         |        |          |       |  |
| OUTCOME VARIABLE:  |       |        |         |        |          |       |  |
| serv_qua   |       |        |         |        |          |       |  |
| Model Summary  |       |        |         |        |          |       |  |
| R  | R-sq  | MSE    | F       | df1    | df2      | p     |  |
| .3798  | .1442 | .5971  | 21.5723 | 1.0000 | 128.0000 | .0000 |  |
| Model  |       |        |         |        |          |       |  |
| coeff  | se    | t      | p       | LLCI   | ULCI     |       |  |
| constant   | .7426 | .1039  | 7.1481  | .0000  | .5371    | .9482 |  |
| loyalty  | .2542 | .0547  | 4.6446  | .0000  | .1459    | .3624 |  |
| ***** TOTAL, DIRECT, AND INDIRECT EFFECTS OF X ON Y *****          |       |        |         |        |          |       |  |
| Total effect of X on Y   |       |        |         |        |          |       |  |
| Effect   | se    | t      | p       | LLCI   | ULCI     |       |  |
| .2542  | .0547 | 4.6446 | .0000   | .1459  | .3624    |       |  |

|                               |        |          |          |       |       |
|-------------------------------|--------|----------|----------|-------|-------|
| Direct effect of X on Y       |        |          |          |       |       |
| Effect                        | se     | t        | p        | LLCI  | ULCI  |
| .0872                         | .0415  | 2.1033   | .0374    | .0052 | .1693 |
| Indirect effect(s) of X on Y: |        |          |          |       |       |
| Effect                        | BootSE | BootLLCI | BootULCI |       |       |
| satisf                        | .1669  | .0366    | .0978    | .2420 |       |
| ----- END MATRIX -----        |        |          |          |       |       |

Source – Secondary Data

The table provides the results of a mediation analysis investigating the influence of service quality (X) on consumer loyalty (Y), with satisfaction (M) as the mediating variable. The table shows that, direct effect of service quality on consumer loyalty is significant ( $p = 0.0374$ ), with an effect size of 0.0872. This indicates that service quality directly influences consumer loyalty, independent of consumer satisfaction. The study depicts that, indirect effect of service quality on consumer loyalty through consumer satisfaction is also significant ( $p < 0.001$ ), with an effect size of 0.1669. This suggests that part of the influence of service quality on consumer loyalty is mediated by consumer satisfaction. The total effect of service quality on consumer loyalty, considering both direct and indirect effects, is also significant ( $p < 0.001$ ), with an effect size of 0.2542. This demonstrates that service quality has a substantial impact on consumer loyalty, with both direct and mediated pathways contributing to this relationship. The study reveals that public banks are not solely focused on direct improvements in service quality but are also placing emphasis on enhancing consumer satisfaction, recognizing it as a pivotal mediator in the connection between service quality and consumer loyalty. The study concludes that training bank employees to be helpful, interested, and knowledgeable can have a significant impact on consumer satisfaction. Ensuring accurate and error-free service performance is crucial for building trust with consumers. Additionally, highlighting the importance of deposit safety and security reassures consumers, resulting in heightened loyalty. Prioritizing service quality across all consumer touchpoints enables public banks to create a positive consumer experience and nurture enduring relationships with their services. **Hence, Reject the Null hypothesis and Accept the alternative hypothesis i.e., There is a significant influence of Service Quality on Consumer Loyalty, with a Focus on the Mediating Role of Satisfaction, in Public Sector Banks.**

## Objective 2 - To Formulate Strategies to Enhance Service Quality in Public Sector Banks in India.

Table No – KMO and Bartlett's Test of Strategiesto Enhance Service Quality

|  |                    |         |
|--|--------------------|---------|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. |                    | .738    |
| Bartlett's Test of Sphericity                    | Approx. Chi-Square | 108.206 |
|  | df                 | 15      |
|  | Sig.               | .000    |

Source – Secondary Data

The table shows the KMO measure of sampling adequacy for the strategies to enhance service quality in public sector banks in India is 0.738, indicating a relatively good level of sampling adequacy. Additionally, Bartlett's Test of Sphericity yielded a significant result (Approx. Chi-Square = 108.206,  $df = 15$ , Sig. = 0.000), suggesting that the variables in the analysis are sufficiently correlated for factor analysis. These findings imply that the collected data is suitable for conducting exploratory factor analysis (EFA) to identify underlying dimensions and formulate effective strategies for enhancing service quality in public sector banks in India.

Table No Component Matrixof Strategies to Enhance Service Qualityin Public Sector Banks in India.

|  | Component |      |
|--|-----------|------|
|  | 1         | 2    |
| Upgrade staff training, communication, and service.            | .714      |      |
| Digitize forms, streamline procedures for efficiency.          | .729      |      |
| Enhance technology for seamless banking experience.            | .771      |      |
| Establish feedback channels for continuous improvement.        |           | .551 |
| Personalize communication, services for consumer satisfaction. |           | .759 |
| Ensure transparency, accountability in operations.             |           | .586 |

The Table Shows that, Component Matrix of Strategies to Enhance Service Quality in Public Sector Banks in India. The table depicts that, Component 1 shows that "Enhance technology for seamless banking experience" (.771), "Digitize forms for efficiency" (.729), and "Upgrade staff training, communication, and service" (.714) are significantly associated with this component. These high loadings emphasize the importance of technological advancements, streamlined processes, and skilled workforce in modernizing banking operations for improved service quality. The study results reveals that, Component 2, characterized by "Personalize communication and services for consumer satisfaction" (.759), "Ensure transparency and accountability in operations" (.586), and "Establish feedback channels for continuous improvement" (.551), highlights the critical role of personalized communication, operational transparency, and feedback mechanisms in enhancing consumer satisfaction and driving continuous improvement initiatives. In the table, high loading of .759 for "Personalize communication, services for consumer satisfaction" underscores its substantial contribution to Component 2, reflecting its significance in fostering positive consumer experiences. While "Ensure transparency, accountability in operations" and "Establish feedback channels for continuous improvement" also contribute to Component 2, their moderate loadings suggest a lesser but still notable influence compared to personalized communication strategies. The study found that, Implementing advanced technological solutions such as seamless online banking platforms, efficient digital forms, and improved staff training can significantly enhance the overall banking experience. Therefore, it concludes that, strategies will streamline processes, reduce waiting times, and provide convenient access to services, thereby positively impacting consumer perceptions of the bank's efficiency and modernity.

### FINDINGS OF THE STUDY

1. The study reveals a significant association (loading of .771) between enhancing technology for a seamless banking experience and improved service quality in public sector banks in India.
2. The study found that, Personalized communication and services for consumer satisfaction (loading of .759) emerged as a critical factor in driving positive consumer experiences and enhancing overall service quality perception.
3. The study reveals a significant direct effect of service quality on consumer loyalty (0.0872), indicating that service quality independently influences consumer loyalty.
4. There is a significant indirect effect of service quality on consumer loyalty through satisfaction (0.1669), highlighting the mediating role of satisfaction in the service quality-consumer loyalty relationship.
5. The study identified that, total effect of service quality on consumer loyalty is substantial (0.2542), underscoring the combined impact of direct and mediated pathways, emphasizing the importance of both aspects in driving consumer loyalty.

### CONCLUSION OF THE STUDY

This study conducted a comprehensive examination of the dynamics of service quality's impact on consumer loyalty within public sector banks, highlighting the pivotal role played by consumer satisfaction as a mediator in this relationship. The study employed a qualitative research methodology and engaged 130 participants representing diverse backgrounds within the public sector banking industry, yielding significant insights. The study findings show that public banks have a dual focus on enhancing service quality and elevating consumer satisfaction. This recognition underscores the interconnectedness between service quality, consumer satisfaction, and consumer loyalty. The study also identifies the effectiveness of implementing advanced technological solutions, such as seamless online banking platforms, efficient digital forms, and comprehensive staff training, in substantially enhancing the overall banking experience. Moreover, the study emphasizes the importance of training bank employees to be helpful, interested, and knowledgeable, as well as ensuring accurate and error-free service performance. These factors are crucial in building trust with consumers and fostering heightened loyalty. Additionally, the study highlights the significance of deposit safety and security, as it reassures consumers and further solidifies their loyalty to the bank. The study suggests that prioritizing service quality across all consumer touchpoints can not only create a positive consumer experience but also cultivate enduring relationships with their clientele. Consequently, the study concludes that strategies aimed at streamlining processes, reducing waiting times, and providing convenient access to services will positively impact consumer perceptions of the bank's efficiency and modernity.

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