**Impact of Service Quality on Customer Satisfaction in Banking Industry of Pakistan: A Case Study of Karachi**

**Hussnain Ajmal[[1]](#footnote-2) Raza Ali Khan[[2]](#footnote-3) Maham Fatima[[3]](#footnote-4)**

**Abstract**

Analyzing measures of customers’ satisfaction is an immense dilemma because customer is becoming more demanding regarding service quality in banking sector of Pakistan. It is important to understand the impact of service quality on customer satisfaction. Nowadays, the only demand of the customers is to get the good value for their money. Due to increasing market competitiveness no one can deny the significance of service quality. Therefore, it is challenging for the bankers to meet the customer expectation. By reviewing the study, banking sector can have direction to understand the major factors of service quality that influence customers’ satisfaction. It also provides understanding that building long term and a strong customer relation is critical for the banking industry. This study provides insight of service quality impact on customer satisfaction in banking sector of Pakistan. This study is based on the core dimensions of service quality i.e. tangibility, responsiveness, assurance, empathy and reliability. To highlight the significance of service quality, customer satisfaction this study based on Karachi market, four hundred branch banking customers district wise were chosen from the branches of four leading banks (HBL, SCBPL, MBL and NBP) to represent four main sectors (Private, International, Islamic and Public) as respondents. A questionnaire instrument based modified SERVPERF scale was used to collect the data. The results of the study suggest customer satisfaction based on service quality dimensions such as tangibility, empathy and assurance having positive and significant relationship. But reliability and responsiveness was not useful estimator for customer satisfaction whereas assurance, responsiveness, tangibility and empathy depict significant impact and positive relationship with customer loyalty. However reliability once again not found as useful estimator of customer loyalty.

**Keywords:** Customer Satisfaction, Service quality, Perceived quality, Performance, Customer expectation

**JEL Classification:** L84, L15, L25

1. Bank of Punjab, Site Branch, Show room G3, Main State Avenue Road, Site Area, Karachi, 75270, Pakistan

   Email: [hussnain.ajmal@hotmail.com](mailto:hussnain.ajmal@hotmail.com); +92 345 9310300 [↑](#footnote-ref-2)
2. Department of Civil Engineering, NED University of Engineering & Technology, Karachi, 75270, Pakistan

   Email: [rakhan@neduet.edu.pk](mailto:rakhan@neduet.edu.pk) and [alikhan.raza@gmail.com](mailto:alikhan.raza@gmail.com); +92 99261261 Ext: 2226 [↑](#footnote-ref-3)
3. Department of Economics and Management Sciences, NED University of Engineering & Technology, Karachi, 75270, Pakistan

   Email: [mahamfatima@neduet.edu.pk](mailto:mahamfatima@neduet.edu.pk) and [maham.fatima2210@gmail.com](mailto:maham.fatima2210@gmail.com); +92 99261261 Ext: 2705 [↑](#footnote-ref-4)