DOES SERVICE QUALITY INFLUENCE THE CUSTOMER LOYALTY TOWARDS FINANCIAL SERVICES? EVIDENCE FROM INDIA

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ABSTRACT

Background: *Over the past few decades, Indian financial services sector has witnessed substantial growth. Hence the present study aims to examine the influence of service quality on customer loyalty for financial services in India.*

Methods: *A well-structured questionnaire was employed to attain the study's objectives and obtain data from the financial services users. A total of 493 responses were collected and analyzed through AMOS-based SEM and SPSS. The validity of the measurement model was tested using AMOS-SEM, and regression analysis was conducted using SPSS.*

Results: *The study's findings revealed that there is a significant difference between customer expectations and perception of tangibility, responsiveness, assurance, and empathy. Additionally, the study found that all the service quality dimensions (tangibility, reliability responsiveness, assurance, and empathy) significantly impact customer loyalty towards financial services.*

Implications: *The study significantly contributes to the SERVQUAL model and expectancy disconfirmation theory. Furthermore, the study also has practical implications for the managers of financial services companies. Thus, the study contributes to the service marketing literature.*

Originality: *To the authors' best knowledge, the present study is the first of its kind that provide the empirical evidence on relationship between service quality and customer loyalty towards financial services in India.*

Keywords: *Service quality, Customer loyalty, Financial Services, AMOS, SERVQUAL*

1. INTRODUCTION

The financial services sector plays an essential role in developing the economic landscape of a country and serves as the foundation for infrastructure development and the well-being of citizens. India's financial services industry is diverse and rising in terms of new players joining the market and the robust expansion of long-standing financial services companies. The Indian financial sector has witnessed remarkable growth in the past few decades due to diverse needs and emerging economy (Anifa et al., 2022). IBEF (2023) has highlighted that India's private wealth management sector has enormous potential. By 2025, there will be 6.11 lakh high-net-worth individuals in India. In fact, as a result, by 2028, India's private wealth market will rank fourth in the world. By 2025, the insurance industry in India is projected to grow to a value of USD 250 billion. Nowadays, consumers have a variety of alternatives due to the growth brought about by the liberalization and globalization of the Indian economy (Dewi et al., 2020). As a result, customers are pickier, more demanding, and more knowledgeable about the financial alternatives available. The ability of a business to retain its customers is a critical factor in determining success (Sulainman & Muhammad, 2021). Examining the elements that affect customer loyalty in the Indian financial services industry is crucial. Customer loyalty leads to long lasting connections, more sales, and a positive reputation (Khan et al., 2022). Customer loyalty integrates the tendency of customers to choose one financial service provider every time and spreads positive word of mouth. Satisfied and loyal customers provide opportunities for financial institutions to cross-sell, which results in organic growth (Symonds et al., 2007).

Our study intends to present empirical evidence on how customer loyalty is determined by service quality in the financial services industry, given the significance of financial services to the Indian economy and the relevance of customer loyalty in the industry. Furthermore, we also aim to examine the differences in customer expectations and perception of the quality of financial services. For several reasons, it is crucial to study how service quality influences customer loyalty in the Indian financial services industry. First, it enables financial service providers to comprehend the requirements, preferences, and expectations of their clients on a deeper level. Second, customer loyalty leads to customer satisfaction, so it is essential to understand how customer loyalty is influenced by the quality of financial services. Third, the Indian financial sector is witnessing enormous growth in financial services due to its financial inclusion initiatives, so it becomes essential to study how the service quality dimension affects customer loyalty.

Moreover, scholars have extensively focused on understanding the relationship between service quality and customer loyalty in banking services (e.g., Kheng et al., 2010; Kaura et al., 2015; Ngo et al., 2016). However, the financial services sector not only comprises the banking sector but also covers other non-banking financial services, which have yet to be explored comprehensively in India regarding service quality and customer loyalty. Our study primarily aims to fill this significant gap.

Our study significantly contributes to the academic literature and has some practical implications for managers of financial services companies. The study significantly contributes to the SERVQUAL model and expectancy disconfirmation theory by highlighting the differences in customer perception and expectation of financial services. The study also provides valuable input to financial services firms' managers by reporting how several dimensions of service quality influence customer loyalty.

The forthcoming segments of the article encompass the following: Section 2 elucidates the literature pertaining to service quality and customer loyalty; Section 3 delineates the methodology employed; Section 4 encapsulates the analysis and interpretation of the data; Section 5 expounds upon the discussion; Section 6 outlines the theoretical and practical implications arising from the study; and Section 7 encompasses the conclusion, limitations, and potential avenues for future research.

2. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

2.1 Service quality
According to Parasuraman (1988), service quality is the direction and magnitude of the difference between a customer's expectation and perception or the extent to which a service meets or surpasses that expectation. Ahmed and Nawaz (2010) posit that customer satisfaction is a direct outcome of their interaction with the service, emphasizing that service quality is essentially the effective implementation of service as a managerial function. Negative expectations will drive away customers, whereas positive expectations show that they will connect with or become emotionally invested in the good or service (Gopi & Samat, 2020). Customers' expectations show considerable influence on their interaction with services, underscoring the transformative influence of positive experiences. This plays a pivotal role in fostering robust, enduring connections between customers and service providers.Service-oriented business models emerged significantly over the years compared to product-oriented ones (Chusumanu et al., 2015). Service quality is considered the most critical factor for the service industry in today's competitive business environment, and service depends on how a customer perceives the quality delivered by the service provider (Ganguli & Roy, 2010; Gopi & Samat, 2020). The increasingly competitive environment has made service quality even more crucial, highlighting the significance of customer views as the primary yardstick for assessing and improving service performance. There is a difference between customer expectations and perceived service. Parasuraman et al. (1988) used SERVQUAL to test this difference. The SERVQUAL model describes service quality in five dimensions: tangibility, reliability, responsiveness, assurance, and empathy. These dimensions measure the service quality gap, which denotes a discrepancy between customers' expectations and perceptions of service (Pakurar et al., 2019).

2.2 Customer loyalty
Customer loyalty encompasses the habitual purchasing behavior, often referred to as repurchase behavior, that a customer develops. This loyalty is shaped by the cumulative impact of all the experiences a customer undergoes while engaging with the products and services offered by providers.(Fida et al., 2020). Attitudinal and behavioral views can be used to understand customer loyalty (Oliver, 1999; Zeithaml, 2000). Customer loyalty may be interpreted from a behavioral perspective as the frequency of utilizing services in a given category compared to the overall services used by customers in that category (Neal, 1999). This behavioral interpretation draws attention to the habitual aspect of loyalty by highlighting the regular selection of a particular service category among a wide range of possibilities, indicative of a long-lasting and meaningful connection. Loyalty from an attitudinal perspective can be described as a customer preference to choose a service provider consistently (Zeithaml, 2000). By exploring the emotional and perceptual dimensions of loyalty, this attitudinal lens highlights that customer loyalty is more than repeat business; instead, it results from a sincere desire to continually align with a particular service provider, motivated by favorable feelings and preferences. Customer loyalty can bring enormous advantages to an organization, such as higher profitability and reduced marketing and advertising costs (Han & Hyun, 2018). Scholars have identified various antecedents of customer loyalty, e.g., customer engagement, quality standards, and customer-perceived values (Akamavi et al., 2015; Bruneau et al., 2018). All these things together affect how customers feel about a business. It shows that when the quality is consistent, and the values of the business match what the customer actually wants, it builds loyalty.

2.3 Service quality and customer loyalty

The correlation between service quality dimensions and customer loyalty has been meticulously examined by researchers in the past (Anderson & Mittal, 1994; Bloemer & De Ruyter, 1999; Khan & Fasih, 2014; Gopi & Samat, 2020; Chen et al., 2023). According to Ladhari (2009), a customer who perceives the service as delivering higher quality feels more satisfied with the service provider, which enhances loyalty in the long run. Increasing service quality increases customer loyalty (Saleem & Amin, 2013; Wijaya, 2013). Service quality dimensions significantly impact customer satisfaction if service providers maintain their quality (Khan & Fasih, 2014). Tangibility in financial services can significantly enhance the probability of maintaining long-term relationships with the customer by maintaining the ambience of the service platform (Jabnoun & Al-Tamimi, 2003; Khan & Fasih, 2014). Similarly, Jalil et al. (2021) advocated that there is a significant positive relationship between reliability responsiveness and customer loyalty. Furthermore, researchers also highlighted that assurance and empathy may significantly affect customer loyalty (Ismail & Yunan, 2016; Limna & Kraiwanit, 2021). Customers evaluate the quality of services differently according to their perception (Parasuraman et al., 2005), and customer perception and expectation can significantly differ regarding service quality (Lin et al., 2014). According to Panda (2003), a successful service provider's relationship with its clients "determines customer satisfaction and loyalty. Improving customer loyalty by providing unique features to clients is becoming a popular and extensively utilized strategy for gaining a competitive advantage (Khalifa, 2021). Exceptional service quality is paramount in the financial industry, serving as the cornerstone for customer satisfaction and loyalty assessment (Khan & Fasih, 2014). Similarly, Shankar and Jebarajakirthy (2019) advocated that reliability in e-banking services leads to customer loyalty.

Based on the above discussion on service quality dimensions and customer loyalty we propose the following hypotheses

H1 (a) A notable disparity exists between customer expectations and their perceptions regarding tangibility.

H1 (b) A notable disparity exists between customer expectations and perception about reliability.

H1 (c) A notable disparity exists between customer expectations and perception about responsiveness.

H1 (d) A notable disparity exists between customer expectations and perception about assurance.

H1 (e) A notable disparity exists between customer expectations and perception about empathy.

H2 (a) Tangibility significantly impacts the customer loyalty towards financial services.

H2 (b) Reliability significantly impacts the customer loyalty towards financial services.

H2 (c) Responsiveness significantly impacts the customer loyalty towards financial services.

H2 (d) Assurance significantly impacts the customer loyalty towards financial services.

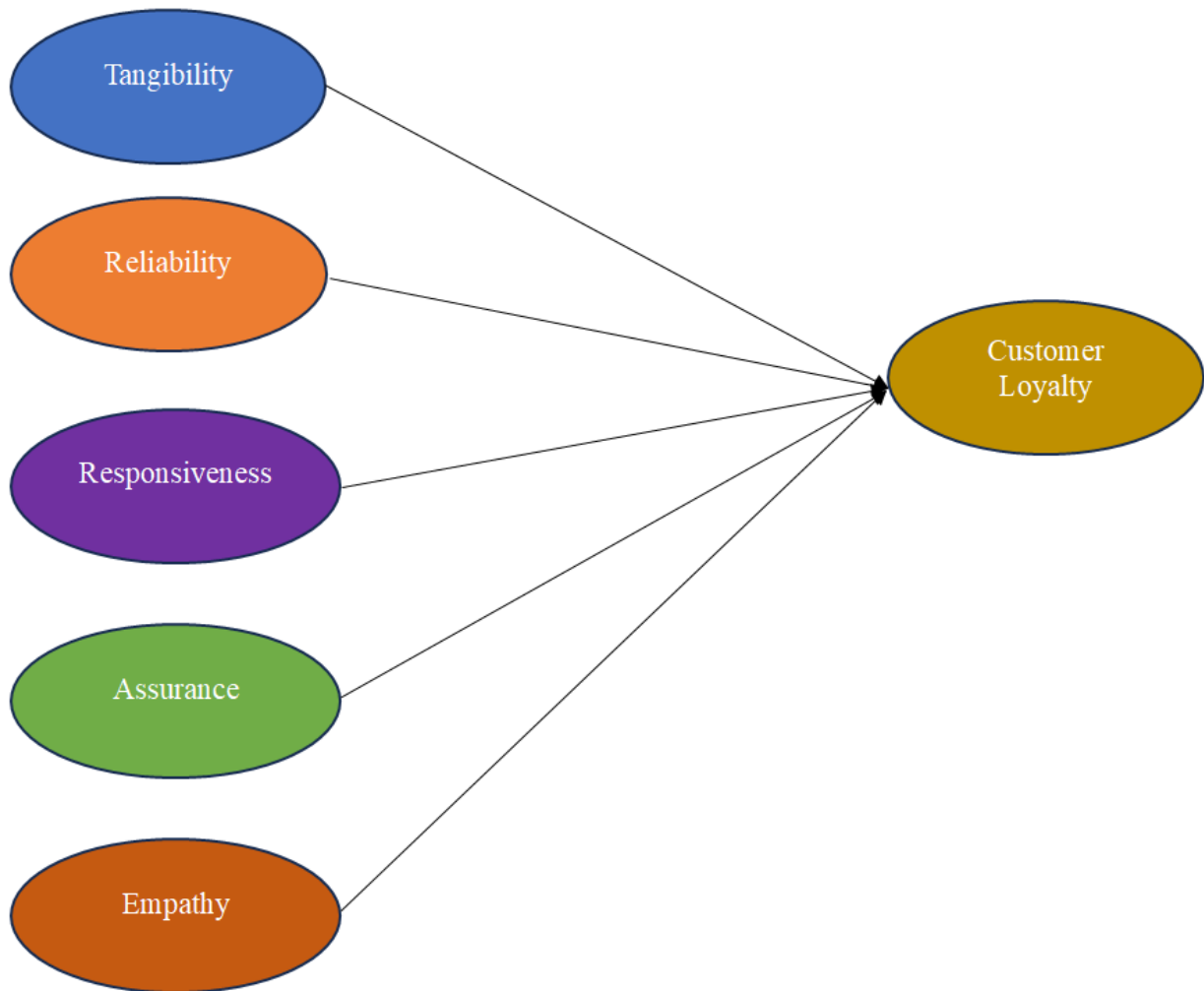H2 (e) Empathy significantly impacts the customer loyalty towards financial services.

Figure1. Service quality dimensions and customer loyalty

3. RESEARCH METHODOLOGY

The present study examines the impact of service quality parameters such as tangibility, reliability, responsiveness, assurance, and empathy on customer loyalty among financial services users. A measurement scale covering the relevant aspects of the constructs was developed based on a thorough literature review. To ensure the scale's validity, the study employed semi-structured interviews with three academic experts, two marketing experts from the industry, and four experienced financial services users. The expert opinion of these experts was considered with the utmost care without deviating from the study's objectives. The 7-point Likert scale was constructed to collect data from respondents with options ranging from strongly disagree to strongly agree.

3.1 Questionnaire design

The primary data was gathered from the respondents using a standardized questionnaire. The principal aim of the research was to investigate the relationship between customer loyalty and service quality parameters in the context of financial services consumers. The first section of the questionnaire consists of respondents' demographic and socio-economic information, including age, gender, annual income, occupation, and education. Section 2 consists of items measuring service quality dimensions and customer loyalty from the existing literature.

3.2 Data collection

The data for the study has been collected from the residents of Delhi, NCR. The Delhi-NCR region has been chosen to collect the data, as the region represents a densely urbanized area. The density of the urban population in the region has resulted in a concentration of financial institutions and diverse customers, making it ideal to examine the effect of service quality parameters on customer loyalty towards financial services. Data was only gathered from respondents who chose to participate in the study because there was no available list of individuals in Delhi NCR who were availing of financial services, and many preferred to keep information about their financial matters private. The non-probability sampling method, judgmental sampling, has been used

to collect the data, as these methods are appropriate for collecting the data in case of financial matters (Wood & Zaichkowsky, 2004; Ritika & Kishore, 2020). A total of643 respondents were approached via email, WhatsApp, and telegram. Regular reminders have been sent to the respondents to fill out the questionnaire. A total of 557 respondents responded, of which 64 questionnaires were found incomplete, and 493 responses were selected for further data analysis.

3.3 Respondents description
The male respondents comprise of 54% and female respondents comprise of 46%. The respondents' age 21-30, 31-40, 41-50, and >50 is 35.49%, 45.63%, 13.18% and 5.67% respectively. In addition,3.44% of respondents have intermediate level education, 41.78% are graduates, 44.62% are post graduate and 10.14% have education qualification M.Phil./PhD. 26.57% of respondents are working in the government sector, 51.5% are working in the private sector and 21.9% are working in cooperative organizations.

Table 1. Respondents' description

Variables	Category	Frequency	Percentage
Gender	Male	266	54
	Female	227	46
Age	21-30	175	35.49
	31-40	225	45.63
	41-50	65	13.18
	>50	28	5.67
Education	Intermediate	17	3.44
	Graduate	206	41.78
	Post-Graduate	220	44.62
	M.phil/PhD	50	10.14
Employed with	Govt. Job	131	26.57
	Private Job	254	51.5
	Cooperative Organizations	108	21.9
Marital Status	Unmarried	188	38.13
	Married	305	61.86
Income	<250000	70	14.19
	250001-500000	135	27.38
	500001-1000000	210	42.59
	<1000000	78	15.82

Source: Authors' compilation

38.13% of respondents are unmarried, 61.86% are married. Furthermore, 14.19% of respondents have income less than 250000, 27.38% have income between 250001-500000, 42.59% have income between 500001-1000000 and 15.82 have income more than 1000000.

4. DATA ANALYSIS AND INTERPRETATION

4.1 Reliability Analysis
Internal accuracy is best measured by the alpha value of Cronbach (Cronbach & Meehl, 1955). An alpha value of 0.7 or more demonstrates high internal consistency. This research conducted a reliability analysis for five constructs of service quality.

Table 2.Reliability Analysis

S.No	Construct	Cronbach's Alpha
1	Tangibility	.878
2	Reliability	.895
3	Responsiveness	.764
4	Assurance	.824
5	Empathy	.856

Source: Authors' compilation

The results of Table 2 present the value of Cronbach alpha for each construct used in the measurement model. All values of Cronbach alpha are greater than 0.7. Hence, values are demonstrating high reliability among items pertaining to constructs.

4.2 Model Fit of Measurement Model
The model fit specifies the degree to which the sample data matches the structural model. The Chi-square value of the AMOS output is 592.354, with a degree of freedom of 199. Moreover, the standard chi-square value (CMIN/DF) was 2.977. This is within the recommended range of less than five, as Hair et al. (2011) suggested. This shows that the sample data is suitable for the hypothesised model. The results of the model fit indices showed the goodness of fitness index value as 904, which exceeds 0.8. The "Root Mean Square Residual" Value (RMSR) of the proposed model for measurement is 0.035, less than 0.10 (Kuo et al., 2009), and the "Root Mean Square Error of Approximation" (RMSEA) value of the proposed model for measurement is 0.063, less than the appropriate value of 0.08.

4.3 Model Fit Indices

Table 3.CMIN

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	54	592.354	199	.000	2.977
Saturated model	253	.000	0		
Independence model	22	7458.812	231	.000	32.289

Source: Authors' compilation

Table 4.RMSEA

Model	RMSEA	LO 90	HI 90	PCLOSE
Default model	.063	.058	.069	.000
Independence model	.252	.247	.257	.000

Source: Authors' compilation

Table 5.Parsimony-Adjusted Measures

Model	PRATIO	PNFI	PCFI
Default model	.861	.793	.815
Saturated model	.000	.000	.000
Independence model	1.000	.000	.000

Source: Authors' compilation

Table 6.Baseline Comparisons

Model	NFI Delta1	RFI rho1	IFI Delta2	TLI rho2	CFI
Default model	.921	.908	.946	.937	.946
Saturated model	1.000		1.000		1.000
Independence model	.000	.000	.000	.000	.000

Source: Authors' compilation

Table 7.RMR, GFI

Model	RMR	GFI	AGFI	PGFI
Default model	.035	.904	.879	.711
Saturated model	.000	1.000		
Independence model	.355	.361	.300	.330

Source: Authors' compilation

The value of the "Adjusted Goodness of Fit" Index (AGFI) in the measuring model was 0.879, which is greater than or equal to the recommended value of 0.80. For the same measurement model, the value for the "Comparative Fit Index" (CFI) was 0.946 which is again greater than the suggested value of 0.90. The

"Parsimony Goodness of Fit Index" (PGFI) measurement model value stood at 0.711, which is higher than 0.50 (Kuo et al., 2009). The "Parsimony Comparative Fit Index" (PCFI) measurement model value was 0.815, greater than. In the end, the value of the "Parsimony Normed Fit Index" (PNFI) measurement model was 0.793 which is again higher than 0.50. It shows that the proposed measuring model suits the sample data well.
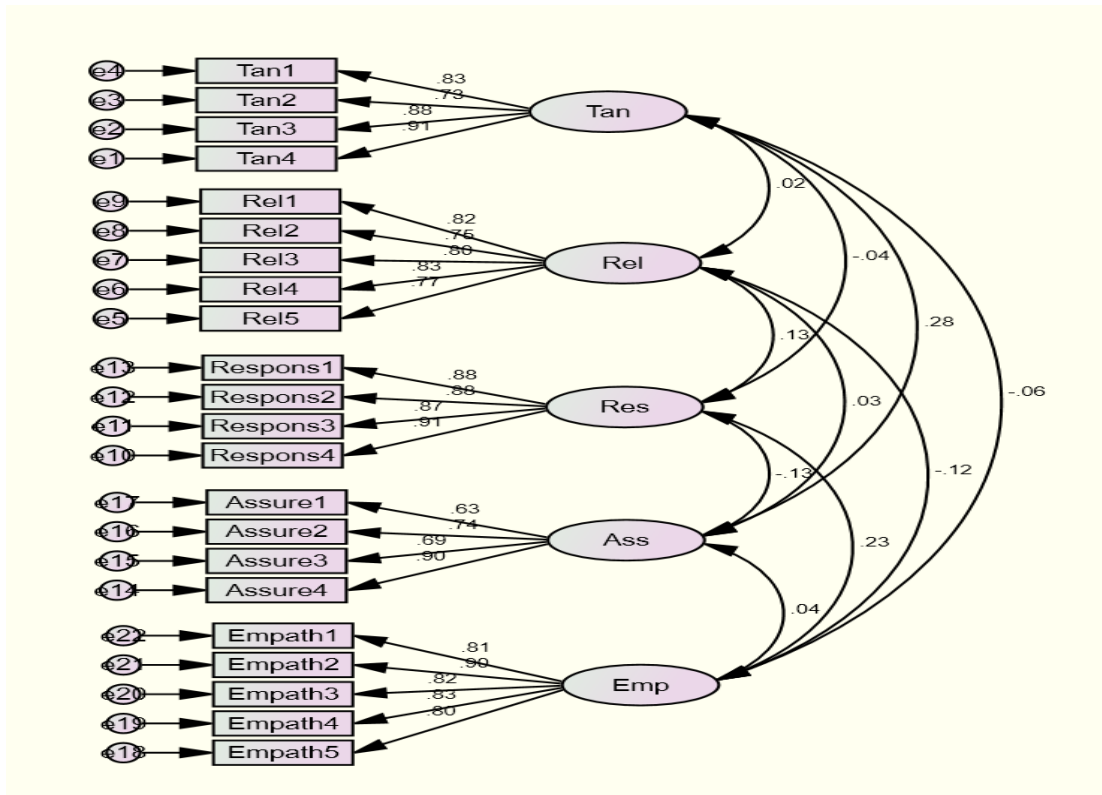

Figure 2. Measurement Model of Service Quality

Table 8.Validity of the Measurement Model

	CR	AVE	MSV	Ass	Tan	Rel	Res	Emp
Ass	0.833	0.559	0.080	**0.747**				
Tan	0.906	0.707	0.080	0.282	**0.841**			
Rel	0.895	0.631	0.016	0.027	0.025	**0.794**		
Res	0.936	0.784	0.051	0.130	-0.043	0.125	**0.886**	
Emp	0.919	0.695	0.051	0.040	-0.055	0.120	0.226	**0.834**

Source: Authors' compilation

The convergent validity was tested by the method recommended by Hair et al. (2011), indicating that the Composites' Reliability (CR) should be greater than or close to 0.5 than the Average Variance Extracted (AVE). The values of CR and AVE for five constructs used in the measurement model indicate the appropriate convergent validity in this analysis, as shown in the above table. Discriminant validity was evaluated according to Hair et al. (2011), which suggested that the maximum shared variance (MSV) should be less than the average shared variance (ASV) and the ASV should be less than the average shared variance of the AVE extracted. For each construct, the maximum shared values are less than the values for the average shared variable, and for each construct, the values of the average shared variable are less than the values of the average variance extracted. This indicates that the scale reveals significant evidence of discrimination.

Table 9.Descriptive statistics

	ServQual	N	Mean	Std. Deviation	Std. Error Mean
Tangibility	Perception	493	4.3864	1.11155	.05006
	Expectation	493	3.9285	1.03082	.04643
Reliability	Perception	493	4.3172	1.27156	.05727
	Expectation	493	4.1854	.91356	.04114
Responsiveness	Perception	493	4.1962	1.45142	.06537

	Expectation	493	3.9087	1.31827	.05937
Assurance	Perception	493	4.0451	1.36963	.06168
	Expectation	493	3.8463	1.28343	.05780
Empathy	Perception	493	4.1911	1.42261	.06407
	Expectation	493	3.9992	1.44560	.06511

Source: Authors' compilation

Results of the table 9 show the descriptive analysis for different dimension of service quality in terms of their perceptions and expectations. The results demonstrated that mean score of perception and expectation in case of tangibility is 4.38 and 3.92 respectively. The mean value of perception and expectation in case of reliability is 4.38 and 4.18 respectively. Moreover, the mean of perception and expectation concerning to responsiveness and assurance is 4.19, 3.90 and 4.04 and 3.84 respectively. Furthermore, the mean value of perception and expiation for empathy is 4.19 and 3.99 respectively.

We compared the mean scores of the respondents on their perception and expectations for the service quality of financial services using an independent sample t-test to test the hypothesis. Results of Table 10 show a significant difference in the mean score of tangibility in terms of their perceptions and expectations. The independent sample t-test results show that there is a notable difference in the mean score of tangibility (t = -6.707; p < 0.05). Hence, we accept the hypothesis H1 (a). The group statistics results show that the individual's perception of tangibility is higher than their expectation.

Further, the results show no significant difference in the mean score of reliability in terms of their perceptions and expectations.The independent sample t-test results show no significant difference in the mean score of reliability (t = 1.870; p > 0.05). Hence, we reject the hypothesis H1 (b). The group statistics results show that the individual's perception of the reliability factor is higher than their expectation.

Furthermore, Results of the independent sample t-test show a significant difference in the mean responsiveness score in terms of their perceptions and expectations. The independent sample t-test results show a significant difference in the mean score of responsiveness (t = 3.256; p < 0.05). Hence, we accept hypothesis H1(c). The results of the group statistics show that the perceptions of the individual for responsiveness are higher than their expectation.

Moreover, the results of show that there is a significant difference in the mean score of assurance in terms of their perceptions and expectations. The independent sample t-test results show a significant difference in the mean score of assurance (t = 2.351; p < 0.05). Hence, we accept the hypothesis H1 (d). The results of the group statistics show that the perceptions of the individual for responsiveness are higher than their expectation.

Table 10.Hypothesis testing

		F	Sig.	T	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Tangibility	Equal variances assumed	6.132	.013	6.707	984	.000	.45791	.06828
	Equal variances not assumed			6.707	978.458	.000	.45791	.06828
Reliability	Equal variances assumed	53.127	.000	1.870	984	.062	.13185	.07052
	Equal variances not assumed			1.870	893.057	.062	.13185	.07052
Responsiveness	Equal variances assumed	7.905	.005	3.256	984	.001	.28753	.08831
	Equal variances not assumed			3.256	975.029	.001	.28753	.08831
Assurance	Equal variances assumed	9.639	.002	2.351	984	.019	.19878	.08454
	Equal variances not assumed			2.351	979.872	.019	.19878	.08454

Empathy	Equal variances assumed	.026	.871	2.101	984	.036	.19189	.09135
	Equal variances not assumed			2.101	983.747	.036	.19189	.09135

Source: Authors' compilation

Finally, the independent sample t-test results show a notable difference in the mean score of empathy in terms of their perceptions and expectations. The independent sample t-test results show a significant difference in the mean score of empathy (t = 2.101; p < 0.05). Hence, we, accept the hypothesis H1 (e). The results of the group statistics show that the individual's perceptions of responsiveness are higher than their expectation.

Table 11.Regression results

R	R Square	Adjusted R Square	Std. Error of the Estimate
.662[a]	.438	.433	.93270

Source: Authors' compilation

Table 12.ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Regression	330.651	5	66.130	76.018	.000[b]
Residual	423.655	487	.870		
Total	754.306	492			

Source: Authors' compilation

a. Dependent Variable: Customer Loyalty

b. Predictors: (Constant), Empathy, Reliability, Tangibility, Responsiveness, Assurance

Results of the table 12 show that the p-value of the regression model is less than 0.05. It means that the regression model is fit for analysis.

Table 13.Coefficients

	Unstandardized B	Std. Error	Standardized Beta	T	Sig
(Constant)	-.327	.268		-1.219	.224
Tangibility	.326	.041	.271	7.912	.000
Reliability	.140	.054	.104	2.582	.010
Responsiveness	.185	.045	.197	4.140	.000
Assurance	.254	.048	.264	5.315	.000
Empathy	.173	.034	.203	5.059	.000

Source: Authors' compilation

Results show a significant impact of tangibility on customer loyalty (p < 0.05). Hence, we accept the hypothesis H2 (a). It means that tangibility has an impact on customer loyalty. The multiple regression analysis results show a significant impact of reliability on customer loyalty (p < 0.05). Hence, H2 (b) is accepted. It means that reliability has an impact on customer loyalty. Table 13 shows a significant impact of responsiveness on customer loyalty (p < 0.05). Hence, H2 (c) is accepted. It means that responsiveness has an impact on customer loyalty. The multiple regression analysis results show a significant impact of assurance on customer loyalty (p < 0.05). Hence, H2 (d) is accepted. It means that assurance has an impact on customer loyalty.

The result of Table 13 shows a significant impact of empathy on customer loyalty (p < 0.05). Hence, H2 (e) is accepted. It means that empathy has an impact on customer loyalty. Out of all the predictor variables (empathy, reliability, tangibility, responsiveness, and assurance), based on standardized factor loadings, the factor that impacts customer loyalty most is tangibility, followed by assurance, responsiveness, empathy, and the least important factor that affects the customer loyalty is reliability.

5. DISCUSSION

The primary aim of the research was to assess the variance between customer expectations and perceptions concerning the quality of financial services. Additionally, the study sought to investigate the correlation between the dimensions of service quality and the loyalty exhibited by customers toward financial services. The results posit that there is a difference between customer perception and expectation about service quality

dimensions of tangibility, responsiveness, assurance, and empathy in financial services. However, there is no difference regarding service quality dimension reliability in financial services. The difference between perception and expectation is due to the fact that financial service industry is witnessing the introduction of diverse and innovative financial services, so customers need to be able to decide what to expect from financial service providers. Furthermore, the study examined the relationship between service quality dimensions and customer loyalty regarding financial services. The study's results revealed that tangibility significantly impacts customer loyalty. This is because the physical features of the place where financial services are offered influence customer engagement, which ultimately results in loyalty. Additionally, the results reflected that the reliability of providing financial services significantly impacts customer loyalty. This result supports the idea that consistent service is essential to retaining customers (Ganguli & Roy, 2010).

Moreover, the study revealed that responsiveness impacts customer loyalty towards financial services. This means that if financial service providers respond to customers' queries and doubts, customers prefer to take financial services from the same service provider consistently. Furthermore, assurance and empathy are significantly related to customer loyalty towards financial services. This is because assurance imparts confidence in the financial services, while empathy makes customers feel cared for. Customers are more inclined to stick with services that satisfy their financial demands and provide them with a sense of security and emotional fulfillment. Thus, these emotional ties are crucial in maintaining client loyalty.

6. IMPLICATIONS

6.1 Theoretical implications
The study significantly contributes to existing literature on service quality dimensions and customer loyalty. The difference between expectation and customer perception about service quality dimensions towards financial services contributes to the expectancy disconfirmation theory, which postulates that disconfirmation between perceived and expected services influence customer satisfaction. This could be because customers may need help in anticipating what to expect in quickly changing industries such as financial services, where new and innovative services are constantly being introduced. There might be a disconnect between customers' expectations and perception since this could be their first time using these innovative services. In addition, the study's results support the SERVQUAL model by highlighting that tangibility, reliability responsiveness, assurance, and empathy dimensions significantly impact customer loyalty. Notably, the significant impact of tangibility, reliability, responsiveness, assurance, and empathy on customer loyalty resonates with the model's emphasis on these dimensions.

6.2 Practical implications
The study's findings have noteworthy practical implications for the marketing managers of the financial services industry. The results highlighted the significant difference between the expectations and perception of customers, so we recommend that financial service providers should invest in customer education about the financial services they are offering to customers. Clear communication can help manage expectations and reduce disappointment, ultimately enhancing customer satisfaction. The study highlights the importance of how essential is to maintain the ambience of the place where financial services are delivered. To make the physical environment more ambient, the managers can display educational content and integrate augmented reality and virtual reality at the place to augment the customer experience. Additionally, the study emphasizes the importance of providing consistent service to enhance customer loyalty. To ensure consistent services, sufficient training should be given to employees serving the customer, and the process involved in delivering services must be streamlined.

Moreover, the study highlights the importance of responsiveness to customers in augmenting customer loyalty. To ensure adequate responsiveness, managers must provide thorough customer care over various channels, such as phone, email, live chat, and in-person help. Thus, we suggest a continuous dialogue with customers and ensure efficient customer support systems. Further, we found that empathy and assurance influence customer loyalty, so we recommend that financial service providers prioritize building trust (assurance) and establishing emotional connections (empathy) with customers. Trust can be fostered through transparent communication and security measures, while empathy can be demonstrated through personalized interactions and support.

7. CONCLUSION, LIMITATIONS, AND FUTURE RESEARCH AGENDA
Our study primarily aimed to study the impact of service quality dimensions on customer loyalty and to investigate the significant differences in customer expectations and perception of service quality of financial services in India. We employed a SERVQUAL model in the study. The results of the study showed that there is a significant difference between customer expectations and the perception of the quality of financial services. Additionally, the study concludes that all the service quality dimensions, tangibility, reliability, responsiveness,

assurance, and empathy, have a significant positive relationship with customer loyalty regarding financial services. This relationship asserts that enhancing the quality of services delivery will result in repeated purchases and building long-lasting profitable relationships with customers.

The study used the northern Indian region for the sample, which represents one Indian region only. Researchers can extend the scope of the study by taking the other regions. We tested the relationship between service quality dimensions and customer loyalty towards financial services only, and no mediatingand moderatingvariables have been considered. Researchers could explore the other factors that indirectly impact the relationship between service quality dimensions and customer loyalty toward financial services. Researchers must shed light on how cultural variations affect expectations and perceptions of service quality, which can help organizations customize their offerings for a wide range of clientele. Further researchers could also explore how introducing artificial intelligence (AI) in service industries determines service quality and how it affects customer loyalty and satisfaction.

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