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Customer Satisfaction Towards Banking Services of Small Finance Banks: The Role of Service Quality Dimensions and Customer Loyalty

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Abstract: This study aims to validate a model of customer satisfaction (CS), customer loyalty (CL), service quality (SQ), assurance (ASSU), empathy (EMP), reliability (REL), responsiveness (RESP)and tangibility (TAN) among customers of Small Finance Banks in Saharanpur District, Uttar Pradesh, India. The study also examines the mediating role of customer satisfaction between service quality and customer loyalty. A total of 857 responses were analyzed using SmartPLS. The findings reveal that assurance, empathy, reliability, responsiveness and tangibility significantly and positively influence service quality. Further, service quality significantly affects customer satisfaction and customer loyalty, while customer satisfaction also positively influences customer loyalty. Tangibility emerged as the strongest predictor of service quality. The study highlights the growing importance of customer-oriented banking services in the rural and semi-urban financial sector of Saharanpur District. The findings provide useful implications for policymakers and bank managers to strengthen customer-centric practices, improve trust, enhance retention and support the long-term sustainability of Small Finance Banks.

Keywords: Customer satisfaction, customer loyalty, SERVQUAL, Small Finance Banks; financial inclusion

1. Introduction

The Indian banking industry has experienced remarkable transformation in recent decades. Liberalization, technological advancements, regulatory reforms and growing financial awareness have significantly changed the structure of banking services. Among the major reforms, the establishment of Small Finance Banks (SFBs) has emerged as an important initiative to promote financial inclusion and extend banking services to underserved sections of society. These institutions were introduced with the objective of providing savings facilities and credit access to small business units, farmers, micro-enterprises and low-income households. Small Finance Banks have become an effective option for addressing the financial needs of customers who were traditionally excluded from formal banking systems.

These institutions are expected to provide efficient, affordable and customer-oriented services. However, in an increasingly competitive financial environment, merely providing access to banking services is insufficient. Banks must ensure customer satisfaction through superior service quality, trust, convenience and responsiveness. Saharanpur District of Uttar Pradesh represents an important regional setting for studying Small Finance Banks. The district consists of rural, semi-urban and urban customers engaged in agriculture, trade, services and small business activities. Such a mixed economic structure creates growing demand for inclusive and efficient banking services. Therefore, Small Finance Banks can play a significant role in improving access to finance and supporting local economic development in the district. Customer satisfaction is widely recognized as one of the most important determinants of organizational success in the service sector. Satisfied customers are more likely to continue their relationship with the institution, recommend services to others and adopt additional financial products. Therefore, understanding the factors that influence customer satisfaction is highly relevant for the long-term sustainability of Small Finance Banks.

Service quality has been identified as a major antecedent of customer satisfaction. Previous studies in the banking sector have emphasized dimensions such as assurance, empathy, reliability, responsiveness and tangibility as critical drivers of customer perceptions. These dimensions collectively determine how customers evaluate the quality of services provided by banks. Although considerable studies have been conducted in commercial banking and public sector banking, limited attention has been given to Small Finance Banks, particularly at the district level. Therefore, it is necessary to determine which service quality dimensions significantly influence customer satisfaction and loyalty in the context of Saharanpur District.

The study aims to examine how assurance, empathy, reliability, responsiveness and tangibility influence service quality, customer satisfaction and customer loyalty among customers of Small Finance Banks in Saharanpur District.

The following objectives give rise to these research inquiries:

RQ1: How do assurance, empathy, reliability, responsiveness and tangibility impact service quality in Small Finance Banks of Saharanpur District?
RQ2: What is the role of service quality in enhancing customer satisfaction and customer loyalty?
RQ3: What is the role of customer satisfaction in strengthening customer loyalty?

2. Theoretical Underpinning and Hypothesis Construction

This study utilizes the SERVQUAL model and relationship marketing theory to assess how service quality dimensions influence customer satisfaction and customer loyalty among customers of Small Finance Banks in Saharanpur District. Parasuraman et al. identified service quality as the gap between customer expectations and perceived service performance. In recent years, researchers have emphasized that service quality remains one of the most important determinants of customer satisfaction and loyalty in banking institutions (Shankar & Jebarajakirthy, 2020; Dam & Dam, 2021; Kaura et al., 2022). The theory of relationship marketing also explains that long-term customer relationships are strengthened through superior service delivery and trust.

Small Finance Banks were introduced to strengthen financial inclusion and provide banking services to underserved groups. However, the success of these institutions depends not only on accessibility but also on the quality of services delivered to customers. In the present competitive banking environment, customers evaluate banking institutions on the basis of staff behavior, dependability, convenience, responsiveness and physical facilities. Therefore, it is necessary to examine the relationship between service quality dimensions and post-purchase outcomes such as satisfaction and loyalty.

The SERVQUAL framework identifies five major dimensions of service quality, namely assurance, empathy, reliability, responsiveness and tangibility. These dimensions are highly relevant in banking services where customer interaction and trust play an important role. Similarly, recent studies have found that satisfaction significantly contributes to customer loyalty in the financial sector (Islam et al., 2021; Sharma & Malviya, 2023). The present study attempts to explain customer satisfaction and loyalty through the selected service quality dimensions in the context of Small Finance Banks.

2.1 Assurance, Empathy, Reliability, Responsiveness, Tangibility and Service Quality

Assurance refers to the knowledge, courtesy, competence and trustworthiness of bank employees. It reflects the confidence that customers develop when dealing with service personnel. In banking institutions, customers expect staff members to provide secure, accurate and professional assistance. Previous studies have reported that assurance significantly improves customer perceptions of banking service quality (Saha & Theingi, 2020; Singh & Arora, 2022).

Empathy refers to individualized attention, understanding customer needs and caring behavior demonstrated by

employees. Customers appreciate institutions that recognize their problems and provide personalized support. Empathy becomes especially relevant in Small Finance Banks where many customers may require guidance regarding banking procedures and financial products. Recent studies highlighted that empathy positively influences customer satisfaction and perceived service quality (Khan et al., 2021; Gupta & Suri, 2024).

Reliability is defined as the ability of a bank to perform promised services dependably and accurately. Customers expect timely transactions, error-free records and consistent service delivery. Reliability is widely considered one of the strongest indicators of service performance in the banking sector (Raza et al., 2020; Joseph & Stone, 2023).

Responsiveness represents willingness to help customers and provide prompt services. Quick complaint handling, timely responses and readiness to assist enhance positive service perceptions. In modern banking, customers increasingly value speed and convenience in service encounters. Prior studies confirmed the significant effect of responsiveness on customer evaluations of banks (Ali et al., 2021; Verma & Chandra, 2024).

Tangibility refers to physical facilities, equipment, branch environment, appearance of employees and technological infrastructure. Customers often evaluate service providers through visible cues such as branch cleanliness, ATM availability, digital systems and modern facilities. Tangibility is particularly important in shaping first impressions of service quality (Kumar & Bansal, 2020; Mehta et al., 2023).

Based on the above discussion, the following hypotheses are proposed:

H1: Assurance has a positive and significant effect on service quality.
H2: Empathy has a positive and significant effect on service quality.
H3: Reliability has a positive and significant effect on service quality.
H4: Responsiveness has a positive and significant effect on service quality.
H5: Tangibility has a positive and significant effect on service quality.

2.2 Service Quality, Customer Satisfaction and Customer Loyalty

Customer satisfaction refers to the degree to which customer expectations are fulfilled through service experiences. When customers perceive that banking services are efficient, trustworthy and convenient, satisfaction levels increase. Previous studies in the financial service sector have consistently shown that high service quality positively influences customer satisfaction (Dam & Dam, 2021; Sharma & Malviya, 2023).

Service quality also plays an important role in building customer loyalty. Loyal customers tend to continue using the same bank, recommend services to others and resist switching to competitors. In a competitive banking environment, loyalty is an important outcome of positive service experiences (Islam et al., 2021; Kaura et al., 2022).

Therefore, it can be concluded that service quality significantly affects customer satisfaction and customer loyalty.

H6: Service quality has a positive and significant effect on customer satisfaction.
H7: Service quality has a positive and significant effect on customer loyalty.

2.3 Customer Satisfaction and Customer Loyalty

Customer satisfaction is considered one of the most important antecedents of loyalty. Satisfied customers are more likely to develop trust, repeat transactions and maintain long-term relationships with banking institutions. Dissatisfied customers, on the other hand, may switch to competing banks. Recent studies in banking have reaffirmed the positive relationship between customer satisfaction and loyalty (Raza et al., 2020; Gupta & Suri, 2024).

In the context of Small Finance Banks, customer satisfaction is especially important because these institutions depend heavily on relationship-based banking and community trust. Thus, improving satisfaction may directly

enhance loyalty.

H8: Customer satisfaction has a positive and significant effect on customer loyalty.

2.4 Customer Satisfaction as a Mediator

The relationship between service quality and loyalty may not always be direct. In many service settings, customers first evaluate service quality, which then creates satisfaction, leading to loyalty. Thus, customer satisfaction acts as an intervening mechanism between service quality and customer loyalty. Recent studies have also supported the mediating role of satisfaction between service quality and loyalty outcomes (Shankar & Jebarajakirthy, 2020; Joseph & Stone, 2023).

In banking institutions, customers may become loyal when quality services generate positive experiences and satisfaction over time. Therefore, customer satisfaction is expected to mediate the relationship between service quality and loyalty.

H9: Customer satisfaction mediates the relationship between service quality and customer loyalty.

3. Research Method

The present It is evident from **Figure 1** that there is an association between various variables selected for this study and the direction of their relationship among the mentioned variables. This study used eight variables: assurance, empathy, reliability, responsiveness, tangibility, service quality, customer satisfaction and customer loyalty. The research was conducted with various objectives to determine the relationship between service quality dimensions and service quality, service quality and customer satisfaction, service quality and customer loyalty and customer satisfaction and customer loyalty. The mediating role of customer satisfaction was also examined.

A structured questionnaire was adapted for this study. The questionnaire comprised statements measured on a five-point Likert scale ranging from 1 = strongly disagree to 5 = strongly agree. The study sample was collected from customers of Small Finance Banks operating in Saharanpur District, Uttar Pradesh. Respondents included customers from rural, semi-urban and urban areas using banking services such as savings accounts, loans, ATM, mobile banking and branch services.

A total of 1050 questionnaires were distributed, of which 857 responses were found suitable for final analysis. Data were analyzed using SmartPLS software. PLS-SEM was considered appropriate because it is effective for prediction-oriented studies, complex models and latent constructs.

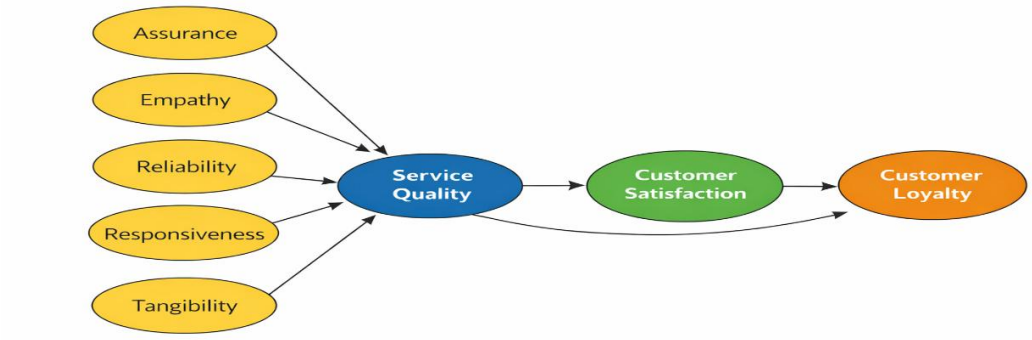

Figure 1. Hypothesized model (*Source*: based on LR).

3.1 Questionnaire design and pre-testing

The questionnaire began with demographic questions related to gender, age, occupation, education and banking usage. Further, the scale included statements related to assurance, empathy, reliability, responsiveness, tangibility, service quality, customer satisfaction and customer loyalty adapted from previous studies. Face validity was confirmed through expert review. Pilot testing was conducted before final data collection.

3.2 Response rate

Out of the total distributed questionnaires, 857 valid responses were received and used for analysis. The response rate was considered adequate for applying Structural Equation Modeling. Previous studies suggested that a sample above 200 is sufficient for SEM analysis; therefore, the present sample size was statistically appropriate.

4. Data Analysis

This study has used PLS-SEM to confirm the validity and reliability of the scale for each construct and verify the relationships between variables proposed in the model. PLS-SEM is considered appropriate and provides robust results for analyzing and confirming the causal relationship between the variables proposed based on a review of previous research (Hair et al., 2021; Sarstedt et al., 2022). Moreover, this PLS-SEM approach can be applied to medium and large sample sizes and does not consider normality of data as one of its basic assumptions, which was an issue under the covariance-based SEM approach. Another reason supporting the use of PLS-SEM is that this method can work on reflective and complex measurement scales (Hair et al., 2022). All the factors mentioned above justify the use of PLS-SEM in this study.

4.1 Results

Table 1 comprises the data of the demographic characteristics of the respondents. It is evident from the above table that the gender of the respondents has been categorized into male and female, which comprises 49.12% and 50.88%, respectively. The area of the respondents has been classified into urban and rural categories, representing 52.28% and 47.72%, respectively. Respondents were further categorized on the basis of marital status into married and unmarried, which constitute 50.76% and 49.24%, respectively. The age of the respondents has been divided into two categories, namely below 30 years and above 30 years, comprising 48.07% and 51.93%, respectively. Educational qualification has been classified into educated and uneducated respondents, accounting for 82.85% and 17.15%, respectively. Occupation of respondents has been categorized into business and service, representing 52.51% and 47.49%, respectively. Further, respondents were classified on the basis of internet banking usage into yes and no categories, which account for 51.58% and 48.42%, respectively. Finally, respondents were distributed among selected Small Finance Banks, namely Jana, Bandhan, Ujjivan, Utkarsh and Shivalik, comprising 21.59%, 20.65%, 20.19%, 19.25%and18.32%, respectively.

Table 1. Demographic profile of respondents (sample size 857)

Category	Group	Frequency	Percentage
Gender	Male	421	49.12
	Female	436	50.88
Area	Urban	448	52.28
	Rural	409	47.72
Marital Status	Married	435	50.76
	Unmarried	422	49.24
Age of Respondents	Below 30 Years	412	48.07
	Above 30 Years	445	51.93
Educational Qualification	Educated	710	82.85

	Uneducated	147	17.15
Occupation	Business	450	52.51
	Service	407	47.49
Internet Usage	Yes	442	51.58
	No	115	48.42

Source: Research Output

4.2 Assessment of the measurement model

The robustness of the measurement model can be verified from the values of the factor loading, Cronbach's alpha and rho_A. Further, the validity and reliability of the measurement model can be confirmed through composite reliability (C.R.) and convergent and discriminant validity of the constructs. Table 2 ensures the adequacy of the factor loading, which is above 0.70 for each statement (Fornell & Larcker, 1981; Hair et al., 2021). The details of all the measurement scales are presented below.

4.3 Factor loading

Table 2 presents the factor loading values of all indicators used in the study. It is evident that all statement loadings are above the recommended threshold level of 0.70, which confirms indicator reliability and adequacy of the measurement items.

Table 2. Factor loading

Statements	ASSU	EMP	REL	RESP	TAN	SQ	CS	CL
ASSU1	0.842	–	–	–	–	–	–	–
ASSU2	0.861	–	–	–	–	–	–	–
ASSU3	0.824	–	–	–	–	–	–	–
EMP1	–	0.817	–	–	–	–	–	–
EMP2	–	0.845	–	–	–	–	–	–
REL1	–	–	0.836	–	–	–	–	–
REL2	–	–	0.852	–	–	–	–	–
RESP1	–	–	–	0.841	–	–	–	–
RESP2	–	–	–	0.858	–	–	–	–
TAN1	–	–	–	–	0.864	–	–	–
TAN2	–	–	–	–	0.847	–	–	–
SQ1	–	–	–	–	–	0.872	–	–
SQ2	–	–	–	–	–	0.851	–	–
CS1	–	–	–	–	–	–	0.878	–
CS2	–	–	–	–	–	–	0.861	–
CL1	–	–	–	–	–	–	–	0.884
CL2	–	–	–	–	–	–	–	0.869

Source: Research Output

4.4 Internal Consistency Reliability

Table 3 confirms the presence of adequate internal consistency for each construct through the values of C.A. and rho_A. Here, all the values are above 0.70, which is sufficient to establish internal consistency. Further, the construct reliability is found to be satisfactory as all the values of composite reliability for each construct are above 0.70 (Hair et al., 2021). In addition to this, rho_A was also found above the acceptable threshold level, confirming reliability of the constructs.

Table 3. Results Of Convergent and Discriminant Validity Tests

Construct	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
ASSU	0.876	0.881	0.915	0.729
EMP	0.852	0.863	0.899	0.691
REL	0.876	0.882	0.914	0.729
RESP	0.869	0.871	0.910	0.718
TAN	0.873	0.873	0.913	0.724
SQ	0.929	0.929	0.949	0.825
CS	0.871	0.871	0.921	0.795
CL	0.890	0.890	0.931	0.819

Source: Research Output

4.5 Convergent and discriminant validity

It can be found in Table 3 that all the AVE values are more than 0.50, which is a necessary condition to establish convergent validity. Moreover, the values of composite reliability are above 0.70, which further support construct validity. Therefore, convergent validity is established. In addition to the above verification, another test named Heterotrait-Monotrait Ratio (HTMT) was conducted to verify discriminant validity. Table 4 confirms that all the values of HTMT are below 0.85, thus reassuring discriminant validity (Henseler et al., 2015).

Table 4. Heterotrait Monotrait Ratio (HTMT)

HTMT	ASSU	EMP	REL	RESP	TAN	SQ	CS	CL
ASSU	–	–	–	–	–	–	–	–
EMP	0.076	–	–	–	–	–	–	–
REL	0.033	0.058	–	–	–	–	–	–
RESP	0.038	0.062	0.071	–	–	–	–	–
TAN	0.032	0.057	0.066	0.073	–	–	–	–
SQ	0.378	0.362	0.371	0.389	0.401	–	–	–
CS	0.209	0.224	0.231	0.246	0.257	0.744	–	–
CL	0.302	0.286	0.294	0.315	0.329	0.691	0.750	–

Source: Research Output

4.6 Structural model fitness

In PLS-SEM, the fitness of the structural model was assessed through standardized root mean square residual (SRMR) as a goodness-of-fit measure and normed fit index (NFI) as an incremental fit measure. Table 5 confirms the fitness of the model as the value of SRMR is below 0.08andthe value of NFI is above 0.90 (Henseler et al., 2015; Hair et al., 2021). Therefore, the proposed structural model is considered satisfactory for further hypothesis testing.

Table 5. Model fit

	Saturated model	Estimated model
SRMR	0.033	0.036
d_ULS	0.533	0.607
d_G	0.283	0.287
Chi-square	1465.352	1481.048
NFI	0.905	0.904

Source: Research Output

4.7 Structural model hypothesis testing

Table 6 shows the causal relationships assumed during hypothesis formulation, which were estimated by running the dataset on bootstrapping samples. The outcome of the SEM analysis leads to the acceptance of all hypotheses (H1–H8) at a 5% level of significance. The structural model for the same is shown in **Figure 2.**

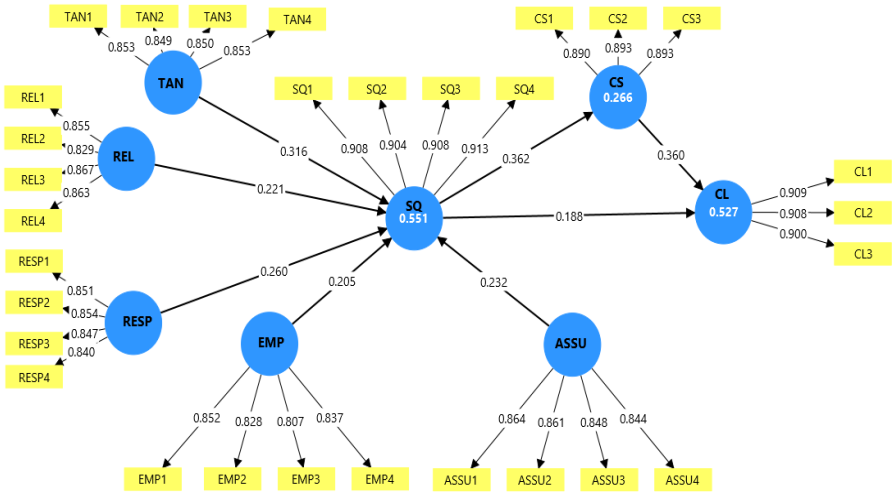

Figure 2. The structural model (*Source*: Research output).

Table 6. Output Bootstrapping-PLS

Causal hypothesis	Path coefficient (β)	t Statistics	p Values	Result
Assurance -> Service Quality	0.323	13.744	0.000	Accepted (H1)
Empathy -> Service Quality	0.304	13.963	0.000	Accepted (H2)
Reliability -> Service Quality	0.315	13.898	0.000	Accepted (H3)

Responsiveness -> Service Quality	0.342	15.028	0.000	Accepted (H4)
Tangibility -> Service Quality	0.377	16.006	0.000	Accepted (H5)
Service Quality -> Customer Satisfaction	0.515	19.851	0.000	Accepted (H6)
Service Quality -> Customer Loyalty	0.348	12.483	0.000	Accepted (H7)
Customer Satisfaction -> Customer Loyalty	0.481	17.894	0.000	Accepted (H8)

Source: Research Output

4.8 Q-Square Statistic

Additionally, to verify the superiority of the path model, the Q-square statistic was estimated. Table 7 shows that the path model has adequate predictive significance as the value of Q-square statistics is above 0 (Fornell & Cha, 1994; Hair et al., 2021).

Table 7. Q-Square Statistics

Construct	SSO	SSE	Q^2 (=1-SSE/SSO)
Service Quality	4285.000	2622.255	0.388
Customer Satisfaction	1714.000	1369.486	0.201
Customer Loyalty	1714.000	1124.584	0.344

Source: Research Output.

4.9 Coefficient of determination (R^2)

The predictive ability of the path model was further examined using the coefficient of determination (R^2). Table 8 shows that the R^2 value for service quality was 0.550, indicating that assurance, empathy, reliability, responsiveness and tangibility explain 55.0% of the variance in service quality. The R^2 value for customer satisfaction was 0.265, while customer loyalty recorded an R^2 value of 0.526. These values indicate satisfactory predictive accuracy of the model (Hair et al., 2021).

Table 8. R^2

Construct	R-square	R-square adjusted
Service Quality	0.550	0.548
Customer Satisfaction	0.265	0.265
Customer Loyalty	0.526	0.525

Source: Research Output.

4.10 Effect size (f^2)

The effect size (f^2) measures the impact of predictor constructs on endogenous constructs. The findings shown in Table 9 indicate that service quality has a strong effect on customer satisfaction, while customer satisfaction has a strong effect on customer loyalty. Tangibility shows the highest effect among service quality dimensions.

Table 9. Effect size (f^2)

	SQ	CS	CL
Assurance	**0.232**	–	–
Empathy	**0.205**	–	–
Reliability	**0.220**	–	–
Responsiveness	**0.260**	–	–

Tangibility	**0.316**	–	–
Service Quality	–	**0.362**	**0.188**
Customer Satisfaction	–	–	**0.360**

Source: Research Output.

4.11 Mediating effects

Table 10 shows the mediating effect of customer satisfaction in the model. This study indicates that customer satisfaction significantly mediates the relationship between service quality and customer loyalty ($\beta = 0.248$, $t = 11.764$, $p < 0.05$). The direct effect of service quality on customer loyalty has a value of 0.348, while the specific indirect effect through customer satisfaction has a value of 0.248. Since the indirect effect is significant, customer satisfaction acts as a mediator between service quality and customer loyalty (Hair et al., 2022).

Path	Coefficient (β)	t Statistics	p Values	Result	Decision
Service Quality -> Customer Satisfaction -> Customer Loyalty	0.248	11.764	0.000	Mediation exists	H9 Accepted

Source: Research Output

Table 11. The Summary of Research Hypotheses Concerning Mediating Effects

Research hypotheses	Result	VAF (%)	Conclusion
Service Quality -> Customer Satisfaction -> Customer Loyalty	Supported	41.6	Partial mediation

Source: Research Output.

The direct effect of service quality on customer loyalty has a value of 0.348, while the specific indirect effect through customer satisfaction has a value of 0.248. Thus, the total effect has a value of 0.348 + 0.248 = 0.596. Therefore, VAF = 0.248 ÷ 0.596 = 0.416, meaning that about 41.6% of the effect of service quality on customer loyalty is explained through the customer satisfaction mediator. Since the VAF is larger than 20% but smaller than 80%, this situation can be characterized as partial mediation (Hair et al., 2022; Nitzl et al., 2016).

5. Discussion

The study findings emphasize the significant impact of assurance, empathy, reliability, responsiveness and tangibility on service quality among customers of Small Finance Banks. Tangibility was found to have the strongest influence on service quality, indicating that physical facilities, branch environment and technological infrastructure play an important role in shaping customer perceptions. Similar findings were reported in earlier banking studies (Shankar & Jebarajakirthy, 2020; Kaura et al., 2022). Responsiveness also significantly affects service quality, showing that prompt service, complaint handling and willingness to help customers are highly valued. Reliability and assurance were also found significant, suggesting that customers prefer accurate, dependable and trustworthy services. The findings further indicate that service quality significantly influences customer satisfaction and customer loyalty. This result is consistent with prior studies that confirmed better service quality leads to higher satisfaction and stronger retention (Dam & Dam, 2021; Islam et al., 2021).

Customer satisfaction significantly influences customer loyalty. Satisfied customers are more likely to continue using banking services, recommend the bank to others and maintain long-term relationships. This finding is supported by recent studies in the banking sector (Sharma & Malviya, 2023).

The mediating results indicate that customer satisfaction partially mediates the relationship between service quality and customer loyalty. This suggests that quality services not only directly improve loyalty but also indirectly strengthen loyalty through higher satisfaction.

6. Implications

The findings of the study provide both theoretical and practical implications for Small Finance Banks.

From a theoretical perspective, the study extends the SERVQUAL model by examining the relationship between service quality dimensions, customer satisfaction and customer loyalty in the context of Small Finance Banks. The findings confirm that assurance, empathy, reliability, responsiveness and tangibility significantly influence service quality, which further affects satisfaction and loyalty (Shankar & Jebarajakirthy, 2020; Hair et al., 2021). From a practical perspective, bank managers should focus more on tangibility and responsiveness, as these were found to be the strongest predictors of service quality. Banks should improve branch infrastructure, ATM facilities, digital banking systems and prompt grievance handling. The significance of assurance and reliability indicates the need for trustworthy, accurate and professional services. Empathy suggests that banks should provide personalized attention, especially to rural and less educated customers.

Further, customer satisfaction significantly mediates loyalty. Therefore, banks should regularly monitor customer satisfaction through feedback systems and service reviews. For policymakers, the findings highlight that customer-centric banking practices can strengthen trust, improve retention and support financial inclusion through Small Finance Banks (RBI, 2023).

7. Conclusion, limitations and scope for future research

The present study examined the relationship between service quality dimensions, customer satisfaction and customer loyalty among customers of Small Finance Banks in Saharanpur District. The findings reveal that assurance, empathy, reliability, responsiveness and tangibility significantly influence service quality. Further, service quality significantly affects customer satisfaction and customer loyalty, while customer satisfaction also has a significant positive effect on customer loyalty. The mediating analysis confirmed that customer satisfaction partially mediates the relationship between service quality and customer loyalty. Among the service quality dimensions, tangibility was found to be the strongest predictor, followed by responsiveness. This indicates that customers give greater importance to physical facilities, modern infrastructure and prompt service delivery in banking institutions.

The study has certain limitations. First, the study was confined to Saharanpur District only, which may limit the generalization of findings to other regions. Second, the study adopted a cross-sectional design. Third, only selected variables were included in the model. Future research may extend the study to other districts or states and compare Small Finance Banks with public and private sector banks. Further studies may include additional variables such as trust, digital banking experience, financial literacy and customer commitment. Longitudinal studies may also be conducted to examine changing customer perceptions over time.

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