Business Research

The Impact of Service Quality on Customer Retention

**The problem**

The increase in competition has prompted banking institutions to assess their strategy with regard to customer service. The consumers standards of living have improved, and customers now seek high-quality products and services that address their needs and match their preferences. For banks, retaining clients has been the biggest problem due to the impact of rising competition and the ever-changing tastes and preferences of the consumers. This claim backed by evidence from the most of the empirical literature. The studies do not illustrate how customers could be attracted and retained by every banking institution offering high-quality services. Customer satisfaction and customer retention are different concepts. High customer satisfaction does not automatically give to high retention. As a result, this research will strive to fill the broad gap in the literature. If a bank wants to increase its customer retention level, then it should asses the full extent of the relationship it has with consumers and not just their level of satisfaction (Merkel, 2010).

**The objective and aim**

This research aims to rate the impact of the bank’s service quality on its level of customer retention. In this regard, the relationship between service quality and customer retention would be identified. This research seeks to:

1. Investigate the client's perceptions of the bank's service quality.
2. Examine the trends of the customer retention practices at the institution.
3. Determine how the service quality of the institution had associated with its level of customer retention.

**References**

Merkel, N, 2010, *Customer relationship management in banking sector*, Munich: Grin Verlag Ohg.

Shukla, D 2013, ‘A case study on customer acquisition and retention on the airline service industry.’ *IOSR Journal of Business and Management*, vol. 9, no. 4, pp. 15-33.