ISSN (Online): 2455-3662
EPRA International Journal of Multidisciplinary Research (IJMR) - Peer Reviewed Journal
Volume: 11| Issue: 9| September 2025|| Journal DOI: 10.36713/epra2013 || SJIF Impact Factor 2025: 8.691 || ISI Value: 1.188

IMPACT OF SERVICE QUALITY ON CUSTOMERS' TRUST, SATISFACTION AND PERCEIVED VALUE, IN KERALA STATE FINANCIAL ENTERPRISES LIMITED

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Article DOI: https://doi.org/10.36713/epra24213
DOI No: 10.36713/epra24213

ABSTRACT

The Kerala State Financial Enterprises Limited (KSFE) has emerged as a leading financial institution in Kerala, offering services to a diverse and wide-ranging customer base. In the present competitive financial services environment, the sustainability of such institutions depends not only on their product offerings but also on the quality of service and the overall customer experience. This study investigates the role of customer experience dimensions, trust, value, and satisfaction in shaping customers' perceptions of KSFE. Specifically, it examines how varying levels of service quality factors influence these experiential dimensions. This study also aims to evaluate customer perceptions of trust, value, and satisfaction with KSFE, and to determine the extent to which these perceptions are affected by service quality performance. Findings from this study are expected to provide valuable insights into the service experience -relationship, contributing to both theoretical understanding and practical strategies for enhancing customer satisfaction and loyalty in financial service institutions

KEYWORDS: *Service Quality, Tangibility, Reliability, Responsiveness, Assurance, Empathy, Customer Experience, Customers' Trust, Customer satisfaction, Perceived Value, Customer Loyalty.*

INTRODUCTION

The Kerala State Financial Enterprises (KSFE) plays a pivotal role in the state's financial sector by providing accessible financial services to a broad cross-section of society. However, the dynamics of the financial services industry have shifted substantially recently due to heightened competition, rising customer expectations, and rapid changes in technology. In this environment, customer satisfaction and loyalty are not guaranteed by reputation alone but are increasingly determined by the quality of service and the overall customer experience. This study bridges a critical research gap by linking service quality and customer experience in the context of KSFE. It offers practical insights into how KSFE can improve customer trust, satisfaction, and value perception to enhance loyalty and advocacy. This study helps KSFE design differentiated service strategies and relationship-building practices, ensuring its sustainability and competitiveness in Kerala's financial services landscape.

STATEMENT OF THE PROBLEM

The Kerala State Financial Enterprises (KSFE) has established itself as a leading financial institution in Kerala, serving a diverse customer base through its wide network. However, in today's competitive financial services environment, customer satisfaction and loyalty are largely determined by the quality of service delivered and the overall customer experience..At the same time, customer experience factors—namely trust, value, and satisfaction—play a central role in shaping how customers evaluate KSFE's services. It is crucial to investigate how high and low levels of service quality factors impact them. Addressing this gap will provide deeper insights into the service quality–experience–loyalty nexus in KSFE.

OBJECTIVES

1. To evaluate how customers perceive their experience with KSFE in terms of trust, value, and satisfaction.
2. To what extent are customer experiences (trust, value, and satisfaction) influenced by high and low levels of service quality factors in KSFE

HYPOTHESIS

H01: There is no significant difference between observed and assumed factors of customer experiences with KSFE
H02: There is no significant difference between low-level and high-level service quality factors offered by the KSFE with respect to factors of customer experiences

CONSTRUCTS STUDIED

Customer Experience
Three factors are analysed.
1. Customers' Trust
2. Customer Satisfaction
3. Perceived Value

Methodology of the Study

This study is descriptive and analytical in nature. To collect the responses, the study selected individual customers of Kerala Financial Enterprises Ltd from different parts of the state of Kerala. The study collected descriptive data about the characteristics of the population. Hence, the study is

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descriptive. As the study formulated the hypotheses and tested them using various statistical tools, it is also analytical.

The population of the study comprises customers of 684 branches of Kerala State Financial Enterprises Ltd in Kerala State.

The study needed a sample of 636 customers. The researcher adopted a multistage random sampling method to gather data from 636 KSFE customers.

Statistical tools and software packages used for the analysis

To evaluate the customer experience associated with KSFE services, mean, standard deviation, percentage analysis, quartile settings, one-sample t-test, and independent t test are used with the help of IBM SPSS 27 software package.

ANALYSIS AND DISCUSSIONS

H0.1: There is no significant difference between observed and assumed factors of customer experience with KSFE in Kerala

Table 4.1: One-sample t-test for measuring the significant difference between observed and assumed factors of customer experience of KSFE in Kerala

Factors of Customer Experience	Mean	SD	Mean difference (Gap)	t-value	P value	Rank based on mean
Customer Trust	3.46	1.12	0.46	10.42	<0.001**	II
Customer Satisfaction	3.57	1.16	0.57	12.41	<0.001**	I
Perceived Value	3.37	1.05	0.37	8.95	<0.001**	III

**denotes significant at 1% level; Test value-3

The one-sample t-test results in the table indicate a statistically significant difference between the observed mean scores and the test value of 3 (assumed benchmark) for all three customer experience factors at KSFE. For customer satisfaction, the mean is 3.57 with a mean gap of 0.57, a high t-value of 12.41, and a p-value of <0.001, exhibiting strong significance. In the same manner, customer trust has a mean of 3.46, a gap of 0.46, a t-value of 10.42, and a p-value of <0.001. Perceived value also displays a significant difference, with a mean of 3.37, a gap of 0.37, a t-value of 8.95, and a p-value of <0.001. Since all p-values are below 0.01, the null hypothesis is rejected, confirming that the identified customer experience factors significantly differ from the assumed benchmark.

The findings recommend that customers of KSFE experience a better-than-average level of satisfaction, trust, and perceived value in their interactions with the institution. Among the three factors, customer satisfaction ranks highest (mean = 3.57), revealing that customers are generally pleased with their overall experience. Customer trust also scores positively (mean = 3.46), reflecting a reasonable level of confidence in the operations and services of KSFE. Perceived value (mean = 3.37), though comparatively lower, still exceeds the benchmark, indicating that customers find the services beneficial and worthwhile. These results emphasise the strength of KSFE's customer relationship practices and suggest a strong foundation for building long-term loyalty and favourable behavioural intentions.

EXTENT OF CUSTOMER EXPERIENCE ACROSS TANGIBILITY

H0.1: There is no significant difference between high- and low-level tangibility with respect to the factors of customer experience of KSFE in Kerala

Table 4.1: Independent t-test for measuring the significant difference between high- and low-level tangibility with respect to the factors of customer experience of KSFE in Kerala

Factors of Customer Experience	High Low Tangibility	Mean	SD	t-value	P value
Customer Trust	Low level	3.11	1.06	-12.17	<0.001**
	High level	4.14	0.91		
Customer Satisfaction	Low level	3.19	1.09	-12.83	<0.001**
	High level	4.30	0.92		
Perceived Value	Low level	3.07	1.02	-10.55	<0.001**
	High level	3.93	0.86		

* *Denotes Significant at 1% level. Source: Primary data

The independent sample t-test results in the above table clearly show significant mean score differences between high- and low-level tangibility groups across all three customer experience factors. In customer trust, the mean is higher in the high tangibility group (mean = 4.14, SD = 0.91) than in the low tangibility group (mean = 3.11, SD = 1.06), with a t-value of -12.17 and $p < 0.001$. Similarly, customer satisfaction is much greater in the high tangibility group (mean = 4.30, SD = 0.92) than in the low group (mean = 3.19, SD = 1.09), with a t-value of -12.83 and $p < 0.001$. In case of perceived value, the high tangibility group scores a mean of 3.93 (SD = 0.86) compared to 3.07 (SD = 1.02) in the low group, with a t-value of -10.55 and $p < 0.001$. All three comparisons demonstrate statistically significant differences in favour of the high tangibility group.

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Since all p-values are below the 0.001 level, the differences are statistically significant, and the null hypothesis, which stated that there is no significant difference between high- and low-level tangibility in terms of customer experience, is rejected. The data clearly support that tangibility is a crucial service quality dimension that significantly influences customer trust, satisfaction, and perceived value at KSFE.

EXTENT OF CUSTOMER EXPERIENCE ACROSS RELIABILITY

H0.1: There is no significant difference between high- and low-level reliability with respect to the factors of customer experience of KSFE in Kerala

Table 4.1: Independent t-test for measuring the significant difference between high- and low-level reliability with respect to the factors of customer experience of KSFE in Kerala

Factors of Customer Experience	High Low reliability	Mean	SD	t-value	P value
Customer Trust	Low Level	3.13	0.76	13.67	<0.001**
	High Level	4.34	1.06		
Customer Satisfaction	Low Level	3.20	0.71	15.02	<0.001**
	High Level	4.54	1.09		
Perceived Value	Low Level	3.09	0.71	11.93	<0.001**
	High Level	4.10	1.02		

**Denotes Significant at 1% level, Source: Primary data

The independent sample t-test results unveil statistically significant differences between high- and low-level reliability groups across all three customer experience factors. For customer trust, the high reliability group reported a higher mean score of 4.34 (SD = 0.76) compared to 3.13 (SD = 1.06) in the low reliability group, with a t-value of 13.67 and a p-value of <0.001. Similarly, customer satisfaction is notably greater in the high reliability group (mean = 4.54, SD = 0.71) than in the low reliability group (mean = 3.20, SD = 1.09), with a t-value of 15.02 and p-value <0.001. In perceived value, the high reliability group scored 4.10 (SD = 0.71), while the low reliability group scored 3.09 (SD = 1.02), with a t-value of 11.93 and p-value <0.001. These results are statistically significant at the 1% level.

Remarkably, the high reliability group reports higher customer experience scores across all factors. If the labels are correct, this result indicates that customers who rated reliability higher still perceived high levels of trust, satisfaction, and value. Since the p-values for all three factors are less than 0.001, the findings are highly significant. Therefore, the null hypothesis is rejected. There is a statistically significant difference between high- and low-level reliability groups in terms of customer trust, satisfaction, and perceived value toward KSFE. Yet, due to the unusual direction of the differences, further investigation or clarification of group classification may be needed to validate the practical implications of this finding. Nonetheless, the hypothesis is not tenable based on statistical evidence.

EXTENT OF CUSTOMER EXPERIENCE ACROSS RESPONSIVENESS

H0.1: There is no significant difference between high- and low-level responsiveness with respect to the factors of customer experience of KSFE in Kerala

Table 4.1: Independent t-test for measuring the significant difference between high- and low-level responsiveness with respect to the factors of customer experience of KSFE in Kerala

Factors of Customer Experience	High Low responsiveness	Mean	SD	t-value	P value
Customer Trust	Low Level	3.13	1.08	-13.92	<0.001**
	High Level	4.37	0.65		
Customer Satisfaction	Low Level	3.19	1.09	-16.35	<0.001**
	High Level	4.63	0.51		
Perceived Value	Low Level	3.09	1.03	-12.24	<0.001**
	High Level	4.14	0.66		

**Denotes Significant at 1% level. Source: Primary data

The independent t-test results demonstrate significant differences in customer experience factors between customers who perceive high and low levels of responsiveness at KSFE. For customer trust, the high responsiveness group has a mean score of 4.37 (SD = 0.65), which is greater than the low responsiveness group's mean of 3.13 (SD = 1.08), with a t-value of -13.92 and $p < 0.001$. For customer satisfaction, the high responsiveness group reports a mean of 4.63 (SD = 0.51), compared to 3.19 (SD = 1.09) for the low group, with a t-value of -16.35 and $p < 0.001$. In perceived value, the mean score is 4.14 (SD = 0.66) in the high responsiveness group and 3.09 (SD = 1.03) in the low responsiveness group, with a t-value of -12.24 and $p < 0.001$. These differences are statistically significant at the 1 per cent level across all dimensions.

Since the p-values for all factors are less than 0.001, which is well below the 0.01 level of significance, the null hypothesis is rejected. This confirms that there is a significant difference between high- and low-level responsiveness in relation to customer trust, customer satisfaction, and perceived value.

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Thus, responsiveness is a key driver of customer experience at KSFE in Kerala.

EXTEND OF CUSTOMER EXPERIENCE ACROSS ASSURANCE

H0.1: There is no significant difference between high- and low-level assurance with respect to the factors of customer experience of KSFE in Kerala

Table 4.1: Independent t-test for measuring the significant difference between high- and low-level assurance with respect to the factors of customer experience of KSFE in Kerala

Factors of Customer Experience	High Low Assurance	Mean	SD	t-value	P value
Customer Trust	Low Level	3.11	1.09	-13.46	<0.001**
	High Level	4.26	0.73		
Customer Satisfaction	Low Level	3.14	1.08	-16.58	<0.001**
	High Level	4.53	0.65		
Perceived Value	Low Level	3.07	1.03	-11.79	<0.001**
	High Level	4.04	0.73		

**Denotes Significant at 1% level. Source: Primary data

The independent sample t-test results exhibit statistically significant differences between high- and low-level assurance groups across all three customer experience factors. In case of customer trust, the high assurance group recorded a higher mean of 4.26 (SD = 0.73), compared to 3.11 (SD = 1.09) in the low assurance group, with a t-value of -13.46 and a p-value of <0.001. For customer satisfaction, the high assurance group had a mean score of 4.53 (SD = 0.65), whereas the low assurance group scored 3.14 (SD = 1.08), resulting in a t-value of -16.58 and a p-value of <0.001. For perceived value, customers with high assurance levels reported a mean of 4.04 (SD = 0.73) compared to 3.07 (SD = 1.03) for the low group, with a t-value of -11.79 and a p-value of <0.001. All differences are statistically significant at the 1% level.

Since all p-values are below 0.001, the identified differences between high- and low-assurance groups are statistically significant. Therefore, the null hypothesis is rejected. There is a clear and meaningful difference in customer trust, satisfaction, and perceived value based on the level of assurance felt by KSFE customers. Hence, the hypothesis is not tenable, as it affirms that assurance is a significant determinant of customer experience in the KSFE service environment.

EXTENT OF CUSTOMER EXPERIENCE ACROSS EMPATHY

H0.1: There is no significant difference between high- and low-level empathy with respect to the factors of customer experience of KSFE in Kerala

Table 4.1: Independent t-test for measuring the significant difference between high- and low-level empathy with respect to the factors of customer experience of KSFE in Kerala

Factors of Customer Experience	High Low Empathy	Mean	SD	t-value	P value
Customer Trust	Low Level	3.17	1.07	-13.51	<0.001**
	High Level	4.44	0.67		
Customer Satisfaction	Low Level	3.23	1.08	-15.99	<0.001**
	High Level	4.71	0.52		
Perceived Value	Low Level	3.12	1.02	-12.06	<0.001**
	High Level	4.20	0.66		

**Denotes Significant at 1% level Source: Primary data

The independent t-test results demonstrate statistically significant differences between high and low levels of empathy in relation to all three customer experience factors at KSFE in Kerala. In customer trust, those with high empathy perception have a mean of 4.44 (SD = 0.67), which is significantly higher than the mean of low empathy group is 3.17 (SD = 1.07), with a t-value of -13.51 and $p < 0.001$. in case of customer satisfaction, the high empathy group reports a mean of 4.71 (SD = 0.52), compared to 3.23 (SD = 1.08) for the low empathy group ($t = -15.99$, $p < 0.001$). Simultaneously, perceived value shows a notable difference, with a mean of 4.20 (SD = 0.66) in the high empathy group and 3.12 (SD = 1.02) in the low empathy group, with $t = -12.06$ and $p < 0.001$. All differences are statistically significant at the 1% level.

Therefore, the null hypothesis, which asserts no significant difference in customer experience factors based on levels of empathy, is rejected at the 1% significance level. The findings confirm that empathy is a key driver in enhancing customer trust, satisfaction, and perceived value, reinforcing its importance in KSFE's service strategy.

MAJOR FINDINGS

- Tangibility is a crucial service quality dimension that significantly influences customer trust, satisfaction, and perceived value at KSFE.
- Customers who observe well-maintained infrastructure, professional staff appearance , high-quality printed materials, and organised branch environ ments are more likely to increase trust, experience satis faction, and recognise value in the services provided.
- The results confirm that a significant difference exists between customers with high and low levels of

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perceived reliability in terms of their trust, satisfaction, and perceived value toward KSFE.

- These findings suggest that customers categorised under the high reliability group consistently reported more favourable experiences across all three dimensions of customer experience than those in the low reliability group.
- Although statistically significant, this result is the same to conventional expectations, as higher reliability is generally assumed to enhance trust, satisfaction, and perceived value.
- There is a significant difference between high- and low-level responsiveness in relation to customer trust, customer satisfaction, and perceived value.
- The results clearly indicate that responsiveness plays a vital role in influencing a favourable customer experience at KSFE. Clients who perceive that personnel address their enquiries and requirements promptly and efficiently are likely to develop greater trust in the organisation, experience increased satisfaction with the services, and recognise a higher value.
- There is a clear and meaningful difference in customer trust, satisfaction, and perceived value based on the level of assurance felt by KSFE customers
- Customers who perceive a high level of assurance from KSFE employees experience more trust, satisfaction, and value in the service they receive.
- These data show that assurance, which is the trust and confidence that customers feel when staff members are knowledgeable, polite, and able to build trust, is a key factor in determining the customer experience.
- A significant difference between customers with high and low perceptions of employee empathy in relation to all major factors of customer experience at KSFE.
- Customers who perceive higher levels of empathy from employees consistently report greater trust, satisfaction, and perceived value compared to those with lower empathy perceptions.
- Empathy plays a pivotal role in shaping positive customer experiences, suggesting that emotional responsiveness and genuine attentiveness of employees are critical determinants of service quality in financial institutions.

CONCLUSION

Service quality is a crucial factor influencing customer trust, satisfaction, and loyalty in the financial services sector. The Kerala State Financial Enterprises Limited (KSFE), which serves a large and diverse customer base, understands that understanding how service quality shapes customer experience is vital for sustaining competitiveness. This study examines the extent of service quality dimensions on customer experience factors such as trust, satisfaction and perceived value. By focusing on KSFE, the research aims to provide insights that can guide customer-centric strategies and enhance long-term customer engagement.

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https://doi.org/10.34218/IJM.11.8.2020.044
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