

**THE IMPACT OF SERVICE RECOVERY ON CUSTOMER  
LOYALTY - A COMPARATIVE STUDY ON STATE BANKS  
AND PRIVATE BANKS IN BATTICALOA DISTRICT**



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## ABSTRACT

Objective of the study is to find out impact of service recovery on customer loyalty in Batticaloa district. This study is basically comparative analysis to find out whether the service recovery highly impact on customer loyalty in state bank or private bank in Batticaloa district. Banks can create vulnerabilities of systemic nature, partly due to mismatch in maturity of assets and liabilities. Therefore, the soundness of the bank is very important to the Sri Lanka, as it contributes towards maintaining confidence in the financial system and any failure may have the potential to impact on activities of all other financial and non-financial activities. When considering Batticaloa district, there are numbers of banks providing the banking services to the consumers. This study has been done by using two established variables namely service recovery and customer loyalty. This study is based on the information collected from 200 respondents in the Batticaloa district as a sample. The responses were obtained through interview, structured questionnaires. It was analyzed through SPSS package. The results are illustrated by table. A five point scale was used to measure the variables and data analysis uses basically the univariate analysis. Univariate analysis consists of mean, standard deviation, and percentage. Correlation and regression are also used to analyze the data. According to the survey findings service recovery process very effective in the state banks rather than in private banks and service recovery impact customer loyalty is very high in state banks rather than private bank in Batticaloa district.

**Keywords:** Service recovery, Customer loyalty, Banking industry

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