

A Demographic Analysis of Service Quality Perception in Banking Sector : A Study of Bank in Lucknow

Dr. Mohammed Naved Khan

Associate Professor
Department of Business Administration
Faculty of Management Studies & Research
Aligarh Muslim University,
Aligarh (UP)

Ms. Sabeeha Fatma

Assistant Professor
Amity Business School
Amity University
Gomtinagar, Lucknow
Uttar Pradesh

Abstract

Banking sector is going through a transition phase. Earlier banking was considered to be a low involvement transaction. However, a number of factors have brought a paradigm shift and today banking is one of the sectors where human interaction plays a key role. In order to provide customer satisfaction it is necessary to understand the needs and requirements of the customers. Earlier a major chunk of banking customers belonged to a homogenous group. Today, the banking customers come from all walks of life. The preferences of customers belonging to various demographic groups vary. This research work was conducted to understand the perceptions of service quality of customers belonging to various demographic groups.

Keywords: Bank, Service Quality, Tier 2 city, Demographic Group, Lucknow.

Introduction

One of the major concerns for service oriented institutions is retention of customers. In order to sustain in business in service sector, it is necessary to form a base of loyal customers. Banking sector was not much affected by this challenge till few years back. However the changes in banking sector like entry of a number of private sector banks, flexibility in product design and emergence of new channels of banking has exposed banks to the danger of customer switch over. In order to retain customers it is necessary to provide them with adequate quality of services. That is where the real challenge lies, i.e. understanding the perception of customer regarding banking services. While the notion of quality in tangibles is comparatively well-defined, the same is not true for services. The most challenging aspect of the relationship between the service provider and customers is ever changing customer preferences. Very often the service provider is unable to keep pace with changing preferences of the customers which leads to disconnect between what customers want and what service provider offer. The present study has been undertaken to analyze the relationship of the factors of service quality with demographic variables.

Overview of the Literature

Service quality has drawn attention of researchers and managers in recent decades (Zeithaml, 2009). It has become a significant subject because of its impact on customer satisfaction. By satisfying customers through high quality service, business firms not only retain

their current customers, but also increase their market share (Finn and Lamb, 1991). In recent years, companies have become convinced of the strategic benefits of quality (Phillips, Chang and Buzzell 1983, Gupta, McDaniel, Herath, 2005, Zakuan et al, 2010 ;Talib et al, 2010). As a result, many large companies have created quality measurement programs which attempt to relate product/service attributes to customer evaluations of quality (Hauser and Clausing 1988; Zeithaml, Parasuraman and Berry 1990; Tabrizi et al. 2010). In many service industries, companies have created programs which incorporate a survey that elicits customers' assessments of service quality, plus a feedback loop through which service changes are implemented and then evaluated with subsequent survey data. Parallel with recent managerial interest in service quality measurement programs, researchers have become interested in the identification and measurement of service quality dimensions and the subject is going to be a growing concern in days to come.

There is a general consensus on the notion that service quality is a critical dimension of competitiveness (Lewis, 1989). To sustain in a volatile, uncertain and ambiguous markets of present times, providing excellent service quality and high customer satisfaction is no longer an option but a compulsion (Hung, Huang, Chen, 2003; Tsoukatos and Rand, 2006, Wong and Sohal, 2008). Service Quality is an important subject in both public and private sectors, in business and service industries (Zahari, Yusoff and Ismail, 2008).

Bank is a customer oriented services industry. A bank depends upon the customers for their survival in the market. The customer is the focus and customer service is the differentiating factor (Guo et al., 2008, Ladhari, 2008, Naeem & Saif, 2009). As service quality is one of the chief proponents of customer satisfaction and thereby customer loyalty, it should be dealt with a lot of seriousness. (Portela & Thanassolis, 2006). Customer satisfaction has great significance for the future of an institution and it is seen as a basis for securing market position and achieving other objectives of the institution. Service quality has been identified as one of the important factors for a financial organization for customer retention (Ennew and Binks, 1996). Therefore, achieving high levels of service is one method to keep customers both satisfied and loyal (Perng, 2007, Jamal and Nasser (2002). The customer of today is highly informed, demanding and enjoys the luxury of innumerable options. In the changing banking scenario of 21st century, the banks had to have a vital identity to provide excellent services. Banks nowadays have to be of world-class standard, committed to excellence in customers' satisfaction, and to play a major role in the growing and diversifying financial sector (Balachandran, 2005). The highly competitive environment makes it mandatory for banks to chalk out their strategies that will allow them to

stand out and give their customers a reason to choose them over others. Thus, excellent service quality is vital to business success and survival (Yavas, Benkenstein, and Stuhldreier, 2004, Chang, 2008, Kheng et al., 2010). To protect or gain market shares, organizations need to outperform competitors by offering high quality product or service to ensure satisfaction of customers (Berry et al., 2002). Accordingly, Tsoukatos and Rand (2006) considered customer satisfaction as a key to long-term business success. Banking institutions across the globe have recognized the importance of customer satisfaction and of developing and maintaining enduring relationship with their customers as two crucial parameters leading to increased business profits (Manrai and Manrai, 2007).

Need For The Study

In today's business environment, commercial banks face increasing competition from new players including global banks and alternative sources of funds. In response, they need to work harder to ensure that their clients feel valued and receive high-quality service that promotes client loyalty. As such service quality has acquired much more important role today.

In India, another trend has been witnessed, and that is, emergence of tier 2 and tier 3 cities as major potential market. A white paper from Confederation of Indian Industry (CII) and Nielsen India published in 2012, titled 'Emerging Consumer Demand: Rise of the Small Town Indian' observes that smaller Indian towns are leading the demand surge and shopping like metros. Tier 2 cities, because of their sheer geographical size, make them more compact in comparison to Tier 1 cities and hence offer banks an excellent opportunity for effective direct marketing solutions to build on the customer base. As such banks rely heavily on word-of-mouth advertising and referral channels. According to the PricewaterhouseCoopers report entitled "Searching for New Frontiers of Growth: Indian Banks" presented in 4th ICC Banking Summit held on 18 May, 2010, word of mouth publicity is found to be very effective in tier 2 and tier 3 cities. Since tier 2 and tier 3 cities offers tremendous scope for banking sector, more research needs to be done in such cities to determine the factors that affects customer perceived service quality. This research work is an effort in this direction and is focused on studying the perception of customers on service quality of banks in Lucknow.

Research Design

Research Objectives:

The research was conducted with following objectives:

1. to study the concept of service quality in banking sector.
2. to understand customers' perception of service quality of banks in Lucknow.

- to find out the demographic preference of the customers for the factors of service quality .

Methodology:

The methodology adopted for collecting data was that of questionnaire.

Based on literature review and in depth interview with bank managers and retail banking customers, a structured close ended questionnaire was prepared. The questionnaire was pretested on a sample of 100. The sample unit of the pretest was drawn from the same population as that of the actual survey, i.e. the retail banking customers. Based on the feedback obtained in the pretest and the recommendation of the respondents, the questionnaire was further modified. The final questionnaire consisted of 33 items on a 5-point Likert scale ranging from “not at all important” to “very important”.

Sampling Technique:

Quota and shopping mall intercept sampling schemes was employed (respondents were intercepted / selected at fixed locations in various branches of the banks, ATMs, shopping malls, institutions, offices and various localities of Lucknow according to defined quotas). Sample size was 500.

Validity Analysis:

The content validity of the instrument was ensured as the service quality dimensions and items were identified from the literature and exploratory investigations, and were thoroughly reviewed by professionals and academicians. The reliability of the data by was examined by running reliability test.

Data Analysis

Non Parametric Analysis was undertaken to check whether there is any significant relationship between the demographic characteristics of the banking customers and

their perception of outcomes of service quality of bank. The service quality outcomes considered for the study were, customer satisfaction, customer loyalty, customer complaint behavior and customer referral behavior.

The results obtained in the data analysis with respect to the various demographic variables considered for the study are discussed below:

GENDER

As the table 1.1 shows the Asymp. Sig. to be .010 which is less than .05, we reject the null hypothesis that there is insignificant difference amongst males and females with respect to customer complaint behavior i.e. customer complaint behavior is significantly different between males and females. Thus it can be said that study reveals significant difference with respect to customer complaint behavior and gender of the customer. According to the table 1.2 the mean rank for complaint behavior for males (= 258.44) is found to be more than that for females (= 232.33) indicating that males complains more than females. Similarly the Asymp. Sig. for customer satisfaction and customer loyalty is found to be .005 and .025 respectively, which are again less than .05. Therefore it can be said that there exist significant difference between males and females with respect to customer satisfaction as well as customer loyalty. The mean value for customer satisfaction is found to be more for females (=264.99) than males (=244.17), revealing that females are more satisfied customers than their male counterparts. The mean value for customer loyalty is more for females (=262.91) than for males (=245.08) pointing out that females are more loyal customers than males. However the Asymp. Sig. for customer referral behavior is found to be .846 which is greater than .05. Thus the null hypothesis that there is insignificant difference among males and females with respect to customer referral behavior is accepted i.e. customer referral behavior is not significantly different for different genders.

Table 1.1 :Test Statistics : GENDER

	Complaint Behavior	Referral Behavior	Customer Satisfaction	Customer Loyalty
Mann-Whitney U	23686.000	26202.000	24246.000	24562.000
Wilcoxon W	35314.000	37830.000	84972.000	85288.000
Z	-2.574	-.194	-2.802	-2.239
Asymp. Sig. (2-tailed)	.010	.846	.005	.025

Mann-Whitney Test

Table 1.2: Ranks : Gender

	GENDER	N	Mean Rank	Sum of Ranks
Complaint Behavior	Female	152	232.33	35314.00
	Male	348	258.44	89936.00
	Total	500		
Referral Behavior	Female	152	248.88	37830.00
	Male	348	251.21	87420.00
	Total	500		
Customer Satisfaction	Female	152	264.99	40278.00
	Male	348	244.17	84972.00
	Total	500		
Customer Loyalty	Female	152	262.91	39962.00
	Male	348	245.08	85288.00
	Total	500		

Occupation

Since table 2.1 indicates that Asyp. Sig in all the four service outcomes viz. customer complaint behavior, customer referral behavior, customer satisfaction and customer loyalty are found to be greater than .05(=.147, .404, .624 and

.992 respectively), we would accept the null hypothesis that there is insignificant difference among customers involved in various occupations with respect to customer complaint behavior, customer referral behavior, customer satisfaction and customer loyalty.

Table 2.1: Test Statistics : OCCUPATION

	Complaint Behavior	Referral Behavior	Customer Satisfaction	Customer Loyalty
Chi-Square	6.791	4.016	2.615	.269
df	4	4	4	4
Asymp. Sig.	.147	.404	.624	.992

Level Of Education

As in the case of customers belonging to different occupation groups, the study similarly reveals insignificant difference among people belonging to different categories of level of education attained with respect to all four service quality outcomes viz. customer complaint behavior, customer referral behavior, customer satisfaction and customer loyalty. As table 3.1 indicates that Asyp. Sig in all

the four service outcomes is found to be greater than .05(=.143, .708, .471 and .486 respectively) , we would accept the null hypothesis that there is insignificant difference among customers involved in various occupations with respect to customer complaint behavior, customer referral behavior, customer satisfaction and customer loyalty.

Table 3.1: Test Statistics : EDUCATION

	Complaint Behavior	Referral Behavior	Customer Satisfaction	Customer Loyalty
Chi-Square	3.889	.689	1.504	1.444
df	2	2	2	2
Asymp. Sig.	.143	.708	.471	.486

Income Level

According to the table 4.1, Asymp. Sig. is found to be .013 which is less than .05 so we reject the null hypothesis that there is insignificant difference amongst customers belonging to various income groups with respect to customer complaint behavior i.e. customer complaint behavior is significantly different amongst customers belonging to various income groups. According to the table 4.2 the mean rank for complaint behavior for customers earning 1 lakh or more per month (= 473.2) is found to be highest among various income groups considered for the study. Similarly the mean rank for complaint behavior for customers earning Rs. 99000 to Rs. 50,000 per month is also quite high (= 428.89), indicating that customers belonging to these income groups complains most. The mean rank for complaint behavior for customers earning Rs. 49,000 per month to Rs. 25,000 per month is found to be 346.15 followed by that of customers earning between Rs. 24,000 to 15,000 per month (= 265.52) indicating moderate level of complaint behavior. The mean rank for complaint behavior for customers earning Rs. 14,000 to Rs. 5000 per month (= 210.73) followed by that of customers earning less than Rs. 5000 per month (=173.73) indicating that people belonging to this group complains less. The mean rank for complaint behavior for customers having no source of income at all is found to be minimum (= 101.38) pointing out that such customers complains least.

Similarly the study revealed significant difference with respect to customer referral behavior and income level as according to the table 4.1, Asymp. Sig. is found to be .024 which is less than .05 so we reject the null hypothesis that there is insignificant difference amongst customers belonging to various income groups with respect to customer referral behavior i.e. customer referral behavior is significantly different amongst customers belonging to various income groups.

According to the table 4.2 the mean rank for referral behavior for customers earning between Rs. 49,000 to Rs.25,000 per month (= 347.13) is found to be highest among various income groups considered for the study, followed by customers earning between Rs.24,000 per month to 15,000 per month (=337.39), followed by

customers earning between Rs. 5000 per month to Rs. 14,000 per month (=315.56). The mean rank for referral behavior for customers earning between Rs.99,000 to Rs. 50,000 per month is found to be 250.23 followed by that of customers earning more than Rs. 1 lakh per month (= 233.80). The mean rank for referral behavior for customers earning less than Rs.5000 per month is low (= 179.42). However, it is minimum for customers having no source of income at all (=163.96) indicating that chances of such account holders referring bank to others are least.

By looking at the table 4.1 it can be said that there is significant difference with respect to customer satisfaction and income level as according to the table, Asymp. Sig. is found to be .000 which is less than .05 so we reject the null hypothesis that there is insignificant difference amongst customers belonging to various income groups with respect to customer satisfaction i.e. customer satisfaction is significantly different amongst customers belonging to various income groups. According to the table 4.2 the mean rank for customer satisfaction for customers earning more than Rs. 1 lakh per month (= 353.35) is found to be highest pointing out the fact that they are highly satisfied with their banks, followed by customers earning between Rs. 99,000 per month to 50,000 per month (=346.20), followed by customers earning between Rs. 49,000 per month to Rs. 25,000 per month (=249.64). The mean rank for customer satisfaction for customers earning between Rs.24,000 to Rs. 15,000 per month is found to be 208.09 followed by that of customers earning between Rs. 14,000 to Rs. 5000 per month (= 152.31), which may be classified as moderately satisfied customers.. The mean rank for customer satisfaction for customers earning less than Rs. 5000 per month is 118.81..However it is minimum for customers having no source of income at all (=108.27) indicating that such account holders are least satisfied.

The study revealed significant difference with respect to customer loyalty and income level as according to the table 4.1, Asymp. Sig. is found to be .000 which is less than .05 so we reject the null hypothesis that there is insignificant difference amongst customers belonging to various income groups with respect to customer complaint behavior i.e. customer complaint behavior is significantly different

amongst customers belonging to various income groups. According to the table 4.2 the mean rank for customer loyalty for customers earning between Rs. 99,000 to Rs. 50,000 per month (= 358.27) is found to be highest pointing out the fact that they are most loyal customers. They are followed by customers earning between 49,000 to Rs. 25,000(=294.14), followed by customers earning more than Rs. 1 lakh per month (=253.22). The mean rank for customer loyalty for customers earning between Rs.24,000 to Rs.

15,000 per month is found to be 244.07 followed by that of customers earning between Rs. 14,000 to Rs. 5000 per month (= 208.74), which may be classified as moderate loyalty. The mean rank for customer loyalty for customers earning less than Rs. 5000 per month is 184.85..However it is minimum for customers having no source of income at all (=114.96) indicating that such account holders are least loyal.

	Complaint Behavior	Referral Behavior	Customer Satisfaction	Customer Loyalty
Chi-Square	19.580	18.491	33.653	30.102
df	6	6	6	6
Asymp. Sig.	.013	.024	.000	.000

	INCOME	N	Mean Rank
Complaint Behavior	>= 1 Lakh	54	473.20
	50 k-99k	66	428.89
	25k-49k	121	346.15
	15k-24k	88	265.52
	5k-14k	62	210.79
	<5k	13	173.73
	Nil	96	101.38
	Total	500	
Referral Behavior	>= 1 Lakh	54	233.80
	50 k-99k	66	250.23
	25k-49k	121	347.13
	15k-24k	88	337.39
	5k-14k	62	315.56
	<5k	13	179.42
	Nil	96	163.96
	Total	500	
Customer Satisfaction	>= 1 Lakh	54	353.35
	50 k-99k	66	346.20
	25k-49k	121	249.64
	15k-24k	88	208.09
	5k-14k	62	152.31
	<5k	13	118.81
	Nil	96	108.27
	Total	500	

Customer Loyalty	>= 1 Lakh	54	253.22
	50 k-99k	66	358.27
	25k-49k	121	294.14
	15k-24k	88	244.07
	5k-14k	62	208.74
	<5k	13	184.85
	Nil	96	114.96
	Total	500	

Age

Since the table 5.1 reveals Asymp. Sig. to be .000 which is less than .05 so we reject the null hypothesis that there is insignificant difference amongst customers belonging to various age groups with respect to customer complaint behavior i.e. customer complaint behavior is significantly different amongst customers belonging to various age groups. According to the table 5.2 the mean rank for customer complaint behavior for customers of age group of 18 to 30 years is highest (=344.12) indicating that such customers complains the most. Table 5.2 also reveals that the customers belonging to the age group of 18-30 years are followed by the customers in the age group of 30-40 years as their mean rank for customer complaint behavior is found to be 242.63. The mean rank for customer complaint behavior for customers of age group of 40-50 years is 213.86 followed by that of customers belonging to age group of 50-65 years (=164.61). The mean rank for customer complaint behavior for customers of age more than 65 years is 156.38, which is minimum amongst the various age groups, indicating that they complains the least. However the Asymp. Sig. for customer referral behavior is found to be .007 which is greater than .05. Thus the null hypothesis that there is insignificant difference among customers belonging to various age groups with respect to customer referral behavior is accepted i.e. customer referral behavior is not significantly different for customers of different age groups. The study again revealed significant difference with respect to customer satisfaction and age as according to the table 5.1, Asymp. Sig. is found to be .000 which is less than .05 so we reject the null hypothesis that there is insignificant

difference amongst customers belonging to various age groups with respect to customer complaint behavior. While conducting the Kruskal-Wallis test, it was found that the mean rank for customer satisfaction for customers of age more than 65 years is highest (=376.00), followed by that of customers belonging to the age group of 50-65 years. According to table 5.2 the mean rank for customer satisfaction for customers of age group of 40-50 years is found to be 253.55 followed by that of customers belonging to the age group of 30-40 (=237.94). The mean rank for customer satisfaction for customers of age group of 30-18 years is found to be lowest (=153.72), indicating that they are least satisfied customers. The study revealed significant difference with respect to customer loyalty and age as according to the table 5.1, Asymp. Sig. is found to be .000 which is less than .05 so we reject the null hypothesis that there is insignificant difference amongst customers belonging to various age groups with respect to customer complaint behavior i.e. customer loyalty is significantly different amongst customers belonging to various age groups. According to table 5.2 the mean rank for customer loyalty for customers of age more than 65 years is highest (=380.50), followed by that of customers belonging to the age group of 50-65 years (=352.25). According to table 5.2 the mean rank for customer loyalty for customers of age group of 40-50 years is found to be 253.06 followed by that of customers belonging to the age group of 30-40 (= 138.21). The mean rank for customer satisfaction for customers of age group of 30-18 years is found to be lowest (=153. 77), indicating that they are least loyal customers.

Table 5.1: Test Statistics : Age

	Complaint Behavior	Referral Behavior	Customer Satisfaction	Customer Loyalty
Chi-Square	34.129	21.991	34.216	28.661
df	4	4	4	4
Asymp. Sig.	.000	.007	.000	.000

Table 5.2 : Ranks: Age

	AGE	N	Mean Rank
Complaint Behavior	>=65	4	156.38
	50-65	53	164.61
	40-50	100	213.86
	30-40	118	242.63
	18-30	224	344.12
	Total	499	
Referral Behavior	>=65	4	189.63
	50-65	53	213.14
	40-50	100	199.73
	30-40	118	274.17
	18-30	224	356.21
	Total	499	
Customer Satisfaction	>=65	4	376.00
	50-65	53	312.46
	40-50	100	253.55
	30-40	118	237.94
	18-30	224	153.72
	Total	499	
Customer Loyalty	>=65	4	380.50
	50-65	53	352.25
	40-50	100	253.06
	30-40	118	138.21
	18-30	224	153.77
	Total	499	

Number of Years of Holding a Bank Account

As table 6.1 indicates that Asyp. Sig in all the four service outcomes viz. customer complaint behavior, customer referral behavior, customer satisfaction and customer loyalty is found to be greater than .05(=.226, .089, .293 and

.586 respectively), we would accept the null hypothesis that there is insignificant difference among customers holding bank account for various number of years with respect to customer complaint behavior, customer referral behavior, customer satisfaction and customer loyalty.

Table 6.1: Test Statistics: No. of Years of holding A/C

	Complaint Behavior	Referral Behavior	Customer Satisfaction	Customer Loyalty
Chi-Square	2.976	4.844	2.458	1.068
df	2	2	2	2
Asymp. Sig.	.226	.089	.293	.586

Status of Account (Single Account in One Bank/ Multiple Accounts in Many Banks)

The study revealed insignificant difference among customers holding single bank account in a bank or multiple bank accounts in many banks with respect to all four service quality outcomes viz. customer complaint behavior, customer referral behavior, customer satisfaction and customer loyalty. As table 7.1 indicates that Asyp. Sig in all

the four service outcomes is found to be greater than .05(=.594, .689, .636 and .512 respectively) , we would accept the null hypothesis that there is insignificant difference among customers holding bank account for various number of years with respect to customer complaint behavior, customer referral behavior, customer satisfaction and customer loyalty.

Table 7.1 :Test Statistics : Status of account (single account in one bank/ multiple accounts in many banks)

	Complaint Behavior	Referral Behavior	Customer Satisfaction	Customer Loyalty
Mann-Whitney U	30386.500	30457.500	30602.000	30407.500
Wilcoxon W	65631.500	65702.500	58097.000	57902.500
Z	-.532	-.400	-.474	-.655
Asymp. Sig. (2-tailed)	.594	.689	.636	.512

Discussion

The practical implication of the results obtained for various demographic variables is discussed below:

Gender

The study reveals that there is significant difference between males and females with respect to customer satisfaction, customer loyalty and customer complaint behavior. It was found that males complain more than females. It can also be interpreted that male customers express their dissatisfaction more than female customers. The study also indicates that female customers are more satisfied and loyal than male customers. However there is found to be no significant difference between females and males with respect to customer referral behavior.

Occupation

There is found to be no significant difference amongst customers belonging to different occupation with respect to

any of the service quality outcomes. It means that occupation of a customer does not affect his/her level of customer satisfaction and customer loyalty, neither do it affects his/her complaint behavior or referral behavior.

Educational Background

There is found to be no difference between educational background of a customer and customer satisfaction, customer loyalty, customer referral behavior and customer complaint behavior

Income Level

This demographic factor reveals most interesting results. The study reveals that there is significant difference amongst customers belonging to different income groups with respect to all the four service quality outcomes. On the basis of the mean rank value attained in Kruskal- Wallis test, the findings for various income groups studied are summarised below:

Table 8 : Interpretation of Kruskal- Wallis test for Income Level

INCOME(per month)→ SERVICE QUALITY OUTCOME ↓	1 lakh & above	50,000- 99,000	25,000- 49,000	15,000- 24,900	5000- 14,900	Belo w 5000	No income
CUSTOMER SATISFACTION	Highest	Moderately High	High	Average	Moderately Low	Low	Lowest
CUSTOMER LOYALTY	Moderatel y High	Highest	High	Average	Moderately Low	Low	Lowest
CUSTOMER REFERRAL BEHAVIOR	Moderatel y Low	Average	Highest	Moderately High	High	Low	Lowest
CUSTOMER COMPLAINT BEHAVIOR	Highest	Moderately High	High	Average	Moderately Low	Low	Lowest

On analyzing the results, the researcher have classified the income groups studied under three categories high income group (customers earning in the range of Rs. 1 lakh and above to Rs. 50,000 per month), mid income group (customers earning in the range of Rs.49,000 to Rs. 15000 per month) and low income group (customers earning in the range of Rs.14,900 to Rs. 5000 and below per month). There is an additional category as well which consist of customers having a bank account but having no source of income of their own. On analyzing the data it is revealed that this category primarily constitute of students.

It is found that high income group shows highest level of customer satisfaction, customer loyalty and customer complaint behavior. However the high income group seldom recommends bank to others. It means that satisfaction level of high income group is higher, they are more loyal, but at the same time they complain more if things do not happen according to their preferences. In spite of being satisfied and loyal, they do not refer bank to others.

The study reveals that customer satisfaction level and customer loyalty of mid income group varies from moderately high to low. It means that customer belonging to mid income group have a tendency to get dissatisfied and switch over. At the same time it is observed that they often recommend bank to others. At the same time it is observed that they tend to complain in proportion of their earnings which means that customers earning more complains more than the ones earning less.

The study reveals that the customer belonging to low income group demonstrate low level of customer satisfaction and customer loyalty. They rarely recommends bank to others. They do not complain much as well.

The “no income group” shows lowest level of customer satisfaction and customer loyalty. As mentioned earlier this group basically consists of customers having a bank account but no source of income of their own. Students form a major chunk of this group. Such customers have high aspirations from bank and the level of their patience is also low. This leads to low level of customer satisfaction. Such customers do not hesitate to change their bank if their demands are not being met, which again translate into low level of customer loyalty. For such customers banking services is a low involvement transaction, thus they neither recommends nor complains about the bank to others

Age

The study reveals that on the basis of results obtained the customers may be divided into three categories. The customers who are 50 to 65 years of age and above are found to be more satisfied and loyal. They do not have tendency to complain. They rarely recommends banks to others On analyzing the results obtained it is revealed that customers belonging to the age group of 30-50 years shows moderate level of customer satisfaction and moderate to low level of customer loyalty. The tendency to recommend bank to others varies from low to high. On further analysis it is found that younger the customer, more he recommends the bank to others. Similarly the tendency to complain about the bank varies from average to high, with younger customers complaining more.

The study reveals that customers belonging to age group of 18-30 years show low level of customer satisfaction and customer loyalty. They often recommends bank to others but at the same time have higher tendency to complain on being dissatisfied.

Number of years of holding account

There is found to be no difference between the number of years a customer is holding a bank account and customer satisfaction, customer loyalty, customer referral behavior and customer complaint behavior.

Single account in a bank/ multiple accounts in many banks

There is found to be no difference between whether the holds a single bank account in a bank or have multiple accounts in many banks and customer satisfaction, customer loyalty, customer referral behavior and customer complaint behavior.

Conclusion

The study reveals that there is significant difference between males and females with respect to customer satisfaction, customer loyalty and customer complaint behavior. Banks should understand the needs and preferences of their male and female customers respectively. Banking products and processes should be designed accordingly. As the study reveals that females are more loyal customers than their male counterparts, females must be given special attention while framing the marketing strategy of the banks.

The customers belonging to the high income group must be treated with utmost importance as they are the most loyal customers of the bank. The banks seem to follow 80:20 rule, wherein 20% of the account holders generate 80% of the revenue of the bank. These 20% of the account holders are the ones belonging to the high income group. Their customer loyalty is high as well. However they tend to complain even on slight provocation. Hence this group must be dealt with special care.

The study reveals that a satisfied customer belonging to the mid income group tend to refer bank to others more than customers belonging to high or low income groups. Since they add new customers should be given incentives and special recognition.

The study points out the fact that young customers belonging to the age group of 18-30 years have greater tendency to recommend bank to others. This fact must be incorporated while designing the promotional campaigns for the bank.

Future Research Directions

A future research aimed at determining whether distinct, identifiable service quality segments exist on the basis of customer demographics will be valuable from a service marketer's viewpoint. Insight from customer surveys or even more informal means of research could be used as a valuable information base in this regard.

It is clear that in our case the suggested constructs provided

sufficient support for the satisfaction and service quality analysis. Other variables like price perception, switching cost etc. influence customer satisfaction, and including such variable(s) in the study would have made the research models more robust and interesting.

Other researches can include :

Cross cultural application.

Factors that influence service quality for corporate customers.

Although this study focuses on banking industry in India, however the results and recommendations of this research can be used for service quality improvements of banks of other countries as well. This can be performed by incorporating necessary changes in service quality aspects in accordance with socio-economic environment of that nation.

The current study has been a cross-sectional study. In order to determine the causal paths of the studied variables a longitudinal study could be undertaken, so to have a better understanding of how perceptions about service quality relate to satisfaction and loyalty.

References:

- Balchandran, M., (2005), "Strategic Model for Re-Positioning of Public Sector Banks", Indian Banks Association Bulletin, vol. 27, No. 8, pp: 5-8.
- Chang, H.,S. (2008), " Increasing hotel customer value through service quality cues in Taiwan", The Service Industries Journal, 28(1), pp: 73-84.
- Ennew, C. T, and Binks, M.,R., (1996), "The Impact of Service Quality and Service Characteristics on Customer Retention: Small Businesses and their Banks in the UK", British Journal of Management, 7, pp: 219-230.
- Finn, D.,W., and Lamb, C.,W. (1991), "An evaluation of the SERVQUAL scale in a retailing setting" in Holman, R and Solomon, M R (eds.), Advances in Consumer Research, Provo, UT: Association for Consumer Research, pp: 480-93.
- Guo, X., Duff, A., and Hair, M. (2008). "Service quality measurement in the Chinese corporate banking", International journal of bank marketing, Vol. 26(5), pp: 305-327
- Gupta, A., Jason, C., McDaniel, S., Herath, K. (2005) "Quality management in service firms: sustaining structures of total quality service", Managing Service Quality: An International Journal, Vol. 15, Issue: 4, pp:389 – 402
- Hauser, J., R., and Don, C. (1988), "The House of Quality",

- Harvard Business Review, (May-June), pp: 63-73.
- Hung, Y.,H., Huang, M.,L., and Chen, K.,S. (2003), “Service quality evaluation by service quality performance matrix”, *Total Quality Management and Business Excellence*, Vol.14(1), pp: 79-89.
- Jamal, A., and Naser, K. (2002), “Customer satisfaction and retail banking: an assesment of some of the key antecedents of customer satisfaction in retail banking”, *International Journal of Bank Marketing*, Vol.20, No. 4, pp. 146-160.
- Kheng, L., L., Mahamad, O., Ramayah T., and Mosahab, R. (2010), “The Impact of Service Quality on Customer Loyalty: A Study of Banks in Penang, Malaysia”, *International Journal of Marketing Studies*, Vol.2, No.2.
- Ladhari, R. (2008), “Alternative measure of service quality: a review”, *Journal of Managing Service Quality*, Vol. 18 No. 1, pp: 65-86.
- Manrai, L., A., and Manrai, A.,K. (2007), “A field study of customers' switching behaviour for bank services”, *Journal of Retailing and Consumer Service*, Vol.14(7), pp : 208–215.
- Naeem, H., and Saif, I. (2009), “Service quality and its impact on customer satisfaction: an empirical evidence from the Pakistani banking sector”, *The International Business and Economics Research Journal*, Vol. 8 ,No. 12, p: 99.
- Perng, Y., H., (2007), “A Service Quality Improvement Dynamic Decision Support System for Refurbishment Contractors”, *Total Quality Management and Business Excellence*, Vol.18(7), pp:731-49.
- Phillips, L., W., Chang, D., R., and Buzzell, R., D. (1983), “Product Quality, Cost Position and Business Performance: A Test of Some Key Hypotheses”, *Journal of Marketing*, Vol. 47 (Spring), pp: 26-43.
- Portela, M.,C.,A.,S., and Thanassoulis, E. (2005) , “Profitability of a sample of Portuguese bank branches and its decomposition into technical and allocative components”, *European Journal of Operational Research*, Vol. 162(3).
- Tabrizi, R., S., Foong, Y., P., and Ebrahimi N.(2011), “The Criteria for Measuring Knowledge Management Initiatives: A Rare Glimpse into Malaysian Organizations”, *Journal of Organizational Knowledge Management*, Vol. 2011
- Talib F., Rahman Z., Qureshi,M., N.(2010), “The relationship between total quality management and quality performance in the service industry: a theoretical model”, *International Journal of Business, Management and Social Sciences*, Vol. 1, No. 1, pp : 113-128
- Tsoukatos, E., and Rand, G., K.(2006), “Path analysis of perceived service quality, satisfaction and loyalty in Greek insurance”, *Managing Service Quality*, Vol.16(5), pp:501-519.
- Wong, A., and Sohal, A. (2001), “Customer-salesperson relationships: the effects of trust an commitment on relationship quality”, in Working paper. Faculty of Business and Economics, Monash University.
- Yavas, U., Benkenstein, M., and Stuhldreier, U.?(2004), “Relationships between service quality and behavioral outcomes: A study of private bank customers in Germany”, *Emerald*, Vol.22.
- Zahari, W., Yusoff, W., and Ismail, M. (2008), “FM-SERVQUAL: a new approach of service quality measurement framework in local authorities”, *Journal of Corporate Real Estate*, Vol. 10(2), pp:130-144.
- Zakuan, N.,M., Yusof, S.,M., Laosirihongthong, T. ,and Shaharoun, A.,M. (2010), “Proposed relationship of TQM and organizationalnperformance using structured equation modeling”, *Total Quality Management*, Vol.21, No.2, pp : 185-203.
- Zeithaml, V., A., Parasuraman, A. and Berry, L., L. (1990), *Delivering Quality Service*, The Free Press, New York, N.Y
- Zeithaml, V.,A.(2009), “Service Quality, Profitability, and the Economic Worth of Customers: What we know and what we need to learn”, *Journal of Academy of Marketing Science*, Vol.28(1), pp: 67-85.