

A Study on Impact of Demographical Variables on Perception about Service Quality in Banking Sector

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Abstract

Banking sector is the fastest growing in India. It plays vital role in the growth of Indian economy. Today banking is not traditional just accepting and depositing the money. But today in modern era Banking has upgraded with many technologies and the fastest services providing to their customer such as transfer of money through various online platform and artificial intelligence is going to change the picture. The purpose of this research is to find to customer perception about the banking sector and which quality they prefer most while opening the bank account and in functioning of banking transaction. Hence this study is conducted to know the factors that influence the service quality in banking sector and also check perception of the customer on service quality while opening the bank account. I have collected data through questionnaire from 200 customers. Through the help of SPSS software, I had applied chi-square test to analyse the hypothesis and used descriptive statistics. In the testing I had taken 4 components such as age, gender, income and occupation etc. The result shows that the demographic variable is not affecting the perception on the service quality of customers.

Keywords – Customer Perception, service quality, banking technology

Introduction

Banking industry plays a significant role in economic growth of the country. Bank is a financial institution that accepts deposit and channelizes those deposits into lending activities. A bank connects customers which have capital deficits to those customers with capital surpluses. The banking industry in India is facing certain challenges i.e. challenges in quality service, customer satisfaction, challenges of quality service, customer retention, customer loyalty. Quality service play a vital role in achieving customer satisfaction and creating brand loyalty in banking sector.

The banking industry is facing rapid changes in the market such as new technology, economic uncertainties, fierce competition, more demanding customer and the changing climate which lead to an unprecedented set of challenges. Banking is a customer-oriented service industry which has witnessed a radical shift in the market power. The effectiveness and efficiency became the buzzword of the success of banking operation and its proper functioning particularly with respect to providing services to the customer. Service is an invisible thing which is indispensable from the person who extends it. An efficient or effective is one which is extended appropriately by identifying and understanding the needs of the individual customer from time to time. Customer service is a dynamic interactive process with the advancement of information technology and communication system, the whole world has been reduced to a global village. The customer at the present juncture is well exposed to unstoppable innovations in communication technology. They are aware of the kind of service level available around the world and thus expect the best from his bank. Customer service is not only a critical function but play a vital role for the business. The improved customer service will definitely increase profitability. A bank can be said as customer oriented if its various organizational activities like organizational restructuring, staffing, and coordination are geared up to fulfill the needs of customers.

Increased competition, highly educated consumers, and increase in standard of living are forcing many businesses to review their customer strategy. Many business firms are challenging more efforts to retain existing customers rather than to acquire new ones since the cost of acquiring new customer is greater than cost of retaining existing customers. There is enough evidence that demonstrates the strategic benefits of quality in contributing to market share and return on investment. When competitors are roughly matched, those with stress on customer's point on view may be sound and interesting at this juncture. Such as analysis will provide banks, a quantitative estimate of the services being perceived with intricate details such as whether banks are meeting the expectations of the customers.

Literature review

Singh, J., & Kaur, G. (2011) The objective of this paper is to determine the factors affecting customer satisfaction with regard to the operation of chosen Indian universal banks and universal banks. The research was carried out using the technique of inquiry. A well-structured questionnaire of a sample of 456 participants gathered the information. The study's primary findings indicate that customer satisfaction is affected by seven variables: employee responsiveness, appearance of concrete components, social responsibility, and innovation in service, favorable word of mouth, skill and reliability.

Banerjee, N., & Sah, S. (2012) A Comparative study of customer observations of the dimensions of service quality between private and public banks in India. The SERVQUAL model is

designed to identify the gap between customer expectations and perceptions of actual service received in Indian public and private banks. The study results indicated that customer expectations with private banks are higher and that satisfaction levels are also higher when it comes to private banks.

Nair, G. K., & Nair, H. K. (2013) A client perception research on the quality of service in commercial banks. Providing clients with better quality services has become one of the key points of the banking services agenda and it is only the quality of services offered that can assist banks attract more and more clients to a competitive banks. The present study seeks to analyse customer preference for the quality of services of public and private sector banks.

Sharma, Swati and Singh (2014) The main goal of this article is to discover the customer's level of satisfaction towards the CRM of their respective banks by studying the customer's perception that this is a primary data gathered through a structured questionnaire to study client perception. This study is based on the quantitative research design of experiments. This research is carried out on 150 clients from 4 banks to analyse the perception of clients about the quality of service with regard to e-banking.

Roy, S. C., & Saha, P. K. (2015) The purpose of this research is to explore a private bank's view of customer service quality. The research shows that tangibility has a greater average score for SERVPERF (P), and the bank should concentrate on empathy as it has the smallest average score and reliability for SERVPERF. With regard to the association between demographic variables and factors of service quality, it is observed that an important association exists. The study offers the bank manager with useful data on the need to continually enhance service quality.

Research objective

1. To understand the relevant dimension of service quality in banking sector.
2. To determine the perceptions of customers regarding the quality of service delivered by public and private banks.
3. To determine the impact of demographic profile on perceptions of customers regarding the quality of service delivered by public and private banks.

The study is based mainly on primary data generated from the responses from the customer of Public and Private sector bank. I tried to find perceptions on service quality of banking sector. In order to quantify these responses, scaling techniques will be adopted. For measuring service quality, Likert type five point scale with the rating-strongly disagree, disagree, neutral agree, and strongly agree will be used. I have collected responses from 200 respondents through questionnaire. Convenience sampling was used to collect data. Following hypothesis has been framed:

1. There is no significant impact of gender on customer Perception about Service Quality in banking sector.
2. There is no significant impact of age on customer Perception about Service Quality in Banking Sector
3. There is no significant impact of Income on customer perception about service quality in banking sector.
4. There is no significant impact of occupation on customer perception about service quality in banking sector.

Analysis and Interpretation

Table no. 1 Profile of Respondents

Sr. No.	Demographic Parameter	Category	No. of respondents	% of respondents
1.	Age	20-25 years	67	34
		26-30	38	19
		31-35	49	24
		36-40	23	12
		More than 40	23	11
2.	Gender	Male	144	72
		Female	56	28
3.	Occupation	Student	71	36
		Private employed	44	22
		Govt. Employed	26	13
		Businessman	39	19
		Retired	20	10
5.	Income	Less than 1 lakh	49	35
		2,0,000 -5,00,000	66	33
		5,00,000-10,00,000	60	30
		Above 10,00,000	23	13

Source: Survey

From the table, it is analyzed that from the 200 respondents, 144 respondents are Male and 56 respondents are Female. 67 respondents are between 20-25 years of age, 38 respondents belong to the age group between 26 to 30 years, 49 respondents belong to the age group between 31 to 35 years, 23 respondents belong to the age group between 36 to 40 years and 23 respondents are more than 40 years of age. The 71 respondents are Student, 44 respondents are private employed. 39 respondents are self-employed and 20 respondents have

retired employee. The 49 respondents have annual income which is less than 100,000, 60 respondents have annual income between 2,00,000 to 5,00,000, 23 respondents have annual income More than 10,00,000.

Table 2: Customer Perception on Service quality

Statement	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
Customer Perception on service quality before opening account	107	60	15	12	6

Source: Survey

From the table 2I tried to find the customer perception on service quality while opening the bank account. Service quality includes five parameter such as Reliability, Responsiveness, Tangibles, Assurance, and Empathy. Before opening their bank account out of which 107 respondents are strongly agree on this factor and 60 customers are Agree on this factor and 15 respondents are neutral neither agree or nor disagree and 12 customers are disagree from all this parameter while opening their bank account in the bank. 6 customers are strongly disagreeing while opening their bank account.

On the basis of these responses I found the impact of demographic variable (Age, gender, income and occupation) on customer perception regarding service quality in banking sector. For this I used chi-square test and interpretation of chis square is as follows:

- In the case of age the chi-square test value is .000 which is less than 0.05. So, there is no significance between age and service quality of the banks.
- In the case of gender the chi-square test value is .000 which is less than 0.05. So, there is no significance between gender and service quality of the banks.
- In the case of income the chi-square test value is .000 which is less than 0.05. So, there is no significance between income and service quality of the banks.
- In the case of occupation the chi-square test value is .000 which is less than 0.05. So, there is no significance between occupation and service quality of the banks.

Conclusion

In the era of 5th industrial revolution technology play very important role. In banking business, technology changed the way of banking business. As banking industry is service industry bank should focus on service quality because it helps in increasing and retaining customer base. In this study I found that 83.5 percent of respondents focus on service quality while opening their bank account. It is common perception that age, occupation and income is main demographical factor which affect the perception on service quality but in my study. I concluded that age, gender, income and occupation has not any relation with perception of service quality in banking sector. So it means that every customer in banking focus on service quality (Reliability, Responsiveness, Tangibles, Assurance, and Empathy) irrespective of age, gender, income and occupation level.

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