

# Study of Demographic Influence on Customer Satisfaction towards Banking Services among Residents of Gwalior City

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**Abstract:** *With a population of over 1 billion, today India is one of the fastest growing economies in the world. The Indian banking sector has been playing a significant and vital role in the growth of economy. Growing consumer base as well as strong fundamentals of banking practices has been able to stimulate the contribution of banks in country's economy. The growth in banking sector is largely dependent upon the trust that customers put in banks and is highly derived by the satisfaction that the banks provide to these customers. Therefore a constant assessment of customer satisfaction is essential for the banks, which many a time, in turn, is influenced by various external factors, especially the demographic factors related to the consumer population. This research paper attempts to study the demographic factors and their influence on the customer satisfaction towards banking services in Gwalior city. The outcome of this study will provide insight into the differences in customer satisfaction that may be brought about by the demographic background of customers and will help the stakeholders to comprehend the underlining importance of demographic variables in the process of assessing customer satisfaction.*

**Keywords:** Services, Banking, Customer satisfaction, Demographic factors, Demographic influence

## 1. Introduction

Understanding the needs of the consumer towards the product or service is crucial for assessing the level of consumer satisfaction. As is understood that the demographic background dictates a person's needs and preferences, getting insights into demographical differences among consumers and their impact on consumer choices paves the way for a better understanding of consumer needs and preferences and thereby enhances the ability of the firm towards delivering superior customer satisfaction. The amount of satisfaction realized by the consumers is highly dependent upon the degree to which their needs and preferences are fulfilled, which due to being shaped by the different demographical setup of their background, vary from person to person and therefore result into different degrees of satisfaction for the same product offering by different consumers.

In case of financial service firms, like banks, fulfillment of customer satisfaction becomes even more complex and intriguing due to intangible nature of the service offering, where the amount of satisfaction derived from a banking transaction varies greatly depending upon how the outcome of an intangible transaction is interpreted by customers belonging to different demographic backgrounds.

This research paper attempts to study the influence of various demographic factors on the satisfaction that the consumers derive from banking services, in order to find out the relative importance of factors that construct the demographic background of consumers, while assessing customer satisfaction.

## 2. Literature Review

Every business organization has the objective to satisfy its customers to greatest possible extent, as the customer

satisfaction provides foundation for the success of the business. Fornell (1992) noted that although customer satisfaction and quality seems to be important for all firms, satisfaction is more important for loyalty in industries such as banks, insurance and automobiles. His observation was further supported by (Almossawi, 2001), who stated that customer satisfaction is particularly essential in the banking services context because it becomes a key to competitive advantage. There have been different studies underlining the significance of customer retention in banking industry (Dawkins and Reichheld, 1990; Zimmerman, 1999; Page, Pitt and Berthon, 1996; Reichheld and Kenny, 1990; Fisher, 2001). Abratt and Russell (1999) suggested the key factors influencing customers' selection of a bank that includes the range of services, rates, fees and prices charged.

McQuitty et al., (2000:1) assumed that a customer will learn from experience and then the decreasing levels of expectations-disconfirmation against goods and services would affect customer satisfaction. This is supported by Alhemoud (2010:333) in the case of banking service that the customer satisfaction is resulted from any dimension whether or not it is quality related and its judgment may arise from non-quality issues.

Grönroos (1984) previously emphasized that how good the quality of the service was perceived to be by customers, was expected to be measured using customer satisfaction approaches. Banking service provides financial service that accepts deposits and channels those deposit into lending activities, either directly or through capital markets. (Shelton et al., 1995).

Customer satisfaction in banking service is a measure of how services supplied by a company meet or surpass customer expectation. Faraz (2005) stated that customer satisfaction is the situation when customer expectations have been fulfilled to the fullest capacity when using the product

or service. The capacity to fulfill customer expectation consequently brings about strong loyalty to the product or services of a company.

On the other hand, Murthy (2010) stipulated that banks have to be efficient in dealing with individual customers, traders and companies. It is also necessary for banks to strive hard to retain the existing customers in the face attracting new customers. Ghosh and kailash (2010) has strongly argued that customer's knowledge is also one of the most important factors which can affect satisfaction. Uma Sankar et al. (2010) conducted a study on identifying the major reasons for dissatisfaction with public sector banks. Ushad Subadar Agathe (2010) advocated that there are increasing urgent needs for bankers to meet customer expectations for faster and better service with the number of branches. Their study revealed that the high income group customers are more likely to be dissatisfied with banks services and it is highlighted in the study that to improve the customer service and quality improvement, the bankers has to gear upon two components i.e., reliability and responsiveness. Purna Dawar (2013) on her study found factors affecting satisfaction are staff knowledge, support system, amount charges, and behaviour and language information of the customer.

### 3. Objectives

- 1) To study the demographic background of banking customers in the city of Gwalior.
- 2) To assess the customer satisfaction towards banking services in the region.
- 3) To examine the difference in customer satisfaction among the customers on basis of their different demographic background.

### 4. Research Methodology

The nature of the research study conducted is Descriptive. For purpose of primary data collection the Non Probability Judgment sampling method is used. A self administered questionnaire is used to take responses from the customers of different banks. Out of 50 questionnaires distributed, 34

were received with complete and proper information. Our further analysis is based on these completely filled questionnaires obtained.

### Hypotheses

**Ho1:** There is no significant difference in satisfaction towards banking services between male and female customers.

**Ho2:** There is no significant difference in satisfaction towards banking services among customers from different age groups.

**Ho3:** There is no significant difference in satisfaction towards banking services among customers from different educational background.

**Ho4:** There is no significant difference in satisfaction towards banking services among customers from different occupations.

### Data analysis and discussion:

The responses of customers in the sample were viewed in the light of their demographic background. The scale items used to measure responses were checked for Reliability using Cronbach's Alpha, with following scores obtained:

The value obtained of Cronbach's Alpha is 0.760, which is more than 0.70, hence the scale is reliable.

On the basis of customer satisfaction scores obtained, we now attempt to examine our Hypotheses regarding influence of various demographic factors on the customer satisfaction.

**Ho1: There is no significant difference in satisfaction towards banking services among male and female customers.**

The Null hypothesis assumes that there is no influence of gender variable over customer satisfaction. We will use t-test to verify the hypothesis.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
0.76	0.727	11

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Total satisfaction	Equal variances assumed	0.084	0.774	-1.306	33	0.201	-1.4	1.072	-3.581	0.781
	Equal variances not assumed			-1.33	32.061	0.193	-1.4	1.053	-3.544	0.744

**The test shows no significant difference in satisfaction scores for male and female customers. Hence the Null hypothesis is accepted.**

**Ho2: There is no significant difference in satisfaction towards banking services among customers from different age groups.**

We intend to use one way ANOVA for testing the hypothesis.

Test of Homogeneity of Variances

Total satisfaction			
Levene Statistic	df1	df2	Sig.
0.586	2	32	0.562

The table for Homogeneity of Variances shows equal variance among different age groups, which paves the way for ANOVA test.

ANOVA					
Total satisfaction					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1237.302	2	618.651	153.347	0
Within Groups	129.098	32	4.034		
Total	1366.4	34			

The ANOVA table shows that there is a significant difference among different age groups with respect to satisfaction from banking services. Hence the Null hypothesis is rejected.

**Ho3: There is no significant difference in satisfaction towards banking services among customers from different educational background**

To examine our hypothesis, we will conduct One Way ANOVA test for assessing the difference in satisfaction scores among people from different educational background.

Test of Homogeneity of Variances

Total satisfaction				
Levene Statistic	df1	df2	Sig.	
0.38	2	32	0.687	

The table for Homogeneity of Variances shows equal variance among customers from different educational background, which paves the way for ANOVA test.

ANOVA					
Total Satisfaction					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	121.1	2	60.55	8.771	0.001
Within Groups	220.9	32	6.903		
Total	342	34			

Since the Sig value is less than 0.05, there is significant difference between groups. Hence we reject our Null hypothesis. It means that the customer satisfaction level is different among people from different educational background.

**Ho4: There is no significant difference in satisfaction towards banking services among customers from different occupations.**

Test of Homogeneity of Variances

Total satisfaction				
Levene Statistic	df1	df2	Sig.	
1.275	3	31	0.3	

ANOVA					
Total satisfaction					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	4.844	3	1.615	0.148	0.93
Within Groups	337.156	31	10.876		
Total	342	34			

The table for Homogeneity of Variances shows equal variance among customers from different occupations, which paves the way for ANOVA test

**The test shows that there is no significant difference in customer satisfaction levels among customers belonging to different occupations. Hence the Null hypothesis is accepted.**

## 5. Findings and Conclusions

- 1) The result of this research work shows that there is no significant difference in satisfaction of male and female customers. Hence it can be said that the gender variable does not have influence over customer satisfaction towards banking services.
- 2) The result shows that there is a significant difference among different age groups with respect to satisfaction from banking services. Hence customers from different age backgrounds have different level of satisfaction from banking services.
- 3) The test results show that the satisfaction level is different among customers from different educational background. Therefore it can be said that the educational level of customers does have an impact on their level of satisfaction. This strengthens the observation of Ghosh and kailash (2010), who emphasized upon influence of customer knowledge customer satisfaction.
- 4) The study shows that there is no significant difference in customer satisfaction levels among customers belonging to different occupations. Hence it can be said that customers' occupation does not hold any impact on their satisfaction towards banking services.

## 6. Recommendations

Some specific recommendations suggested by the researcher are:

- 1) As the age factor is shown to have an impact on customer satisfaction, it is imperative for the banks to show sincere concerns towards the needs of the people belonging to higher age brackets. The proper accomplishment as well as time taken for banking transaction should be given prime importance.
- 2) The study showed that the customer satisfaction level is different among people from different educational background. This clearly indicates the importance of education and knowledge gained thereon by the customers while assessing their satisfaction towards banking services. To make customers feel easy while using banking services which are increasingly becoming technology dependent, it is imperative to make the customers aware and trained on how to better use modern banking services.

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