

Impact of Demographic Variables on Customer Satisfaction in Banking Sector – An Empirical Study

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Abstract- For every organization, customer satisfaction plays vital roles that enhance loyalty and profit. Earlier all sectors focused on Market Orientation, but now they should focus on Customer Orientation for their growth in the competitive market. Due to rapid changes in technology and competition among the banking sectors, it is inevitable for the service organization to study the impact on customer satisfaction. The purpose of this paper is to evaluate the impact of demographic variables on customer satisfaction in public sector bank. Chi Square test, Descriptive analysis and Weighted score method was applied. The result revealed that there is no significant relationship between the demographic variables and customer satisfaction except the choice of the bank and the status of residential area.

Index Terms- Customer Satisfaction, Competition, demographic variables, Imperial Bank, Behavioral intention

I. INTRODUCTION

The East India Company laid the foundations for modern banking in the first-half of the 19th century with the establishment of the following three banks:

- 1) Bank of Bengal 1809
- 2) Bank of Bombay 1840
- 3) Bank of Madras 1843

In 1955, the State Bank of India Act was passed. Accordingly the “Imperial Bank” was nationalised and “State Bank of India” emerged with the objective of banking facilities on a large scale. Specifically in the rural and semi-urban areas and for various other public purposes. State Bank of India being a “Bankers Bank” acts as agent of the RBI at the places where the RBI has no branch. Accordingly, it renders the following functions:

- 1) Banker to the government
- 2) Banker to bankers in the limited way
- 3) Maintenance of Currency chest
- 4) Acts a clearing house
- 5) Renders promotional functions

In Salem District, State Bank of India comprises with 31 Branches including all categories like Metro, Urban, Semi Urban and Rural.

State Bank of India, Mohan Nagar Township Branch was started under rural category on 14.12.1979.

II. OBJECTIVES

1. To exhibit the profile of the customers
2. To study the association between the demographic variables and its impact on customer satisfaction.

III. LITERATURE REVIEW

There is a significant difference between public and private banks with regard to customer satisfaction, commitment and loyalty banks should focus on assurance-empathy, tangibles and the private sector should focus on providing reliable services (Sandip Ghosh Hozra, Dr.Kailash B.L. Srivastava May 2010) Service quality, Corporate image and Customer perceived value has a significant influence on consumer behavioural intention (Ahmed Audu Maiyaki and Dr. Sany Sanuri Mohd. Mokhtar (2011) Reliability and competitiveness have the maximum impact on customer satisfaction. Banks need to be more innovative and endeavour to provide more value added services to boost the satisfaction level of customers. In Banks (H. Premraj and Dr. N. Sankaralingam (2012) Improving service quality can increase favorable behavioural intentions (S.Arun Kumar, B. Tamilmani, S. Mahalingam and M. Vanjikovan 2010) Service quality is a significant determinant of customer satisfaction in Indian banking industry irrespective of public and private sector banks (Monica Bedi 2010) There is no significant difference in the level of satisfaction of the respondents belonging to different age, education and occupation except income (R. Elangovan and K. Sabitha (2011))

As most of the studies have done with the impact of customer satisfaction on loyalty and Behavioural intention, this paper attempted to study the impact of demographic variables on customer satisfaction.

IV. METHODOLOGY OF STUDY

To accomplish the aforementioned research objectives, Data are collected from a structured questionnaire survey of 50 customers from State Bank of India, Mohan Nagar Township Branch, and Salem District. They were asked to evaluate their satisfaction of services with the bank.

Percentage analysis, Chi Square Test, Descriptive analysis and Weighted score method have been applied for the data analysis.

V. DEMOGRAPHIC PROFILE OF THE SAMPLE RESPONDENTS

Sl. No	Demographic Variables	Number of respondents (n=50)	Percentage
01.	Age: Between 20-30	20	40%
	31-40	9	18%
	41-50	10	20%
	51-70	11	22%
02.	Gender Male	38	76%
	Female	12	24%
03.	Marital Status Unmarried	38	76%
	Married	12	24%
04.	Educational Qualification 1-5 th std	3	6%
	6-10 th std	19	38%
	11-12 th	7	14%
	Degree	17	34%
	Postgraduate and above	4	8%
05.	Type of family Single	23	46%
	Joint	27	54%
06.	Dependents in Family One	26	52%
	Two	20	40%
	Three & above	4	8%
07.	Occupation Agriculture	8	16%
	Business	15	30%
	Public	9	18%
	Private	12	24%
	Others	6	12%
08.	Income Below 5000	1	2%
	5001-10000	12	24%
	10001-30000	9	18%
	Above 30000	28	56%
09.	Information about SBI Schemes Newspaper	4	8%
	Media	6	12%
	Direct visit	40	80%
10.	Minimum investment Upto 5000	15	30%
	5001- 10000	13	26%
	10001- 50000	9	18%
	50001-100000	13	26%
11.	Frequency of visit to SBI Everyday	4	8%
	1-2 times/week	12	24%
	1-2 times/fortnight	8	16%

	1-2 times/Month	14	28%
	Rarely	12	24%

CHI-SQUARE ANALYSIS:

1. Association between the status of area and frequency of Visit to Bank:

H₀: There is no significant relationship between status of the area and frequency of visit to bank.

H₁: There is a significant relationship between status of the area and frequency of visit to bank

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	13.225 ^a	8	0.104
Likelihood Ratio	15.463	8	0.051
Linear-by-Linear Association	0.801	1	.0371
N of Valid Cases	50		
a. 11 cells (73.3%) have expected count less than 5. The minimum expected count is .24.			

It is seen that the Chi-Square value is 13.225 and the Asymp sig value is 0.104 which is greater than the critical value (P=0.05). Hence null hypothesis is accepted and there is a no significant relationship between status of the area and frequency of visit to bank.

2. Association between Gender and frequency of visit to bank:

H₀: There is a no significant relationship between Gender and frequency of visit to bank.

H₁: There is a significant relationship between Gender and frequency of visit to bank

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	7.739 ^a	4	.102
Likelihood Ratio	8.045	4	.090
Linear-by-Linear Association	1.409	1	.235
N of Valid Cases	50		
a. 6 cells (60.0%) have expected count less than 5. The minimum expected count is .96.			

It is seen that the Chi-Square value is 7.739 and the Asymp sig value is 0.102 which is greater than the critical value (P=0.05). Hence null hypothesis is accepted and there is a no significant relationship between Gender and frequency of visit to bank.

3. Association between Occupation and Frequency of Visit to Bank:

H₀: There is a no significant relationship between Occupation and frequency of visit to bank.

H₁: There is a significant relationship between Occupation and frequency of visit to bank

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	17.412 ^a	16	.359
Likelihood Ratio	21.249	16	.169
Linear-by-Linear Association	5.031	1	.025
N of Valid Cases	50		
a. 25 cells (100.0%) have expected count less than 5. The minimum expected count is .48.			

It is seen that the Chi-Square value is 17.412 and the Asymp sig value is 0.359 which is greater than the critical value (P=0.05). Hence null hypothesis is accepted and there is a no significant relationship between occupation and frequency of visit to bank.

4. Association between Marital status and frequency visit to bank:

H₀: There is a no significant relationship between Occupation and frequency of visit to bank.

H₁: There is a significant relationship between Occupation and frequency of visit to bank

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	8.588 ^a	8	.378
Likelihood Ratio	9.401	8	.310
Linear-by-Linear Association	1.929	1	.165
N of Valid Cases	50		
a. 11 cells (73.3%) have expected count less than 5. The minimum expected count is .08.			

It is seen that the Chi-Square value is 8.588 and the Asymp sig value is 0.378 which is greater than the critical value (P=0.05). Hence null hypothesis is accepted and there is a no significant relationship between Marital status and frequency of visit to bank.

5. Association between Income and Minimum investment:

H₀: There is a no significant relationship between income and Minimum investment

H₁: There is a significant relationship between income and Minimum investment

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	17.717 ^a	12	.125
Likelihood Ratio	22.353	12	.034
N of Valid Cases	50		
a. 16 cells (80.0%) have expected count less than 5. The minimum expected count is .04.			

It is seen that the Chi-Square value is 17.717 and the Asymp sig value is 0.125 which is greater than the critical value (P=0.05). Hence null hypothesis is accepted and there is a no significant relationship between income and minimum investment.

6. Association between Educational Qualification and Knowing of schemes in SBI:

H₀: There is a no significant relationship between Educational qualification and knowing of schemes in SBI

H₁: There is a significant relationship between educational qualification and knowing of schemes in SBI

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	9.471 ^a	8	.304
Likelihood Ratio	10.498	8	.232
Linear-by-Linear Association	1.746	1	.186
N of Valid Cases	50		
a. 12 cells (80.0%) have expected count less than 5. The minimum expected count is .24.			

It is seen that the Chi-Square value is 9.471 and the Asymp sig value is 0.304 which is greater than the critical value (P=0.05). Hence null hypothesis is accepted and there is a no significant relationship between Educational qualification and Knowing of schemes in State Bank of India.

Table: 7 Percentage analyses of Variables of Satisfaction:

In order to analyse the level of customer satisfaction 5 variables are considered as detailed below by applying the Likert scale with range 1- Strongly disagree to 5- Strongly Agree. The results revealed the following:

Sl. No.	Variables	Strongly disagree	%	Disagree	%	Moderate	%	Agree	%	Strongly agree	%
01.	Considering everything, I am satisfied with State bank	1	2	1	2	2	4	5	10	41	82
02.	I am satisfied with the personal contact with staff of my state bank of India	0	0	2	4	4	8	13	26	31	62
03.	Choice of mine to use this bank is good	0	0	1	2	3	6	7	14	39	78
04	My experience with this bank has been enjoyable	1	2	2	4	1	2	6	12	40	80
05.	My State bank of India always meets my expectations	1	2	2	4	2	4	5	10	40	80

From the above table, it is seen that nearly **82%** of the respondents are strongly agreed with the overall satisfaction of the bank, **62%** of the respondents are having more satisfied with the personal contact of staff in the bank, **78%** of the respondents are agreed strongly that their choice of bank is good. **80%** of the respondents have told that their experience with the bank is enjoyable and **80%** of the respondents are strongly agreed that their bank is always meeting their expectations.

Table: 8 Weighted Score and Rank summary of the Satisfaction variables:

In this table, based on the range allotted (1- Strongly Disagree to 5- Strongly Agree), the score of each variable was multiplied with the total number of respondent and the mean weighted score was calculated. The ranking result is furnished below:

Sl. No.	Customer Satisfaction	Weighed score	Rank
01	Considering everything, I am satisfied with State bank of India	4.68	1
03	Choice of mine to use this bank is good	4.68	1
04	My experience with this bank has been enjoyable.	4.64	2
04	I am satisfied with the personal contact with staff of my state bank of India	4.46	3
05	My State bank of India always always meets my expectations	4.02	4

From the above table, it is seen that the Overall satisfaction and the choice of the bank stands first equally with experience second, personal contact with staff third, meeting the personal expectations stands fourth among the customers.

Table 5: Association between demographic variables and Customer satisfaction:

Variables	Status of area	Educational Qualification	Occupation	Income	Frequency of visit
1.Considering everything, I am satisfied with State bank of India					
a) Chi-Square (PearsonCorrelation)	9.381	18.943	15.028	12.347	16.179
b) Asymp. Sig (2 sided)	0.311	0.272	0.523	.418	0.441
2.I am satisfied with the personal contact with staff of my state bank of India					
a) Chi-Square (PearsonCorrelation)	9.530	5.281	7.340	12.707	16.001
b) Asymp. Sig (2 sided)	0.146	0.948	0.834	0.176	0.191
3. Choice of mine to use this bank is good					
a) Chi-Square (Pearson Correlation)	17.147	15.037	11.153	1.955	14.637
b) Asymp. Sig (2 sided)	0.009*	0.239	0.516	0.992	0.262
4. My experience with this bank has been enjoyable.					
a) Chi-Square (Pearson Correlation)	13.002	25.722	13.318	17.265	19.529
b) Asymp. Sig (2 sided)	0.112	0.058	0.649	0.140	0.242
5.My State bank of India always always meets my expectations					
a) Chi-Square (Pearson Correlation)	8.297	21.494	12.285	8.953	12.500
b) Asymp. Sig (2 sided)	0.405	0.160	0.724	0.707	0.709

(* significance at 5% level of significance)

From the above table, it is clearly seen that there is no significant difference between the demographic variables with the customer satisfaction except status of residential area with the choice of bank.

VI. CONCLUSION

Previous studies revealed that there is no significant difference in the level of satisfaction of the respondents belonging to different age, education and occupation except income (R. Elangovan and K. Sabitha (2011), this study revealed that there is no significant relationship between the demographic variables of the respondents and the satisfaction level except personal choice of bank with the status of the residential area.

VII. LIMITATIONS AND FUTURE RESEARCH

As this study is conducted with the State Bank of India, Mohan Nagar Branch of Salem District with the sample size of 50 respondents, there is a wide scope for further study with large number of samples to analyse the impact of customer satisfaction on customer loyalty and Behavioural intention because customer satisfaction is the antecedent for Customer Loyalty and Behavioural intention with different analysis method.

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