# AN EVALUATION OF CUSTOMER PERCEPTION ON SERVICE QUALITY IN RETAIL BANKING

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**ABSTRACT**

In this new customer era, Banks need to deliver a more efficient, customer-focused and inventive offering than ever before to reconnect with their clients. To compete, differentiate and grow they must swiftly accelerate their innovation around banking products and service offerings. The present study evaluates the service quality in retail banking in Vijayawada city, based on different levels of customers' perception. A sample of 250 individual customers from different bank service counters have been targeted for this study. The study focused SERVQUAL questionnaire developed by Parsuraman et al consisting of 23 statements of 5 key dimensions of tangibles, reliability, responsiveness, assurance and empathy.

The result indicates that customers' perception is maximum in the tangibles area and minimum in the Responsiveness area. It is top in the point of 'error free records' of the bank followed by 'making customers feel safe in their transactions' while customers have least ranked 'giving customers individual attention' and 'employees who have a neat, professional appearance'. Efforts by banks to improve the quality of service they deliver have not yet resulted in improved customer perception. Banks that can offer the growing ranks of discerning customers with a high quality service, while being personalized and competitively priced, will be the ones that succeed in the new post-crisis world. Enhancing customer experience is a crucial component of attracting and retaining customers in order to grow and protect a profitable business.

**Keywords:** Customer, Service quality, Perception, Banks, Vijayawada.

## Introduction:

One of the most important developments in banking sector has been the growth of the financial industry over the past two decades. The benefits of financial industry can be seen in the form of large scale industrial development, increased employment opportunities, higher turnover as well as revenue generation to the government and also increase in export of goods and services. Banking industry in India has undergone a process of evolution with the package of time. To count or to depend on a bank merely by the function it is supposed to perform would be insufficient in the world that we live today. Today the bottom line for any customer is convenience, understanding and evaluating the customers perception on the service & products of a bank has without doubt become a need, which propels the body to structure itself for better performance and service. Thus delivering high quality service to clients is just as important as delivering performance that meets or exceeds their expectations.

So Banks now need to deliver a more efficient, customer-focused and innovative offering than ever before to reconnect with their customers. For banks to compete, differentiate and grow in this new customer era, they must swiftly accelerate their innovation around banking products and service offerings. It is clear that as banks consider ways to rebuild trust, improve service to meet customer expectations, and reduce attrition; their efforts will need to be carefully tailored to the unique requirements of each domestic and regional market in which they operate.

**Banks should embrace the following action points to capitalize on the following opportunities:**

• **Rebuild trust** – by refocusing on the customer relationship, paying particular attention to clarity of language, transparency of pricing and simplicity of interaction.

• **Focus on loyalty** – by building customer insights, tailoring offerings, incentivizing customers to access more products and effectively responding to complaints.

• **Enhance the customer experience** – by investing in branches, delivering personal attention across channels and combining customer insights with technology to improve offerings.

## Research Objective:

- The main purpose of this paper is to measure the customers' perception on the service quality factors.
- This paper also tries to find the association between various demographic variables and perception of customers.

## Research Methodology:

The study is mainly based on two sources of data: Primary data, Secondary data. The secondary data was collected from various possible records like books, magazines, periodicals and websites. The primary data was collected from customers of different Banks. The simple random sampling technique is adopted and 250 respondents constitute the sample for the survey. The questionnaire is divided into two sections. Section A consists of demographic information of customers and the questions focused on the age, educational qualifications and monthly income. Section B has a SERVQUAL questionnaire developed by Parsuraman et al consisting of 23 statements of 5 key dimensions of tangibles, reliability, responsiveness, assurance and empathy. The list of service attributes based on different service dimensions are ranked and rated by the customer to identify the importance of each service attributes. With regards to the level of perceptions the rating for each statement started with 5 indicating "excellent" and ended with 1being "poor", with 4, 3, and 2 for a rating as "very good", "good" and "satisfactory". All the data were collected from bank customers through personal contact approach.

**Data Analysis:**

The major statistical analysis tools used in this study are reliability analysis, descriptive analysis and student's t-test analysis. Before undertaking any statistical analysis, it is of great importance to ensure that the data collected is reliable. As such, the Cronbach's Alpha is calculated to measure the reliability of the underlying dimensions, namely, tangible, reliability, responsiveness, assurance and empathy. In this study, the reliability coefficient (Cronbach's alpha) values for the five dimensions are .952, .923, .771, .836 and .873. None of the reliability alphas is below the cutoff point of 0.60, which is generally considered to be the criterion for demonstrating internal consistency of new scales (Nunnally and Bernstein, 1994).

**Limitations Of The Study:**

Three limitations have been identified in this study. First, the limited number of banks (only four banks) covered under the study. Second, the sample size do not ensure representative and conclusive finding and finally, a more robust analysis is needed to reach a strong conclusion.

**Customer Perception:**

Customer perception is an important component of our relationship with our customers. Customer satisfaction is a mental state which results from the customer's comparison of expectations prior to a purchase with performance perceptions after a purchase. A customer may make such comparisons for each part of an offer called ''domain-specific satisfaction'' or for the offer in total called ''global satisfaction''. Moreover, this mental state, which we view as a cognitive judgment, is conceived of as falling somewhere on a bipolar continuum bounded at the lower end by a low level of satisfaction where expectations exceed performance perceptions and at the higher end by a high level of satisfaction where performance perceptions exceed expectations.

**Customer Perception In The Banking Industry:**

Banking operations are becoming increasingly customer dictated. The demand for 'banking super malls' offering one-stop integrated financial services is well on the rise. The ability of banks to offer clients access to several markets for different classes of financial instruments has become a valuable competitive edge. Convergence in the industry to cater to the changing demographic expectations is now more than evident. Bancassurance and other forms of cross selling and strategic alliances will soon alter the business dynamics of banks and fuel the process of consolidation for increased scope of business and revenue. The thrust on farm sector, health sector and services offers several investment linkages. In short, the domestic economy is an increasing pie which offers extensive economies of scale that only large banks will be in a position to tap. With the phenomenal increase in the country's population and the increased demand for banking services; speed, service quality and customer satisfaction are going to be key differentiators for each bank's future success. Thus it is imperative for banks to get useful feedback on their actual response time and customer service quality aspects of retail banking, which in turn will help them take positive steps to maintain a competitive edge.

The working of the customer's mind is a mystery which is difficult to solve and understanding the nuances of what perception the customer has to attain satisfaction is, a challenging task. This exercise in the context of the banking industry will give us an insight into the parameters of customer satisfaction and their measurement. This vital information will help us to build satisfaction amongst the customers and customer loyalty in the long run which is an integral part of any business. The customer's requirements must be translated and quantified into measurable targets. This provides an easy way to monitor improvements, and deciding upon the attributes that need to be concentrated on in order to improve customer satisfaction. We can recognize where we need to make changes to create improvements and determine if these changes, after implemented, have led to increased customer satisfaction.

**Service Quality:**

Quality is sought by all organizations especially in the service sector. Two quite distinct meaning of quality are relevant in the service context. The first of these relates to the attributes which help to define the nature of a particular service and the second usage is a qualifier in assessing or measuring such an attribute (Nightingale, 1986; Lovelock and Wright, 2002; Zeithaml, 1996). Furthermore, Nightingale (1986) and Brown and Swartz (1989) stated that quality lies on the eyes of the beholder. So different people will hold a different perception towards the attribute of a service and regard different service characteristics as more or less desirable. This is definitely true for the banking sector and meanwhile their diversity; services are traditionally been difficult to define. Here are two approaches that capture the essence of the word. According to (Cronin and Taylor, 1992), they define service as:

"A service is an act or performance offered by one party to another. Although the process may be tied to a physical product, the performance is essentially intangible and does not normally result in ownership of any of the factors of production"

"Service are economic activities that create value and provide benefits for customers at specific times and places, as a result of bringing about a desired change in or on behalf of the recipient of the service" Without good quality of services practiced, they will not be able to perform their work effectively. Therefore, Service can be simply defined as deeds, processes and performances (Parasuraman *et al*., 1985).

Bolton and Drew (1991); and Oliver (1980) defined customers' service quality as the difference between the actual service performance and their expectations. Similar to Bolton and Drew (1991); and Oliver (1980), Parasuraman *et al.* (1988: p19) characterized perceived service quality as "the degree and direction of discrepancy between customers' perceptions and expectations".

The services marketing literature reveals that "service quality has been variously defined as focusing on meeting needs and requirements, and how well the service delivered matches customers' expectations" (Lewis 1993: p 22). They also proposed that "service quality is a global consumer judgment or attitude, relating to service and results from comparisons by consumers expectations of service with their perception of actual service performance" (Lewis, 1991; p 53). Service quality is the distinction between consumers' expectations for service performance and their perceptions of the service received. Zeithaml and Bitner (1996, p 45) defined perceived service quality as the judgment of a customer about the overall excellence or superiority of a product or service. They also defined service quality as, "the delivery of excellent or superior] service relative to customer expectations".

Cronin and Taylor (1992) and Brown and Swartz (1989) cited that customer satisfaction and service quality are distinct but interrelated concept but this relationship is not clear. Therefore, it is undeniable that there are certain banks that can do their work faster than others, but the number of these banks is still small.

The study in banking sector by Parasuraman *et al.* (1985, p44) stated that "customers' perceptions of quality are influenced by various gaps which lead to service quality shortfalls and, in particular, that the quality perceived in a service is a function of the gap between customers' desires/expectations and their perceptions of the service that is actually received". Supporting this definition, Lewis (1991) proposed that service quality is a measure of how well the service delivered meets customers' expectations of a product and service.

Many of the research on service quality have been carried out within the framework of the service quality model developed by the extensive research of Parasuraman *et al*. (1985; 1988; 1991).

All of the above magnitudes of service quality are applicable in other service oriented sectors along with banking sector. Most of the services (withdrawal of cash, preparing statements etc.) of a bank are now technology oriented. The quality of banking services also depends on the inter-personal interactions (functional dimensions) between the customers and the employees of the bank. For example, when a cashier addresses a customer in a familiar way, speaks to him/her in a professional manner and his/her transaction is completed as efficiently and quickly as possible, the customer is generally satisfied with the behavior and services offered by the cashier. Service quality of a bank sometimes depends on the corporate image dimensions, such as, reputation as an employer, approach to social responsibility issues etc. Parasuraman *et al.* (1985) identified ten dimensions of service quality (e.g. credibility, security, accessibility, communication, understanding the consumer, tangibles, reliability, responsiveness, competence and courtesy). In subsequent research, however, Parasuraman *et al.* (1988) consolidated the above ten dimensions into five broad dimensions that are shown along with their definitions in table 1.

**Table: 1 Five Broad dimensions of service quality**

| Dimension | Definition |
|---|---|
| Tangibles | Appearance of physical facilities, equipments, personnel and communication materials |
| Reliability | Ability to perform the promised service dependably and accurately. |
| Responsiveness | Willingness to help customers and provide prompt service |
| Assurance | Knowledge and courtesy of employees and their ability to convey trust and confidence |
| Empathy | The firm provides care; individualized attention to its customers |

Source: Parasuraman (1988)

**Literature Review:**

1. **Rajyalakshmi Nittala and Vijaya Kameswari (2011)** studied the perceptions of customers of State Bank of India regarding the various services provided to them by the bank, in Visakhapatnam city with the main objective to identify and discriminate the satisfied customers from the not satisfied customers. It concluded that the response given to variables customer enquiries, patience of employees towards the customer, handling of complaints, training of employees, Parking facility, Guidance signs showing various counters, Provision of locker facility, Relevance of information being provided, and Performance of banking services appear to be important constructs in the satisfaction context.

2. **A.Ananth, R.Ramesh and B.Prabaharan (2011)** in their study indicated that Banks have to understand the changing needs of customers, their aspirations and expectations to create value. Also, Banks should have a strong customer relationship management system that would indicate the worth of the customer and be able to understand his needs, so as to cross sell their products. The new generation private sector banks and foreign banks enjoy a lead with regard to human resource when compared to PSBs and old generation private sector banks. The study emphasized that the employees need up gradation in skills so as to make them more comfortable with the latest

technology that will increase their comfort level while educating customers to use the same in their day to day dealings. The study suggested that Banks may follow a feedback system to know the customer expectations for improving the level of customer satisfaction to maximum level and remarks on service reliability should be continuously obtained from customers which will enhance their service quality to a large extent.

3. **R. Magesh (2010)** in his study revealed that the banks seemed to have performed better in case of 'Responsiveness' 'Reliability' and 'Empathy' than in other dimensions. Poor scores on tangibles and assurance clearly depict how unimportance had the bank attributed to the infrastructure of the bank and its department which requires improvement at vast level. The study suggested that though the satisfaction level of service being offered is at a acceptable level, the organization has to keep abreast in an ever changing environment to be competent by identifying strengths and weaknesses pertaining to the dimensions of service quality and by better allocation of resources to provide better service. The results concluded that the performance delivery with respect to the banks has to be enhanced to leverage and improvise the level of service quality dimensions.

4. **Mohammed Hossain and Shirley Leo (2009)** in their study indicated that the highest customers' perceptions are demonstrated in the tangibles area such as infrastructure facilities of the bank, followed by the empathy area such as timing of the bank and returns on deposit. On the other hand, the lowest perceptions are in the competence area, such as the method of imposing service charges followed by reliability, such as customers' guidance and concluded that to be successful, retail banks must provide service to their customers that meets or exceeds their expectations.

5. **Okan Veli Şafakli (2007)** stated that when quality dimensions are considered, the largest discrepancy between expectations and perceptions of SMEs was in terms of the "empathy" dimension. Hence, customer dissatisfaction occurs and opportunities of which "empathy" dimension comes first arise for better meeting customer expectations. Furthermore, highest and lowest relative importance assigned to quality dimensions belong to "reliability" and "empathy" respectively. However, when the weights assigned to quality dimensions are considered highest negative SERVQUAL score is carried by reliability. The study pointed out that commercial banks service quality should be functional rather than technical issue and suggested that especially for reliability dimension commercial banks should be more female oriented than male. And that it can easily fill the gap and meet service expectations of SMEs by only increasing their customer orientation.

6. **Ravichandran K., Prabhakaran S. and Arun Kumar S. (2010)** revealed a high degree of concordance between the various items of servqual items which in turn speaks of service quality delivery. Banks may attempt to reposition itself by restructuring its service delivery system to enhance the Servqual items in the areas of service quality. Dimensions of Servqual items such as solving the customer problems, service delivery on time, quick response to customer request, safe transactions, personal attention and understanding the needs of the customer appear to be fertile areas for future inquiry.

7. **Uma Sankar Mishra, Bibhuti Bhusan Mishra, Saroj Kanta Biswal, Bidhu Bhusan Mishra (2010)** found out the reasons for customers' satisfaction or dissatisfaction at business potentiality as evaluated by bankers. When the private banks are compared with public sector banks, all the private banks have excellent locations from business point of view compared to public banks. Getting high value customers or more business from the existing customers is being adapted as the

major strategies by the public sector banks, which is not true in case of private sector banks. For providing better service to customers proper training should be given to the staff by the banks. The rate of vanishing customers is higher in case of urban large-sized public sector banks. The more attractive private banks are able to attract new customers. Public sector banks invest and concentrate more on staff development where as private sector gives more priority on infrastructural aspects. Rigid policy of public banks creates more dissatisfaction among the customers while for private banks mostly the value of service is the key factor of dissatisfaction.

8. **Ushad Subadar Agathee (2010)** assessed customers' general expectation and perception towards the current performance of bankers in terms of their services offered. The result showed a huge gap for reliability and responsiveness, implying that the customers are not satisfied with the willingness or readiness of employees to provide service as well as with the banks' ability to perform the promised service in a timely manner and with accuracy. However, high scores and lowest gaps were noted for tangibles, indicating that customers are generally satisfied with the banks' physical facilities, equipment and appearance of personnel. Thus, the results of this study underscore the need for bankers to gear customer service and quality improvement efforts towards components of reliability and responsiveness.

9. **Uma Sankar Mishra, Kalyan Kumar Sahoo, Satyakama Mishra, Sujit Kumar Patra (2010)** in their study tried to know whether the banks are at, above or below the perceptions of their respective customers. And the analysis revealed that there exists a small perceptual difference among customers regarding overall service quality with their respective banks. The expectations exceeding performances are clearly visible with Indian banks. However, the results of principal component analysis indicate that though the dimensions suggested in the model are comparable with the sample results, but the contents of the factors are different. The respondents of both the banks mostly focus on people (staffs of the banks) factor for improving customer satisfaction; while the banks are focusing on tangible factors such as computerization, ATMs, etc. to attract customers.

**Profile Of Respondents:**

On the basis of the age of customers, they are classified into youngsters and elders whereas on the basis of the level of education, they are grouped into highly and lesser educated. One the basis of the nature of income, they are divided into fixed and flexible income groups.

**Table: 2 Profile of respondents**

| Factor | Category | Percent |
|---|---|---|
| Age | Elders | 41.20 |
| | Youngsters | 58.80 |
| | **Total** | **100.00** |
| Education | Highly Educated | 33.6 |
| | Lesser Educated | 66.4 |
| | **Total** | **100** |
| Income | Fixed Income | 61.2 |
| | Flexible Income | 38.8 |
| | **Total** | **100** |

Source: Primary data

As can be seen in the table, sample assessing the service quality of banks included more youngsters (58.8 percent) than elders (41.2), majority of them are lesser educated (66.4 percent) than the other category, higher educated (33.6) and more fixed income group (61.2 percent) than flexible income group (38.8 percent) category.

**Analysis And Interpretation:**

**Table: 3 Descriptive statistics of customers' perception on service quality of Banks**

| No. | Parameters | Mean score | SD | Coefficient of variance | Cronbach's alpha value |
|---|---|---|---|---|---|
| **i** | **Tangibles** | | | | |
| 1 | Modern Looking Equipment | 3.97 (3) | 1.01 | 25.40 | 0.952 |
| 2 | visually appealing materials associated with the service | 3.88 (5) | 0.8908 | 22.96 | |
| 3 | visually appealing facilities | 3.73 (10) | 1.0761 | 28.86 | |
| 4 | Convenient Business hours | 3.64 (15) | 0.9329 | 25.63 | |
| 5 | convenient branch location | 3.70 (12) | 1.1287 | 30.50 | |
| 6 | employees who have a neat, professional appearance | 3.39 (22) | 1.0646 | 31.42 | |
| **ii** | **Reliability** | | | | |
| 7 | Maintain Error Free records | 4.18 (1) | 0.9484 | 22.69 | 0.923 |
| 8 | performing services right the first time | 3.82 (7) | 1.0005 | 26.16 | |
| 9 | Provide service as promised | 3.45 (19) | 1.0467 | 30.32 | |
| 10 | dependability in handling customers' problems | 3.56 (16) | 1.0032 | 28.17 | |
| 11 | providing services at the promised time | 3.42 (20) | 1.0140 | 29.61 | |
| 12 | keeping customers informed about when the services will be performed | 3.80 (8) | 1.0028 | 26.36 | |
| **iii** | **Responsiveness** | | | | |
| 13 | Prompt Service to Customers | 3.68 (13) | 1.0628 | 28.88 | 0.771 |
| 14 | willingness of Employees to help customers | 3.97 (3) | 1.0616 | 26.75 | |
| 15 | Readiness to respond to customers' request | 3.48 (18) | 0.9431 | 27.13 | |
| **iv** | **Assurance** | | | | |
| 16 | making customers feel safe in their transactions | 4.10 (2) | 0.8431 | 20.58 | 0.836 |
| 17 | employees who instill confidence in their customers | 3.53 (17) | 0.9763 | 27.67 | |
| 18 | employees who are consistently courteous | 3.73 (10) | 1.0752 | 28.81 | |
| 19 | employees who have the knowledge to answer customers' questions | 3.66 (14) | 1.1023 | 30.08 | |
| **v** | **Empathy** | | | | |
| 20 | employees who understand the needs of their customers | 3.41 (21) | 1.1001 | 32.24 | 0.873 |
| 21 | giving customers individual attention | 3.39 (22) | 1.0071 | 29.69 | |
| 22 | having customer's best interest at heart | 3.75 (9) | 1.1360 | 30.28 | |
| 23 | employees who deal with customers in a caring fashion | 3.86 (6) | 1.0785 | 27.97 | |

Source: Primary data
Note: The number within the parentheses indicates the rank of mean score
Parameters with Mean > 3.85 was considered to be highly satisfied whereas Mean = 3.55 to 3.85 implies moderate satisfaction and Mean < 3.55 was considered to be highly dissatisfied.
From the above table, the highest score on perceptions is parameter 7, 'Maintain error free records'. The mean score of this parameter is 4.18 with standard deviation of 0.9484 and also coefficient of variance is 27.13 by which it is inferred that the customers are highly satisfied by the way the banks maintaining the records. Parameter 16, 'Making customers feel safe in their transactions' holds the second rank with mean score 4.10, Parameter 1 'Modern looking equipment' and parameter 14 'Willingness of employees to help customers' ranked third with mean score 3.97. Parameter 2, 'Visually appealing materials associated with the service' and parameter 23, 'employees who deal with customers in a caring fashion' ranked fifth and sixth with mean score 3.88 and 3.86 respectively. The results indicate that customers' perception is positive regarding the above mentioned services provided by the banks.
Services which are less significant are parameter 8, 'performing services right the first time' (3.82), parameter 12, keeping customers informed about when the services will be performed (3.80), parameter 22, having customer's best interest at heart (3.75), parameter 18, employees who are consistently courteous and parameter 3, visually appealing facilities (3.73), parameter 5, convenient branch location (3.70), parameter 13, Prompt Service to Customers (3.68), parameter 19, employees who have the knowledge to answer customers' questions (3.66), parameter 4, Convenient Business hours (3.64) and parameter 10, dependability in handling customers' problems (3.56). Customers are moderately satisfied with the above services.
Services which ought to be considered highly critical and improvement of services on those factors are required in parameter 17, employees who instill confidence in their customers (3.53), parameter 15 Readiness to respond to customers' request (3.48), parameter 9, Provide service as promised (3.45), parameter 11, providing services at the promised time (3.42), parameter 20, employees who understand the needs of their customers (3.41), and parameters 6 and 21, employees who have a neat, professional appearance (3.39), giving customers individual attention (3.39). It seems that customers' perception in these cases is very unsatisfactory and banks should give attention to these issues.

**Perception On Service Quality On Various Demographic Factors**

Since the customers profile may have its own role in the perception on service quality factors in retail banking, the present study has made an attempt to analyze the level of perception on all the five dimensions namely tangibles, reliability, responsiveness, assurance and empathy on various demographic factors.

Student's t-test was used to assess the effect of demographic factors on service quality in the banking sector. The hypothesis is as follows;
Ho: Demographic factors have no influence on customers' perceptions on various dimensions of service quality.
H1: Demographic factors have influence on customers' perceptions on various dimensions of service quality.

**Table: 4 Result of t-test of Age and customer perception on service quality**

| Dimensions | Age | n | Mean | SD | t -value | p-value |
|---|---|---|---|---|---|---|
| Tangibles | Elders | 103 | 3.21359 | 1.16294 | -0.1182 | 0.9060 |
| | Youngsters | 147 | 3.23129 | 1.16682 | | |
| Reliability | Elders | 103 | 2.99029 | 1.27719 | -0.3723 | 0.7100 |
| | Youngsters | 147 | 3.04762 | 1.13888 | | |
| Responsiveness | Elders | 103 | 3.00971 | 1.11037 | -0.3131 | 0.7545 |
| | Youngsters | 147 | 3.05442 | 1.11137 | | |
| Assurance | Elders | 103 | 3.55340 | 1.02140 | -0.6529 | 0.5144 |
| | Youngsters | 147 | 3.63946 | 1.02980 | | |
| Empathy | Elders | 103 | 3.58252 | 0.83726 | -0.7087 | 0.4792 |
| | Youngsters | 147 | 3.68027 | 1.21211 | | |

Source: Primary data

From the above table, it is inferred that the youngsters perceived more on the tangible service quality of banks since their respective mean (3.23129) is greater than the mean score among elders. The same trend is noticed in the other service quality factors.

'T'-test results shows that elders and youngsters do not differ significantly with respect to tangibles (t= -0.1182, p>0.005), reliability (t=-0.3723, p>0.005), responsiveness (t=-0.03131, p>0.005), assurance (t= -0.6529, p>0.005), empathy (t= -0.7087, p>0.005) at 0.005% level of significance. Hence the null hypothesis is accepted and the alternative hypothesis is rejected. It means that both elders and youngsters have similar attitude on various dimensions of service quality.

**Table: 5 Result of t-test of Education and customer perception on service quality**

| Dimensions | Education | n | Mean | SD | t -value | p-value |
|---|---|---|---|---|---|---|
| Tangibles | Higher Educated | 84 | 3.60714 | 0.95141 | -0.5281 | 0.5979 |
| | Lesser Educated | 166 | 3.67470 | 0.95827 | | |
| Reliability | Higher Educated | 84 | 3.63095 | 0.97321 | -0.0565 | 0.9545 |
| | Lesser Educated | 166 | 3.63855 | 1.01884 | | |
| Responsiveness | Higher Educated | 84 | 3.30952 | 1.04627 | -0.0262 | 0.9791 |
| | Lesser | 166 | 3.31325 | 1.05771 | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| | Educated | | | | | |
| Assurance | Higher Educated | 84 | 3.07143 | 1.07776 | -0.0846 | 0.9326 |
| | Lesser Educated | 166 | 3.08434 | 1.16892 | | |
| Empathy | Higher Educated | 84 | 3.04762 | 1.04545 | -1.8464 | 0.6603 |
| | Lesser Educated | 166 | 3.31928 | 1.12496 | | |

Source: Primary data

From the above table, it is inferred that, that lesser educated customers perceived more on the tangible service quality of banks since their respective mean (3.67470) is greater than the mean score among higher educated customers. The same trend is noticed in the other service quality factors.

'T'-test result shows that higher educated and lesser educated customers do not differ significantly with respect to tangibles (t= -0.5281, p>0.005), reliability (t=-0.0565, p>0.005), responsiveness (t= -0.0262, p>0.005), assurance (t= -0.0846, p>0.005), empathy (t= -1.8464, p>0.005) at 0.005% level of significance. Hence the null hypothesis is accepted and the alternative hypothesis is rejected. It means that both higher educated and lesser educated customers have similar attitude on various dimensions of service quality.

**Table: 6 Result of t-test of Income and customer perception on service quality**

| Dimensions | Income | n | Mean | SD | t -value | p-value |
|---|---|---|---|---|---|---|
| Tangibles | Fixed Income Group | 153 | 3.46405 | 1.31371 | 2.6878 | 0.0077* |
| | Flexible Income Group | 97 | 3.02062 | 1.20120 | | |
| Reliability | Fixed Income Group | 153 | 3.58160 | 1.36537 | 2.1601 | 0.0317* |
| | Flexible Income Group | 97 | 3.20260 | 1.33019 | | |
| Responsiveness | Fixed Income Group | 153 | 3.35948 | 1.37491 | 2.2684 | 0.0242* |
| | Flexible Income Group | 97 | 2.958763 | 1.33866 | | |
| Assurance | Fixed Income Group | 153 | 3.52288 | 1.29899 | 2.2243 | 0.0270* |
| | Flexible Income Group | 97 | 3.15464 | 1.23806 | | |
| Empathy | Fixed Income Group | 153 | 3.26797 | 1.27319 | 2.8314 | 0.0050* |
| | Flexible Income Group | 97 | 2.81443 | 1.16946 | | |

*Significant at 0.005% level of significance (p<0.005)

From the results of the above table, it is inferred that, among the fixed income groups, the higher perceptions on the service quality factors have been noticed than the flexible income groups. 'T'-test results shows that fixed income and flexible income group of customers differ significantly with respect to tangibles (t= 2.6878, p<0.005), reliability (t=2.1601, p<0.005), responsiveness (t= 2.2684, p<0.005), assurance (t= 2.2243, p<0.005), empathy (t= 2.8314, p<0.005) at 0.005% level of significance. Hence the null hypothesis is rejected and the alternative hypothesis is accepted. It means that fixed income group and flexible income group of customers differ in their opinion on various dimensions of service quality.

**Implications:**

Identification of the relative importance of the service quality dimensions given by the customers and the less valued services by the customers should be the right point to start. In this study rating of mean scores was used to find out the least valued (perceived) dimensions by the customers. The study revealed that majority of the customers has least valued (perceived) the empathy. Among the factors, 'giving customers individual attention' was rated the least by the customers followed by 'employees who understand the needs of their customers' which clearly depict how unimportance had the bank attributed to these parameters. Similar to empathy, on the reliability dimension, customers rated least on 'services provided at the promised time' followed by 'service provided as promised' which imply the need to ensure maximum guaranteed service to customers, else it shall lead to a poor performance and create a sense of undependable among customers. Also it is evident from the analysis that the customers expect the employees to be more neatly and professionally dressed.

The study also disclosed that there are no age and education differences across all dimensions of service quality. However, perceptions across income groups were observed for the five dimensions of service quality. In particular, that flexible income group is most likely to be less satisfied across all dimension of service quality. On the whole the banks seemed to have performed better with high scores for assurance indicating that customers are generally satisfied with the Knowledge and courtesy of employees even though they are unhappy with the way the employees implanting confidence in them followed by tangibles signifying customers satisfaction with regard to appearance of physical facilities, equipments, personnel and communication materials. Thus, the results of this study underscore the need for bankers to gear customer service and quality improvement an effort towards components of empathy and reliability while strong attributes should be enhanced by the banks.

**Conclusion:**

Despite service quality being a key attrition lever, efforts by banks to improve the quality of service they deliver have not yet resulted in improved customer perceptions. The Banking industry needs to be agile to meet ever increasing and ever more demanding customer needs and that they maintain strong relationships with their customers. Banks that can offer the growing ranks of discerning customers with a high quality service, while being personalized and competitively priced, will be the ones that succeed with the benefit of considerable expansion opportunities in these new economies. In the wake of the credit crisis, retail banks need to continually review their strategies, business models and routes to market to ensure that they are responding to customer expectations. Across the local retail banking markets, regardless of the differing challenges, banks will need to adopt a swift approach to meet the pace of change. Enhancing the customer experience is now a crucial component of attracting and retaining customers in order to grow and protect a profitable business.

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