SERVICE QUALITY OF BANKS: PERCEPTION OF CUSTOMERS OF TIER 2 CITIES

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ABSTRACT

Customer retention has become a Herculean task in today's turbulent business environment The situation has often been compared with a bucket in which water is being filled but the problem is that the bucket has got a hole in the bottom, thus although the bucket is getting filled, water is percolating out as well. The condition is even more difficult in service sector, where the main driver of customer retention, quality is hard to define and measure. India has witnessed many changes in last few decades. Opening of economy was one such turning point in history of India. It affected one and all; banking sector was too not an exception. While a number of opportunities were thrown open to banks, in form of flexibility and freedom from government interference, many challenges also arose, which required to be addressed tactfully. One such challenge is to attract and retain the customers. The availability of a number of choices and ease of switching over adds to the challenges before banks. Another remarkable phenomenon was emergence of tier 2 and tier 3 cities as centre of economic activity. Despite vast expansion of banking network, banking penetration still remains relatively low. Therefore in order to penetrate the Indian market banks needs to explore tier 2 and tier 3 cities. Although there is ample of studies on banks located in Tier 1 cities, there seems to be dearth of such studies in tier 2 and tier 3 cities. The research paper is an attempt in this direction whereby the perception of service quality of banks is explored amongst the customers of a tier 2 city, Lucknow.

Key Words: service quality, Tier 2 city, banking sector, CRM, factor analysis.

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INTRODUCTION

The era of liberalization, privatization and globalization ushered in 1990's has brought sea changes in the banking industry. While on one hand banks today enjoys a greater degree of freedom of choice and non interference from government control, there is tremendous pressure of increased competition, on the other. The middle class population in India is going to increase by about 12 times during 2005-2025, fuelling consumption demand. With the increase in the disposable income of the population, banking transactions would increase manifolds. The growing low and middle class would provide huge opportunities for banks as more and more people would avail bank loans, especially in the housing sector. While on one hand demand for credit amongst low and middle income group would increase, the rich households would also accumulate wealth and present a lot of scope for wealth management. Thus the demand for banking services would increase across various customer segments.

The customers of today are exposed to a lifestyle remarkably different from that of their earlier generations. The advent of technology, availability of a number of choices and fast pace of life has made gradual but significant effects on customers' perceptions and expectations. It has become very difficult to understand the mindset of the customers because they tend to change their opinion quite often. However in order to succeed in business, it is imperative to understand them, because the business would be driven by them in future. Thus it is important for banks to understand their customers.

OVERVIEW OF LITERATURE

As revealed by many research studies, service quality leads to customer satisfaction and customer loyalty. It has also been indicated in various studies that there is deep connection between image, perceived quality, satisfaction, commitment and loyalty (Veloutsou et al. 2004).
According to Portela & Thanassolis, (2006), there is dearth of empirical studies on relationship between service quality and customer loyalty in banking sector. There is lack of studies on bank branches efficiency as well. The banking sector has undergone tremendous changes in the last few decades, the present studies fails to consider the changing role of bank branches in today's times. 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 retention is a major concern for business organizations. Customer retention emanates from customer loyalty for which it becomes essential for banks to provide excellence in service quality (Ehigie, 2006). The customer of today is highly informed, demanding and enjoys the luxury of innumerable choices. All these factors add to

the pressure on the banking sector to continuously improvise their level of service quality. The highly competitive environment makes it mandatory for banks to chalk out their strategies that will allow them to stand out in the clutter of various banks. This is possible through providing high service quality. The practice of excellent service quality has been proven that customer satisfaction will significantly lead to customer loyalty (Caruana et al., 2000; Caruana, 2002).

The multiple goals of achieving customer satisfaction, customer loyalty, market share, financial performance and profitability can be achieved by offering high service quality. The rising competition and the volatile market environment has made customer satisfaction the focal point. Not only attracting new customers but retaining them too has become indispensable for banks to survive in today's highly competitive environment. In the specific case of banking and insurance industries, relationship marketing is becoming increasingly important. Competition is driving banks concentrate more efforts and focus on retaining existing customers rather than attracting new customers. With this view, banks are trying to build more effective and efficient relationships with their customers. Although the relationship between a financial services firm and its customers was historically contractual and continuous (Adamson et al., 2003), generating customer value through relationships has become a common practice to increase and maintain business in the last few years. Walsh et al. (2004) state:
". . .contemporary retail-bank marketing activity can involve a mix of both transaction- and relationship-marketing objectives with organizations having to balance both approaches in an effort to achieve diverse objectives....."

Customer relationship management has become the buzzword in the marketing literature. Reichheld (1996) suggests that companies should empathize with their customers and try to build long term relationships with their most profitable customers instead of focusing on acquiring new customers. Of late, the organizations across the various verticals are becoming service oriented and terms like interactivity, integration, customization, and co-production have become common words in their day to day parlance. (Vargo and Lusch, 2004). Improvising on the scale of customer perceived service quality prove to be beneficial in two ways, as it increases profits through revenue expansion, and at the same time the improvement of the efficiency of internal processes increases profits through cost reduction (Rust et al., 2002). In the context of financial services, several works have emphasized the relevance of service quality (Newman, 2001; Sureshchandar et al., 2003; Akamavi, 2005). Ndubisi and Wah (2005) have identified five factors: competence, commitment, communication, conflict handling and trust as the primary factors based upon which customers forms opinion about their relationship with the bank. Gounaris et al. (2003) has also indicated that personal relationships have a direct influence on customers' perceptions regarding the bank's reliability.

Increasing competition in the banking sector in the past few years has compelled banks to recognize the importance of service quality and the role that it plays in enhancing customer satisfaction. (Yavas et. al, 2004). The regulatory, structural and technological environment has undergone sea changes during past two decades (Angur et al., 1999). As competition would scale up, service quality would emerge as a major concern for the banking institutions and be in limelight of services marketing literature and practice (Lasser et al., 2000). The interest is primarily because of the fact that high service quality leads to customer satisfaction and loyalty, greater propensity to generate referral sales, reduction in complaints and improved customer retention rates (Levesque and McDougall, 1996). There has been a number of research works to quantify the impact of customer-perceived quality on performance in recent years (Heskett et al., 1997; Rust et al., 2002). There is an ample amount of work on traditional service quality outcomes in which face-to-face interaction between customers and employees was the primary focus. Recently, however, technology has changed tremendously the way in which service is delivered (Dabholkar and Bagozzi, 2002, Bitner, Brown and Meueter, 2000). Increasing awareness about technology, and the convenience with which the customer are adapting to the new automated channels of service delivery , has changed the way retail banks would interact and develop a close relationship with their customers (Mols, 2000).Hence it becomes essential to study service quality from this perspective as well.

Researchers have pointed out in the banking literature that attracting new customers is costlier for banks to than retaining their existing customers (Schneider et al., 1998; Spechler, 1988). Service quality has been identified as one of the important factors for a financial organization for customer retention (Ennew and Binks, 1996). In its pursuit to maintain competitive advantage in the banking industry and keep existing customers, it is critical for banks to constantly improve their service quality (Avkiran, 1994). Jamal and Nasser (2002) studied the impact of the service quality dimensions on bank customer satisfaction. Their survey study shows that the factors related to service quality directly as well as indirectly have a positive impact on customer satisfaction, and they conclude that service quality leads to customer satisfaction. Lassar, Manolis, and Winsor (2000) examine the effects of service quality on private sector bank customers and suggest that the technical and functional dimensions of service quality predicts the level of customer satisfaction in a better way than most of the SERVQUAL dimensions.

Yavas et al. (1997) studied the bank customers in Turkey. The authors investigated the relationships between service quality, and customer satisfaction, complaint behavior and commitment, and conclude that service quality leads to customer satisfaction.
A key study benchmarking the strategies of leading retail banks was carried out by the Bank Administration Institute (Roth and Van der Velde, 1992). This study was

based on the observations made by the heads of retail banking at all US commercial banks. The study revealed the role of marketing, operations, organizational structure, and human resource management in achieving excellence. Based on these findings service management formulated a strategy in form of the triad which links operational capabilities, service quality and performance (C-SQ-P) Roth and Jackson (1995). The C-SQ-P triad is actually a focused view of the service-profit chain described earlier by Heskett et al. (1994), based on their analysis of successful service organizations. These researches have aided the academicians in developing a complete and accurate view of the links between the services provided by an organization and its bottom line, which is, profits.

Ennew and Binks (1999 studied the relationship between the level of participation of bank customers (small business segment) and the same of the employees of the bank in the delivery of the services. The authors have followed the research outcome of Gronroos (1984) and viewed service quality from a functional and technical perspective. Since a number of bank services involve personal interactions, therefore, researchers suggested that the interaction quality (the relationships between bank service staff and bank customers during service delivery) is an important factor which affects customers' evaluation of service quality (Ennew and Binks, 1999; McDougall et. al, 1994).

Dimensions such as perceived price, core product, staff knowledge, advice offered, efficiency in operation and accessibility also affects the service quality perceptions of consumers (Ennew and Binks, 1999). Ojasalo (2003) finds that the interactions during the service process have an effect on customers' perceptions of service quality. Further Ko and Pastore (2005) too has stressed upon the importance of interaction quality as services are produced and consumed simultaneously. Bitner (1992) coined the word "servicescape" which he has used to describe the tangibles and nonhuman factors that constitute the environment in which the customer receives the service. Bitner (1992) demonstrates that the servicescape has a significant impact on customers' perceptions of overall service quality. Many other marketing researchers have also studied about the physical environment, or non-human factors, that affect the customers' perceptions of service quality (Brady and Cronin, 2001). In the banking sector, LeBlanc and Nguyen's (1988) study shows that the physical environment quality has a large impact on perceived service quality. Howcroft (1993) identifies five important service quality dimensions for banks with the surrounding environment as one of the important dimensions used to measure overall service quality.

McDougall, Gordon, Levesque, and Terrence (1994) describe outcome quality as the precision with which service was performed, that is determined by: the skills and knowledge of the employees, the capability of the organization and its employees to live up to their promises with customers, and the capability of the employees to

tackle problems when they occur. In the context of the banking industry, outcome quality is considered a crucial aspect for bank service quality evaluation (LeBlanc and Nguyen, 1988; Lewis, 1991). McDougall and Levesque (1994) mention that bank service quality is a result of three underlying dimensions: processes, outcomes, and the tangibles. Blanchard and Galloway (1994) in their study of service quality in the United Kingdom retail banking industry conceptualize service quality using three criterions related to the process/outcome perspective, the subjective/ objective perspective and the soft/hard perspective.

The global economy and business environment has gone through a major reshuffle in last few years, and one of the key factors responsible for it is advancement in information technology and network systems. (Qureshi et al., 2008). Development in information technology has made banking much easier and as a result of it business between a client and the bank has increased manifolds. (Booz et al., 1997). Technological innovations saves time saving and enhance service quality for bank customers (Qureshi et al., 2008). In order to remain competitive, banks are increasing their technology-based service options to traditional services to their consumers (Al-Hawari et al., 2005; Fitzsimmons and Fitzsimmons, 1997). Herington and Weaven (2007) study bank e-service quality and collect data from 200 Australian respondents who regularly used internet banking. The results show that personal needs, internet site organization, user-friendliness of the site, and site efficiency as the most significant factors that influence bank customers' e-service quality perceptions.

There are a number of studies that supports the proposition that service quality perceptions are an important determinant of bank loyalty; see for example, Ennew and Binks (1996) ,Beerli et al. (2004) and Lam and Burton (2006). These studies argue that the delivery of excellent bank service influences a customer's choice of bank. In short, a bank that offers superior service in comparison to its competitors gives customers a valid reason to select and enter into a long term relationship with a bank. Whereas on the other hand a bank that is poor in its service is unlikely to attract or retain customers (Ennew & Binks, 1996). In his research Athanassopoulos (1997) developed an efficiency benchmarking method for linking service quality with profits and tests his method on a sample of retail bank branches. His work which was based on the premise that efficient performance of service is dependent on multiple factors provides better insight into the subject, rather than studies which dealt with service-profit chain through one perspective only. For example, Athanassopoulos demonstrates that bank branches works more efficiently if attempts are made improvise upon service quality.

It is a widely accepted belief that quality iincreases profit performance. For example, Schoeffler, Buzzel, and Heany (1974) measured a positive effect of product quality

on the return on investment for 57 corporations with 620 diverse business units. Quality is equally if not more important in service sector. The Bank Administration Institute project (Roth and van der Velde 1991) indicated customer-perceived quality as the driver of retail banking in the 1990s.The service-profit chain of Heskett et al. (1994) makes it further clear that quality plays a major role in operational aspects of a service organization. Heskett et al. put forward the logic that profit and growth are outcome of customer loyalty; loyalty comes from customer satisfaction; satisfaction is driven by the value of services provided to customers; value is created by productive employees who keep a check on the quality of the end product and minimizes the cost of production; employee satisfaction is necessary to enhance their productivity for which it is essential to equip employees with high-quality support services and policies so that they may deliver results to customers. While this service-profit chain is too simplistic and lacks empirical validation, it does provide the blueprint for developing efficiency benchmarking models. The importance of achieving high levels of quality has been discussed extensively in the literature, especially when dealing with the service industry, (Zeithamel et. al, 1990). Service quality (SQ) is considered by many as the tool to gaining competitive advantage. There are number of studies which indicate the importance of service quality for the Banking industry.

OBJECTIVE 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. The way banking transactions are performed has gone a sea change in last two decades. The expectations of first time account holder of today are very different from those of yesteryears. A few of the changes affecting service quality are listed below. The following trends may be predicted for the future:

• Availability of a number of banks and ease of switching over from one bank to another would gradually erode customer loyalty.

• Banking through internet, mobile phones would become more popular, thus increasing the number of customer touch points, which would complicate service quality even further.

• A lot of data would become available to bank through information technology. The winner would be one who would use this data efficiently and effectively.

• Cookie cutter strategy would not work; the customer who would become accustomed to personalization in all spheres of life would seek same from the banks.

• With digital money and e-cash becoming more common mode of banking transaction, safety of transaction would require more promptness and vigilance by banks.

Keeping in view the mentioned changes, this research paper tries to get an insight into the minds of the retail banking customers. In India, another trend has been witnessed, and that is, emergence of tier 2 and tier 3 cities as major potential market. ABN AMRO Bank vice-president (retail banking) Nitin Chopra says: "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." Centurion Bank managing director Shailendra Bhandari says his bank relies heavily on word-of-mouth advertising and referral channels. Mr Bhandari rationalizes: "If we please one customer with our products and services, he passes the good word around to 20 other customers. This model especially works in the Tier 2 towns." As impact of relationship marketing is quite high in smaller cities, more research needs to be done using random samples from various banks in such cities to determine the association between relationship marketing strategies and customer perceived service quality. This research paper attempts to study the service quality perception of customers in Lucknow about banking services. Going through the literature review it can be said that relationship marketing can be very beneficial in improving the customer perceived service quality. While a number of researchers agree upon the positive impact of relationship marketing strategy on customer perceived service quality, there are few who differ in their opinion. For example, there are researches that raises question on utility of CRM (Leverin and Liljander 2006). Although a number of studies are conducted to study the perception about service quality of banks in general, there are not many studies specifically targeting young customers. Thus there is need for understanding the requirements and expectations of the customers.

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.
3.   To find out the factors which effect customers' perception of service quality of banks.

Methodology: The methodology adopted for collecting data was that of questionnaire. Questionnaire Method : 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

In order to explore the underlying dimensions of consumer perceptions about various aspects of service quality of banks (as expressed by responses of customers on 34 five-point Likert statements), exploratory factor analysis was performed. The factor analysis results are shown in Tables 1.1-1.3. The results from Table 1.1 shows that value of KMO statistic is very high (0.957) and Bartlett's test of Sphericity is significant (sig =.000), which reveals that data is appropriate for factor analysis. The total variance shown in the Table 1.2, accounted for by all of the four components explains nearly 78.4 per cent of the variability in the original 34 variables (Table 1.2). So, we can reduce the original dataset by using these four components (Eigen values greater than 1 as shown in Table 1.2) with only 21.6 per cent loss of information. The Rotated Component Matrix (using Varimax Rotation with Kaiser Normalization) indicates four factors derived from the 33 variables considered (Table 1.3). The components of each factor have been highlighted in Table 1.4.

Table 1.1: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	00.957

Bartlett's Test of Sphe Approx. Chi-Square
                               df
                               Sig.
	9423.181

Table 1.2:Total Variance Explained

Comp	Initial Eigenvalues			Extraction Sums of Squared Loadi			Rotation Sums of Squared Loadir		
	Total	% of Varian	Cumulative	Total	% of Vari	Cumulative	Total	% of Varia	Cumulative
1	14.030	41.266	41.266	14.030	41.266	41.266	9.605	28.251	28.251
2	7.073	20.804	62.070	7.073	20.804	62.070	7.743	22.772	51.023
3	2.982	8.772	70.842	2.982	8.772	70.842	4.706	13.842	64.866
4	2.560	7.529	78.371	2.560	7.529	78.371	4.592	13.505	78.371
5	0.428	1.260	79.631						
6	0.419	1.232	80.863						
7	0.417	1.226	82.090						
8	0.414	1.218	83.307						
9	0.402	1.183	84.490						
10	0.395	1.162	85.652						
11	0.382	1.124	86.775						
12	0.368	1.081	87.857						
13	0.351	1.033	88.890						
14	0.348	1.023	89.913						
15	0.341	1.003	90.916						
16	0.331	0.974	91.890						
17	0.325	0.956	92.845						
18	0.311	0.914	93.759						
19	0.279	0.822	94.581						
20	0.272	0.800	95.381						
21	0.220	0.646	96.027						
22	0.205	0.603	96.630						
23	0.171	0.503	97.133						
24	0.162	0.475	97.608						
25	0.155	0.455	98.063						
26	0.136	0.401	98.464						
27	0.117	0.344	98.808						
28	0.106	0.312	99.120						
29	0.079	0.231	99.351						
30	0.073	0.214	99.565						
31	0.069	0.202	99.766						
32	0.039	0.116	99.882						
33	0.025	0.074	99.956						
34	0.015	0.044	100.000						

Table1.3: Rotated Component Matrix

	Component			
	1	2	3	4
AMBIENCE	.194	.052	.000	.711
PHYSICAL LAYOUT	.369	.029	-.040	.668
FACILITIES	-.037	.213	.279	.603
LOCATION	.384	.277	.226	.433
PARKING SPACE	.248	.358	.159	.524
LITERATURE	.012	.130	.359	.622
WELL DRESSED	.242	.128	.156	.692
PROMISE KEEPING	.694	.208	.158	.227
FORECASTING	.690	.229	.177	.247
HELPFUL	.689	.114	.281	.246
RESPONSIVE	.596	.278	.362	.289
TRUST	.262	.254	.590	.041
SAFE TRANSACTION	.500	.069	.496	-.015
POLITENESS	.515	.047	.342	.414
PATIENCE	.624	.191	.321	.303
ATTENTION	.195	.204	.667	.221
SATISFY NEEDS	.247	.045	.670	.202
APPROPIATE TECH.	.451	.188	.378	.233
BEST INTEREST	.407	.221	.486	.186
RELEVANT KNOWLEDGI	.608	.408	.306	.137
CONVENIENT OPERATIN HOURS	.124	.343	.570	.143
ACCURATE BANK STAT	.637	.413	.192	.068
ERROR FREE SERVICES	.610	.352	.121	.117
ACCURATE RECORDS	.631	.549	.147	.083
INFORM POLICY CHANC	.524	.488	.185	.187
INFORM NEW PRODUCT	.076	.575	.354	.240
REASSURANCE	.178	.502	.388	.173
APOLOGIZE	.338	.415	.373	.213
SIMPLE PROCEDURE FOI COMPLAINING	.536	.419	.175	.174
ENSURING TIMELY REDRESSAL	.416	.572	.338	.139
24 HRS. ONLINE FACILIT	.341	.708	.026	.092
SAFE ONLINE	.544	.612	.019	.050
MOBILE BANKING SEVIC	.134	.617	.337	.216
ENCOURAGE ELECTRON SERVICES	.234	.634	.133	.098

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.
a Rotation converged in 15 iterations.

Table 1.4 : Factors Defined

FACTOR 1 COMPETENCE	FACTOR 2 PROMPTNESS	FACTOR 3 CUSTOMER ORIENTATION	FACTOR 4 TANGIBLES
Promise keeping (When a bank promises to do something by a certain time, they should do so.)	Information new products (Bank should inform you about the new products)	Trust (You should trust employees of the bank.)	Ambience (The physical facilities of the banks should be visually appealing)
Forecasting (Bank should tell you exactly when services will be performed)	Reassurance(When you have problems, bank should be sympathetic and reassuring)	Attention (Bank should give you individual attention)	Literature (Material and information associated with the service (e.g. promotional brochure) provided by bank should be visually appealing at the counter)
Helpful (The employees of your bank should be always willing to help you)	Apologize (The employees of the bank should make an effort to correct the mistakes and apologize to you.)	Satisfy needs (Bank should satisfy your n and wants)	Parking space (Bank should have enough spaces for customers.)
Responsive (The employees of the bank should always be ready to respond to your requests promptly.)	Redressal (When a complaint is filed; bank should ensure its timely redressal and keep you updated about the status of the complaint)	Best interest (Bank should have your best interest at heart)	Up to date facilities (Banks should be well-equipped with up-to -date facilities e.g. reload/t machine, free WIFI, drinking water etc.)
Safe transaction (You should feel safe in the transactions with your bank's employees)	24 hrs. online (Bank should provide 24 hours access to internet banking services.)	Operating hours (Bank should have operating hours convenient the customers)	Well dressed (Bank's employees should l dressed and appear neat)
Politeness(The employees of your bank should be polite)	Mobile banking (The services of your bank should be easily accessed through the phone.)		Physical layout(Physical layout of equipment and furniture inside the bank should be comfortable for customer interacting with staff and transacting with ease)
Patience (The employees of the bank should listen to your questions and problems with patience)	Electronic services (Bank should encourage electronic services to reduce going to the bank (including ATM machines, terminals sales, internet banking and telephone banking)		Location(Banks should be conveniently located for customers)
Appropriate technology (Bank should not waste your time with using appropriate technology, efficient workforce and avoid duplication)			
Knowledge(Bank staff should have good knowledge and the should provide useful advice.			

Accuracy(Bank statements delivered by bank should be accurate)			
Error free transaction (Bank should insist on error free transactions and records)			
Information policy change (Bank should inform you abou the policy changes)			
Simple complaint procedure (The procedure followed by bank to file a complaint should be simple and hassle free)			

INTERPRETATION

Factor 1: incorporates the variables 8,9,10,11,13,14,11,15,18,20,22,23,25,30. Since all these variables are related to the level of competence associated with the banking operations and the provision of services in the banks, so this dimension can be labeled as 'competence'. Customers want to have error-free and safe transaction, which can be ensured by the competent employees. In order to give relevant advice to the customers and guide them in their investment decisions, the employees must be well versed with financial knowledge. The employees should have capability to use statistical tools to forecast demand and plan out operation likewise; this would speed up the delivery of services to the customers. Since all this require knowledge, skills and smartness of the employees, the factor has been called " COMPETENCE".

Factor 2: consists of the variables 26,27,28,31,32,33,34,35. Since all these variables are related to the level of promptness and readiness with which services are performed, so this dimension can be labeled as 'promptness'. The customer of today has become habitual to quick response to his problems. Availability of services round the clock, fast pace of life and individualistic approach has decreased our patience. Customer wants his demands to be fulfilled at the earliest and in the best possible manner. Since the items included in this factor point towards this tendency of customers, it has been labeled as "PROMPTNESS"

Factor 3: comprises of the variables 12,16,17,19,21. All these variables are related to the philosophy towards its customers i.e. how the service organization sees and treat its customers, the level of importance service organization attach to its customers. It also refers to the desire of the service organization to satisfy its customers and make them happy, so this factor can be labeled as 'customer orientation'. Marketing focus has shifted from being product centric to being customer centric. Customers want to be given individual attention. The products,

policies and processes should be designed keeping in mind the best interest of the customers. As all the items in this factors focuses at customer centricity, this is termed as "CUSTOMER ORIENTATION".

Factor 4: incorporates the variables 1,2,3,4,5,6,7. All these variables refer to the physical facilities, ambience and the atmosphere in which services are provided, so this dimension can be labeled as 'tangible'. The first and the lasting impression of the bank is formed by its looks. The ambience, facilities and atmosphere of the bank should be well in place to attract customers. As the items included in this factor are related with the tangible aspects of the bank, it is called, "TANGIBLES".

DISCUSSION

On analyzing the data, it can be said that expectation of the younger generation from banks are not much different from those of their precedents. However the changing lifestyle and cultural changes have impacted the consumer behavior to a large extent. Banking sector too is not an exception. There are certain expectations which are typical to young generation. The important indicators of the study are discussed below:

1. Not much has changed: The earlier studies have concluded that five factors affect customer's perception of service quality of a bank, these were, tangibles, empathy, reliability, responsiveness, assurance. The present study also support the four factors and they are found to be as relevant today as they were earlier. Of the four factors identified in the study, customer orientation can be said to be related to empathy. Similarly, tangibles continue to be a relevant factor. Thus it can be said that not much has changed as far as expectations of the customers from banking services is concerned.

2. Customer today cannot wait: today's customers have become habitual to instant gratification of their needs. The fast pace of life does not permit them to wait for long period of time. Therefore banks in order to attract and retain customers, banks should emphasize on minimizing the response time and implement processes that cut short the waiting time. The services delivered should not only be quick but accurate as well. the tolerance level of the customers have depreciated a lot, thus he would not pardon the mistakes at all therefore the banks need to be very prompt in delivery of the services.

3. Be proactive, not reactive: the customer today is not as forgiving as the older one. They want things to go on smoothly without any lapse or error. The banks would have to gear up to live up to the expectations of the customers. They need to make their operation flawless so that there is minimal chance of error. The retention of customer is difficult because if things do not go according to them, they do not hesitate to switch over. Banks need to

be proactive in their approach rather than reactive. Banks should realize the requirements of its customers and satisfy them accordingly even before they articulate it.

4.   Technology is the key word: technology has made tremendous impact on all spheres of life; banking is one which has been affected the most. Mobile banking and internet banking are becoming preferred channels of banking amongst customers. The growing popularity of smartphones and availability of internet would make mobile banking even more prevalent. Banks would have to not only upgrade to better technology but think of methods to exploit it to the maximum. Internet banking and mobile banking would throw open plethora of opportunities to the banks, it is up to the capabilities of the banks to harness these to emerge as leaders.

5.   Complaint handling can be a game changer: the new generation is very particular about its recognition. The social networking sites and a number of other platforms are bringing a gradual change in psyche of the customers, because of which they want their voice to be heard. Therefore if they complain, they wish to be given due importance. Improper handling of their complaints can prove to be fatal for the bank. Complaint handling which earlier was not so important factor in banking industry, would gain tremendous importance in days to come.

FUTURE SCOPE

The study conducted studied the perception of the customers about the service quality of the banks. Further study can be conducted to study the quality of service offered by various banks, and how far they meet the expectations of the customers. A comparative analysis of the various banks under different categories, for example, private sector banks and public sector banks can also be carried out. Demographic study to gain an insight into expectations of customers, for example comparison of young customers and older customers, customers belonging to different income groups, and other such studies can be conducted.

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