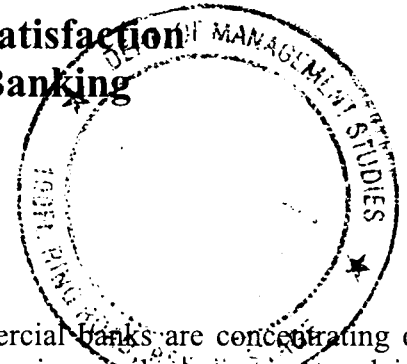


# A Cross-Sectional Study of Customer Satisfaction among Customer Groups in Retail Banking

Surekha Invali



## Abstract

Driven by the impetus of broader and deeper market penetration, commercial banks are concentrating on customer satisfaction through customization of services and relationships. Chasing retail segment is a tough job for bankers as this forms the mass market and the banking services should cater to diverse needs of customer groups. Although, there are a number of studies conducted at different regional levels, they focus on customer satisfaction, service quality expectations and gaps. The present study attempts to fill the gap in the Indian context through a survey of retail banking customers belonging to two commercial banks in public and private sector through an analysis of customer perceived satisfaction among different customer groups. Factor analysis of the data extracts three dimensions of satisfaction- with internal marketing, core facilities and contemporary developments. Analysis of variance tests were done to probe for significant differences in satisfaction among customer groups based on bank group, occupation, financial maturity, region and multiple banking habits. In the short-run, reliability-related attributes should be improved through effective standardized operating procedures, providing up-to-date equipments, employee training and sufficient manpower. In the long run, assurance-related attributes can be transformed through better internal marketing to the employees.

*Key words: Customer groups, customer satisfaction, loyalty, multi-banking*

## Introduction

Across the globe, extreme competition in the financial markets and the growing demand of augmented services have forced banks to adopt a customer-centric approach oriented towards niche customers. Rapid advances in information technology, the evolving macroeconomic environment, financial market reforms, and several micro-level demand and supply side factors are the other driving factors in Indian retail banking (Shyamala Gopinath, 2005). The vast and diverse retail segment is vulnerable to marketing inadequacies as the customer is often highly visible and vocal. Convenience plays the most important role in customers' decision to choose a bank, value is important throughout the relationships cycle and service is the key for expanding the customer relationship. Employee behavior also plays a critical role in determining the level the customer relationship. Employee behavior also plays a critical role in determining the level of service quality that is experienced by customers and their level of satisfaction with the bank and their willingness to remain or defect (Moirra Clark, 2002). The development and sustainability of enthusiasm for employees to be customer oriented requires continuous management support (George, 1990; Varey, 1995), which is enabled through the adoption of a systematic internal marketing (IM) philosophy. Banks are compelled to use the opportunities created

by information technology to add value and flexibility to existing operations to stay ahead. Almost all the banks are fighting the retail battle, with almost similar strategies and insignificant product/value differentiation in order to add value to their retail asset book. If meaningful market programs and plans are to be made and effective marketing strategies are to be developed and implemented, commercial banks must have a comprehensive knowledge of customers' attitudes, perceptions, knowledge structures and behavioral tendencies (Erdener Kaynak, 1999).

The financial services sector in India has undergone drastic changes, resulting in a market place which is characterized by intense competition, more emphasis on multiple-channel development, strategic partnerships between banks and insurance firms or asset management companies, thus engaged in a pursuit to develop better facilities, infrastructures and provide additional benefits for their customers. The fortitude of financial liberalization during the nineties led to competition as banks consequently directed their strategies towards increasing customer satisfaction and loyalty through improved service. Unfortunately, real needs of the customers are often overlooked. The enormous reach of the public sector banks has facilitated the masses an easier access to banking services. On the other hand, the private sector banks through a customer-centric approach are more oriented towards niche customers using high-end technology. Banking upon transformational changes,

the financial institutions in India are focusing on households and the growing middle class as consumers of credit, while successful corporate gain importance as providers of resources (Sambamurthy, 2007).

## Statement of problem

Customer perceived satisfaction depends on the ability of the organization to determine customers' requirements and then meet these requirements. Competition has led to proliferation of products on both asset and liabilities side, as a result the retail banking customers perceived very little difference in the banking products offered by banks as any new offering is quickly matched by competitors. Although many commercial banks have made substantial investments in technology and physical facilities, very little investment has been made on educating the customer groups. Leave alone the rural consumers, the urban populace, including the literate masses, may not be having the financial acumen, technology suaveness and may not be 'financially literate' (Shyamala Gopinath, 2006). Consumer awareness is a major challenge; it must be addressed as a whole (Subba Rao, 2008). Nowadays customers perform business with multiple financial institutions, it is crucial for a bank to retain customers and encourage loyal customers. Deputy Governor of the Apex bank- Reserve Bank of India Leeladhar (2008) expresses his concern about slow adoption rate of electronic banking. "The awareness of the electronic payment products is limited, it is not uncommon to find that even the branch staff, having direct interface with the banking customers, is not aware of these products and services offered by the bank."

'Customers', who are central to the banking service, are not a homogeneous class. They come from varying socio-economic and cultural backgrounds. The perception of the quality of Banking Services provided will differ from customer to customer and even for the same customer at different points of time, depending on the mood and mind-set of the same user at a particular point of time. This study has been carried out to analyse the dimensions of customer satisfaction among diverse customer groups in retail segment.

## Literature Review

A comprehensive review of related research makes the research study more focused and justifies the choice of research questions, theoretical framework and the methods. Prior research will also help to include the major constructs in the study. The findings of the previous studies have been presented below:

Wilson M Alon (1992) emphasizes the major emphasis placed by the retail banks on the distribution element of the marketing mix. Retail banks within the UK have recognized the importance of the branch network in achieving a competitive advantage and are to a greater or lesser degree adopting a retail-oriented marketing mix for bank branch operations. However, competitive advantage is dependent on the successful co-ordination of the complete marketing mix in a form which will satisfy the bank's market positioning statement.

Boyd *et al.* (1994) studied differences in selection criteria for retail banks with respect to basic demographic factors. Among the more useful findings of the study were that white collar households indicated a greater importance for reputation, modern facilities and location, high income households attached greater importance to interest rates, opening hours and friendliness of the staff and low income households relied on favorable publicity and word of mouth.

Grosse R(1997) expresses that in recent years, major technological shifts have occurred in the areas of distributed service provision, real-time internal management information systems, and financial engineering of new products. The financial services industry is among the most capable of exploiting innovations in technology because its products are generally intangible services that do not require physical delivery to consumers.

Financial services are excellent examples of highly intangible and complex service-based offerings (Devlin, 1998), which vary enormously in context, consumption, delivery, duration and significance to the customer (Colgate and Stewart, 1998). Retail banking is a mature industry and banks offer very similar products. According to Kotler (2000), marketing strategies in the maturity stage include consideration of market modification, product modification or changing the marketing mix. These strategies were evident in retail banking. Retail banking has been most affected by the changes in distribution channels enabled by advanced telecommunications. Customers, too, prefer multi-channel distribution, which is good news for traditional retail banks. Retail banking globally will be a marriage between technology partners, a few dominant multinational banc assurers and branded non-financial firms, and many niche and product segment specialists, who supply to and/or distribute for the bigger players (April Wright, 2002).

Erdener Kaynak & Alma Whiteley (1999) state that there appears to be a widening gap between the rate of technological development and the ability of certain

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## Scope of the study

This is an analytical study based mainly on the primary data collected through scientifically developed questionnaire. The study mainly focuses on the primary opinions of the customers of commercial banks. Satisfaction is a multi-dimensional construct which has been conceptualised as a prerequisite for building relationships and is generally described as the full meeting of one's expectations (Oliver, 1980) and is the feeling or attitude of a customer towards a product or service after it has been used. This study is limited to three dimensions of customer perceived satisfaction as put forth by (Crosby and Stevens, 1987) namely, satisfactory interactions with personnel, satisfaction with the core service, and satisfaction with the organization. Satisfaction with organisation is modified in this study by including items on contemporary banking developments.

## Objectives of study

The main objective of the study is to analyze the level of customer perceived satisfaction among different customer groups based on socio-demographic factors (such as age, occupation, education, geographical area, patronage with bank). The secondary objective is dedicated to investigate whether customer satisfaction with core services, good feeling with transactional experiences and image of bank are critical factors in establishing customer loyalty.

### Hypothesis

**Hypothesis 1:** Customer Satisfaction with bank's service would be different across two banks of Public and private ownership.

**Hypothesis 2:** The perception of respondent customers about banking services differs across different occupation.

**Hypothesis 3:** Customers of different age groups differ in their perception towards satisfaction of banking services.

**Hypothesis 4:** Regional level differences manifest in Customer Satisfaction with retail banking.

**Hypothesis 5:** For customers patronising only one bank, satisfaction with core services, rapport, and perceived image of the bank would not be different irrespective of banks and period of association.

## Research Methodology

For the purpose of micro-level study, two Commercial banks CB and KBL were selected- each belonging to public sector and private sector ownership. Each representative bank has been evaluated on 23 parameters in the geographical regions of Dakshina Kannada and Kodagu districts of Karnataka State. Banks imposed restrictions on number of branches and customers to be surveyed to safeguard customer privacy as per consumer code regulations, thus interviews conducted at branch premises were more structured. To seek more opinion most of the interviews were conducted informally at work places of customers. The geographical area was divided into eight clusters (taluks) and a random sample was drawn from each cluster via one stage cluster sampling. Table 1 provides the list of variables identified from existing studies to construct customer satisfaction scale. To check the content validity of the instrument, it was first pretested in an interactive manner among a convenient sample of colleagues and MBA students. The data was analysed through Factor analysis. To test the hypothesis, data was split according to groups using the split option command in SPSS 16.0V. Cronbach alpha and ANOVA tests were used to analyse for significant difference in the level of customer satisfaction for different groups. If Cronbach alpha is greater than 0.7, the construct is deemed to be reliable.

## Factor analysis and measuring reliability

**Table 1: Variables identified for the study of Customer satisfaction towards retail banking services**

List of service attributes	Critical factor	Literature evidence
1. Availability of Bank employees for assistance and enquiry 2. Cordiality and knowledge of bank staff 3. Staff solicit regular feedback from customers	Staff	Manrai L.A & Manrai A.K (2007)
4. Innovative deposit schemes with good returns 5. Loan products for different financial needs 6. Service charges 7. No Hidden charges 8. Incentives on ATM card usage	Core service or service product	G.S.Sureshchandar et al.,(2002)

9. Waiting time at the bank counter(timely service) 10. Up dating of pass books(accurate records) 11. Collection of cheques (dependability) 12. Addressing customer complaints	Systematization of service delivery	G.S.Sureshchandar et al.,(2002)
13. Advertisement in Media 14. Addition of new services 15. Display of posters inside the Bank	Image of the bank	Berry (2000)
16. Safety of ATM and branch location 17. Seating and lighting arrangements 18. Up-to-date equipments	Atmospherics or Servicescapes	Manrai L.A & Manrai A.K (2007)
19. Website of the bank is user friendly 20. Adequate security precautions 21. Convenience of e-channels	Contemporary marketing	Meuter, Ostrom, A.L., & Bitner, M.J.,(2000)
22. Overall service satisfaction 23. Recommendation to friends and relatives	Loyalty	Boulding ,et al.,1993; Babakus and Boller,1992

Factor analysis was used to summarise the variables into smaller set of linear composites that preserved most of the information in the original data set. The value of Kaiser-Meyer-Olkin Measure of Sampling Adequacy is 0.901 indicating that sample size is large enough to yield suitable and reliable factors and

Bartlett's test of sphericity is 4834.113 also authenticated that there is sufficient common variance in the factors. The value of the coefficient Cronbach alpha ranged from 0.755 to 0.876 indicating satisfactory internal consistency as recommended by Nunnally (1970).

**Table 2 : Factor Analysis results of 15 variables of perceived satisfaction**

**KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	0.901
Bartlett's Test of Approx. Chi-Square	4834.113
Sphericity df	105
Sig.	0.000

Variables	Component		
	1	2	3
1. Operation of SB Account	0.221	0.804	0.056
2. Time taken at counter	0.332	0.781	0.105
3. Availability of loan products	0.100	0.643	0.357
4. Cheque collection	0.112	0.700	0.213
5. Service charges	0.379	0.617	0.617
6. Uptodate equipments	0.684	0.279	0.270
7. Display inside the branch	0.825	0.047	0.425
8. Collection of feedback	0.669	0.234	0.405
9. Bank staff are cordial	0.858	0.246	0.068
10. Availability of staff	0.846	0.089	0.249
11. Bank location	0.209	0.135	0.822
12. Advertisement in media	0.415	0.022	0.734

13. Addition of new services	0.234	0.297	0.730
14. ATM services	0.486	0.378	0.586
15. Convenience of e-channels	0.261	0.230	0.520
% of Variance explained	28.743	18.165	18.152
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization a. Rotation converged in 6 iterations.			

Referring to Table 2, factor one had all the statements relating with satisfaction of "internal marketing" for the services provided by the bank. The variables extracted were up-to-date equipments such as computers, pass book printer etc, feedback collection, availability and cordiality of staff and display of products / hand out of brochures. Factor two had all the statements related to fulfillment of traditional facilities such as operation of Savings /Current account, waiting period at counter, processing of loan products ,speed of collection of cheque / Demand draft facility and service charges.. Since all these variables are related to traditional services this factor is named Core facilities. Factor three has components related satisfaction with ATM services and convenience

offered by e-channels, convenience accorded by location of Bank, advertisement in media and addition of new services to changing developments Since all these factors are related to image building and e-banking this factor can be labeled as contemporary developments.

### Results and Discussions

The demographic profile of sample customer respondents presented in Table 3 shows that 12% of the surveyed customers have maintained a banking relationship with their banks for more than twenty years and 21 % of them have maintained such a relationship for a period 6 to 10 years.

**Table 3: Demographic Profile of sample customer respondents**

		Frequency	Percent
Bank(N=800)	C B	469	58.6
	K B L	331	41.4
Region (N=800)	Urban region	399	49.87
	Semi-urban region	223	27.87
	Rural region	178	22.25
Occupation (N=800)	Own business	176	22.0
	Professional	90	11.3
	Agriculture	77	9.6
	Salaried	191	23.9
	Retired	58	7.3
	Student	69	8.6
	NRI	41	5.1
	Others	98	12.3
Years of association with bank	less than 5 years	258	32.3
	6- 10years	174	21.8
	11-15 years	210	26.3
	16-20 years	58	7.3
	More than 20 years	100	12.5

Source: Field survey results of respondents

**Table 4: Results of ANOVA statistics for Satisfaction by Bank category**

		Sum of Squares	df	Mean Square	F	Sig.
Satisfaction with core services	Between Groups	14.352	1	14.352	1.476	0.225
	Within Groups	7683.643	790	9.726		
	Total	7697.995	791			
Satisfaction with Internal marketing	Between Groups	316.859	1	316.859	23.827	0.000
	Within Groups	10612.040	798	13.298		
	Total	10928.899	799			
Satisfaction with contemporary marketing practices	Between Groups	34.254	1	34.254	3.129	0.077
	Within Groups	6875.207	628	10.948		
	Total	6909.460	629			

**Hypothesis 1:** Customer Satisfaction with bank's service would be different across two banks of Public and private ownership.

For each of the 3 factors extracted in the previous section, the above hypothesis is tested using "t" test. Table 4 shows the mean value, standard deviation and error for the perceived satisfaction about core services, internal marketing and contemporary marketing practices of the customers pertaining to the 2 banks CB and KBL. The results in ANOVA table indicate that customers of 2 banks do not perceive difference in satisfaction towards core services  $F(1,790)=1.476$  at  $p=0.225$  and contemporary marketing practices  $F(1,628)=3.129$  at  $p=0.077$  in both the regions. On the other hand, the banks differed significantly on their satisfaction scores on non-financial aspects like staff, atmospherics, and feedback collection. Thus

hypothesis is partly supported. Customers at CB give relatively more importance to alertness and professional interface of banks with customers. It was also perceived as important by the customers of KBL but they ranked it below the customers of CB giving more importance to good inter-relationships with staff. The public and private bank employees differ significantly on individual attention and customer orientation (Bhat Musthaq,2004;Sudhahar J C, Israel & Selvam (2006) established from their empirical studies that with regard to 'customer guidance and support' private sector banks are perceived to be better than Public Sector Banks in India.

**Hypothesis 2:** The perception of respondent customers about banking services differs across different occupation.

**Table 5: Differences in Customer Satisfaction according to Occupation**

Dimensions with items	Occupation	Mean	Cronbach Alpha	Fisher's Test
<b>Core Facilities</b>			Alpha=0.755	F(7,784)=5.429 p<0.000
1.Operation of SB Account	Own business	20.4830		
2.Time taken at counter	Professional	20.3222		
3.Cheque collection	Agriculturist	19.7105		
4.Availability of loan products	Salaried	19.3862		
5.Service charges	Retired	21.4310		
	Student	20.4412		
	NRI	21.8049		
	Others	20.1596		
<b>Internal Marketing</b>			Alpha=0.876	F(7,792)= 5.212p<0.000
1.Up-to-date equipments	Own business	20.4886		
2.Display inside the branch	Professional	21.3222		
3.Collection of feedback	Agriculturist	19.6883		
4. cordiality of bank staff	Salaried	20.4398		
5.Availability of staff	Retired	21.5690		
	Student	22.4348		
	NRI	22.0732		
	Others	21.5306		

Contemporary Marketing practices			Alpha=0.768	F(7,622)= 4.054 p<0.000
1.Bank location	Own business	19.8958		
2.ATM services	Professional	21.4634		
3.Addition of new services	Agriculturist	19.9667		
4.Advertisement in media	Salaried	19.9937		
5.Convenience of e-channels	Retired	20.8947		
	Student	20.6222		
	NRI	21.7297		
	Others	21.3939		

Banks have developed customized products and services that include Savings Bank accounts and loan facilities with different payment options for different categories of customers (students, salaried class etc). A factor structure was imposed on those variables categorized into 3 factors obtained in preceding sections. Cronbach value was evaluated for all the 3 factors. The mean satisfaction level of the customer differs across different categories as shown in Table 5. While businessmen are more satisfied (mean score of 20.48) than salaried customers with regard to core facilities, (19.38) the reverse is true in case of contemporary products. The reason for this could be attributed to -most of the time, business people send their assistants to perform the routine transactions, while salaried customers have time constraints. Government employees and teachers are more sensitive on processing time taken for account handling and technological updates. Dissatisfaction in those areas can lead to shift to other bank in some places where the survey was carried out. Salaried

customers shop around and look at the alternative product offerings in terms of price, promotional material, and reputation of alternative providers. Professional and business class customers exhibited high levels of confidence combined with the emphasis on talking to Branch Manager probably more indicative of customers who are both sophisticated and highly satisfied with their financial provider. Customers with agriculture occupation have scored low mean (19.71, 19.68, and 19.967) out of 25 in all the 3 cases, which is predominantly due to lack of customized loan products as per the crop cycle and highest level of uncertainty in income. The F test with significant p values shows that the satisfaction level of customers following different occupations exhibits significant differences for all three factor dimensions.

**Hypothesis 3:** Customers of different age groups differ in their perception towards satisfaction of banking services.

**Table 6: Differences in Customer Satisfaction according to age**

Dimensions with items	Age in years	Mean	Cronbach Alpha	Fisher's Test
Core Facilities		4.35	Alpha=0.755	F(3,788)= 11.257p<0.00
1.Operation of SB Account	18 to 25	20.0745		
2.Time taken at counter	26 to 45	19.7382		
3.Cheque collection	46 to 60	20.8152		
4.Availability of loan products	more than 60	21.7846		
5.Service charges				
Internal Marketing		4.4308	Alpha=0.876	F(3,796)= 10.048p<0.000
1.Up-to-date equipments	18 to 25	21.5988		
2.Display inside the branch	26 to 45	20.2429		
3.Collection of feedback	46 to 60	21.4301		
4. cordiality of bank staff	more than 60	22.1538		
5.Availability of staff				
Contemporary Marketing practices		4.290	Alpha=0.772	F(3,626)= 2.252p<0.081
1.Bank location	18 to 25	20.6639		
2.ATM services	26 to 45	20.2390		
3.Addition of new services	46 to 60	20.6403		
4.Advertisement in media	more than 60	21.4510		
5.Convenience of e-channels				



Earlier studies on customer satisfaction by Oliver(1980)have highlighted the importance of age, education, occupation acting as moderators in forming performance expectations.. Going further Speed and Smith (1992); Harrison (1994); Beckett et al. (2000) have highlighted the importance of level of expertise and perceived confidence (or familiarity) of customers in dealing with financial matters. According to Alba and Hutchinson(1987) “Familiarity” is defined as the number of product related experiences .The previous hypothesis has already considered occupation. For the evaluation of this hypothesis, the effect of age (as a proxy of for level of expertise and familiarity) on perceived satisfaction level of three factors are analysed.

The results in table 6 indicate that customers of different age groups perceive significant difference in satisfaction towards core services  $F(3,788)=11.257p<0.000$  and internal marketing practices  $F(3,796)=10.048p<0.000$  in banks across both the regions. However, age-wise differences are not

significant in the evaluation of contemporary marketing practices. For young customers in the age group of 26 to 45 years price, speed and access were particularly important resulting in a low satisfaction score of 19.73 for core services. Compared to other age groups they demonstrate low satisfaction towards other services as well (means are 20.24). Amongst the interesting differences found were that older bank customers were satisfied with all aspects, whilst younger age groups stressed the importance of variety of services. The Indian banks have identified the growth potential of the Gen Next and are already providing schemes especially keeping in mind the requirements and preferences of the younger generation. These findings match with that of Elliot et al. (1996) who found that price, speed and access were particularly important to youngsters termed as value-driven strategy.

**Hypothesis 4:** Regional level differences manifest in Customer Satisfaction towards retail banking services.

**Table No 7: Customer Satisfaction across regions**

Regions	Mean Satisfaction Scores		
	Satisfaction with core facilities	Satisfaction with Internal marketing	Satisfaction with contemporary marketing
Urban1	19.9198	21.9840	22.1361
Semi-urban1	21.5233	20.3605	20.2561
Rural1	22.2170	23.1316	21.8108
Rural2	21.5938	22.1094	21.7021
Semi-urban2	20.1806	21.8194	21.8776
Urban2	18.7295	18.7541	18.0089
Semi-urban3	18.6923	19.2923	18.6909
Rural3	19.4667	19.2444	19.5938
F- Value	F=20.283 @p<0.00	F=24.442 @p<0.00	F=27.081 @p<0.00

Continuing further, region wise differences are probed to find any significant differences. All the 3 dimensions have significant F statistics demonstrating within group differences. Customers of rural talukas have higher mean scores compared to semi-urban and urban satisfaction scores. Analysis of the survey showed that courtesy and friendliness extended by bank staffs in rural centres were rated better compared to semi-urban, urban centres which is in line with the findings of customer satisfaction survey from 149 bank branches, jointly conducted by Department of Statistics and Information Management (DSIM), Chennai Regional Office at four major districts of Tamilnadu, viz., Chennai, Coimbatore, Madurai and Tiruchirapalli (Report on Trend and Progress of Banking in India,2008).

**Hypothesis 5:** To compare loyalty across two sub segments of customers.

Hypothesis H5 predicts that for customers patronizing only one bank, satisfaction with core services, rapport, and perceived image of the bank would not be different irrespective of banks and period of association. Customer's willingness to recommend the bank to his/her friends measured on five point scale was taken as a measure of loyalty. A factor structure was imposed to the chosen dimensions, rather than testing for its existence. The reliability of the constructs is proved using Cronbach alpha which are above 0.7 and hence within the acceptable level. The factor 'image' consists of 5 items- Up-to-date equipments, Advertisement, Addition of new services

and Display of posters inside the bank and ATM centre with Cronbach alpha 0.850. With regards to 'service satisfaction', items were based on the experiences of the customer transactions at the Bank counter that include operation of Savings /Current account, waiting period at counter, processing of loan products, speed of collection of cheque facility and service charges. The alpha for this scale was 0.755. The items in 'employee rapport' construct included cordiality of frontline employees, collection of feedback, availability of employees, the Cronbach alpha for this dimension was 0.863.

To test this hypothesis multiple regression analysis employing the above identified variables was carried out using "SPLIT FILE" command in SPSS to split the sample into 2 segments-customers with Single-bank patronage and customers with multiple bank usage. The results are given in table. The solitary-bank (loyal) customers perceived no significant differences across three predictors-period of association, satisfaction with core services, and perceived image of the bank, only one variable satisfaction with employee rapport with a high beta coefficient(0.933) exhibits high significance and differences.

**Table No 8: Comparison of parameter estimates of Single-bank and Multiple-bank user**

	Single-bank user	Multiple-bank user	Overall sample
Adjusted R Square	0.748	0.588	0.600
Std. Error of the Estimate	0.39381	0.49643	0.4944
F statistics	117.210(0.000)	223.014(0.000)	294.605(0.000)
Constant	0.239(0.264)	0.320(0.032)	0.375(0.004)
Years of association with bank	-0.025(0.549)	0.083(0.002)	0.049(0.031)
Satisfaction with core services	0.022(0.691)	0.206(0.000)	0.166(0.000)
Rapport with employees	0.933(0.000)	0.471(0.000)	0.528(0.000)
Perceived image of the bank	-0.091(0.257)	0.173(0.000)	0.155(0.000)

(Dependent Variable: Bank loyalty, Figures in brackets include p values)

A comparison of parameter estimates of the regression model developed for the overall sample and sample controlled for multiple-banking is given in table 8. In case of single-bank users, the beta values and t statistics results for association with the bank ( $b = -0.025$ ,  $t = 0.549$ ) and image ( $b = -0.091$ ,  $t = -1.137$ ) indicate the likelihood of dissatisfaction of customers with image building efforts of the bank. Their assertions are in terms of more needs to be done on the marketing front to attract and retain customers. As long as their banking needs are met by interpersonally skilled bank staff and Manager, they stand to remain as loyal customers and single-bank users. In other words, high reliance on friendly service despite dissatisfaction with other factors indicates inertia to multiple-bank usage which is mistook for customer loyalty. Customers behave rationally taking into account the future utility based on past and current experience, which may be modified by new information.

### Summary of findings

The purpose of this study is to extract the strategic and tactical challenges service providers in banking industry face, in order to tap the potential of diverse customer groups. The results of customer perception

study shows that there exists a small perceptual gap, bank-category-wise regarding the application of relationship marketing philosophy in the banks. The customers less than 5000 numbers per branch in KBL (Private sector bank) in the sampling region are manageable, but CB (Public sector bank) with its long years of founding in these districts has more than 10,000 customers in its Scale II branches. To this end, CB needs to have a customer service system that not only responds to customer complaints, but also encourages consumers to complain. Customers belonging to rural regions are satisfied with service orientation of employees but not with the products. The focus should be on crop patterns than the life-cycle needs. In the urban regions, customers look for courteous behavior of the bank staff, appealing facilities and easy approachability of executives. The senior bank customers were satisfied with all aspects, whilst younger age groups stressed the importance of variety of services. The results of multiple regression analysis points out that duration of association with the bank has a diminutive association with loyalty in comparison to satisfaction with core services which has a small association. Satisfaction with employee rapport exhibits high significance among customers practicing solitary and multiple banking.

## Limitations

The research study has been carried out using questionnaire to measure the perceived satisfaction levels of bank customers, hence the results strongly depends upon the perception of the respondents in order to give opinions. The study is restricted to the bank customers' of semi-urban and urban branches of a Public sector and an old generation Private sector Bank. These limitations could impact the extent to which the results can be extrapolated to the other metropolitan branches and other group banks.

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## Directions for future research

In this research, factors of customer satisfaction in retail banking services and interplay among different factors of customer satisfaction and loyalty were examined. There is scope for replication of this research using samples of customers from banks in other states. It will be worthwhile to identify customer profiles in terms of demographics, psychographics, and other behavioural variables.

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