

## An Empirical Study On Service Quality In Retail Banking With Reference To Customer Demographic Factors: A Study Of Axis Bank

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### Abstract

This paper clearly demonstrates about the service quality in retail banking sector with demographical factors of customers. Indian banking sector literary dominated by public sector banks has become very competitive with advent of private sector banks. In this competitive scenario service quality has become very competitive tool. Service quality service is a very important factor which influences performance of the organization. A customer centered organization has to be built up, whose ultimate goal is to "own" a customer. Focused merchandizing through effective market segmentation is the need of the hour. Every can be the organization of the various retail branches to enter for different market segments like up market individuals, traders, common customers, etc. Primary data is collected through the structured questionnaire. A sample size of 135 was selected for collecting the required data. The selection of sample was done by convenience sampling method. To analysis the collected data we used mode in descriptive statistics reason why questions are related with nominal scale. One way ANOVA and Chi square has been used in inferential statistics. One way ANOVA used on interval scale question and results are find out to made combination of demographical factors and various factors of satisfaction. In key research findings study shows service quality of bank is satisfactory. Various factors are include for checking the service quality like regarding employees and customers, regarding performance, customer self-interest, regarding equipment, regarding satisfaction etc. Overall performance about service quality is satisfactory and appropriate.

**Keywords:** Service Quality, Retail Banking, Axis Bank, Competitive Tool, Customer Service

### 1. Introduction

Customer service is perhaps the most important dimension of retail banking. While most public sector banks offer the same range of services with similar technology/expertise, the level of customer service matters the most in bringing in more business. Perhaps more than the efficiency of service, the approach and attitude towards customers will make the difference. Front line staffs have to be educated in this regard. A scheme of entrusting a group of important customers to the care of each employee/officer with a person to person knowledge and intimacy can be implemented all sundry advices/notices such as Dr./Cr. advices. In the current scenario, the importance of technology cannot be understated for retail banks which entail large volumes, large queues and paperwork. But most of the banks are burdened with a large staff strength which cannot be done away with. Besides, in the rural and semi-urban areas, customers will not be at home in an automated, impersonal environment. Price bundling is a selling arrangement where several different products are explicitly marketed together to a price that is dependent on the offer. As banks are multi product firms this strategy is more applicable to retail banking. Price bundling offers several economic and strategic benefits to a bank. It offers economies of, utilization of the existing capacities and reaching wider population of customers.

### 2. Review of literature

**Berry et al. (1985) and Zeithaml and Bitner (1996)** indicated that service quality consists of five dimensions: tangibles (appearance of physical facilities, equipment, personnel and written 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 inspire trust and confidence), and empathy (caring and individual attention the firm provides its customers).

**O'Reilly and Chatman (1986)** Concludes that also identified three independent foundations of psychological attachment to an organization: compliance to secure specific extrinsic rewards, identification based on desire for affiliation, and internalization which is predicated on congruence or similarity between individuals' and organizations' values.

**Berger and Hannan (1989)** established that measures of concentration were linked to rate differences across MSAs in the era of deregulated deposit rates. Using data for the 1983-85 periods, they showed that higher degrees of local concentration were correlated with lower rates on money market savings accounts.

**Reicheld and Sasser, (1990)** advocated that Loyalty behaviors, including relationship continuance increased scale or scope of relationship, and recommendation (word of mouth advertising) result from customers’ beliefs that the quantity of value received from one supplier is greater than that available from other suppliers

**Jackson (1992)** concludes that study tells bolstered the earlier findings of Kelley and Zimmerman by rejecting the hypothesis of a national market for both accounts and savings accounts. Nevertheless, Jackson could not reject the hypothesis of a national market for six month time deposits.

**Gould G (1995)** concludes that just as people cannot live without eating, companies can’t survive without having satisfied customers. Service providers should exceed customers’ expectations by considering three selective dimensions, viz. value, service, and dealing with complaints.

**Levesque and McDougall (1996)** exhaustively explored the consequences of service quality service features and customer complaint handling on customer satisfaction in the Canadian retail banking sector. Based on their empirical analysis, they have suggested that the determinants of satisfaction in retail banking are driven by a number of factors and also included service quality dimensions.

### 3. Objectives of the Study

1. To measure the service quality in retail banking with demographical factors of customers.
2. To check the awareness and adoption of services provided by the customers.

### 4. Hypotheses

**H0<sub>1</sub>:** There is no association between the satisfactions of consumers on the basis of demographical factor age.

**H0<sub>2</sub>:** There is no association between the satisfactions of consumers on the basis of demographical factor gender.

**H0<sub>3</sub>:** There is no significant difference between the satisfactions of consumers on the basis of demographical factor marital status.

**H0<sub>4</sub>:** There is no significant difference between the satisfactions of consumers on the basis of demographical factor area profile development.

**H0<sub>5</sub>:** There is no significant difference between the satisfactions of consumers on the basis of demographical factor occupation.

**H0<sub>6</sub>:** There is no significant difference between the satisfactions of consumers on the basis of demographical factor level of education.

**H0<sub>7</sub>:** There is no significant difference between the satisfactions of consumers on the basis of demographical factor gross total income.

**5. Research design & Method of analysis:** The type of research employed in this study is descriptive.

**Primary Data** is collected through the structured Questionnaire. A sample size of 135 was selected for collecting the required data. The selection of sample was done by convenience sampling method. Mode in descriptive statistics and One way ANOVA in has been used in inferential statistics. One way ANOVA used on interval scale question and results are find out to made combination of demographical factors and various factors of satisfaction.

### 6. Analyses and Interpretation

**Table: 1.1 Adoption of Retail services by the customers**

Retail Services	Frequency	Percentage
Account Services	133	98.5
Loan services	2	1.5
Capital market services	0	0
Debit and credit card services	0	0
<b>Total</b>	<b>135</b>	<b>100</b>

Source: Primary Survey

The result presented in table 1.1 indicated that the maximum numbers of respondent i.e. 133 out of 135 (98.5%) adopt the account services so mode is lying in account services. Furthermore, only 2 respondent(1.5) adopt the loan services according to our study. Next other options advisory services, debit card facility, and fixed deposits have not adopted by any respondent. So mostly respondents adopt account services rather than other services.

**Table: 1.2 Type of Services taken by the customers**

Name of Services	Frequency	Percent
Easy Account Services	122	90.4
Power homes	8	5.9
Advisory Services	2	1.5
Debit Card Facility	3	2.2
Fixed Deposits	0	0
<b>Total</b>	<b>135</b>	<b>100</b>

Source: Primary Survey

Table 1.2 mentioned above exhibits services taken by the customers. As per the study majority of the respondents have taken easy account services i.e 122 customers out of 135(90.4) so mode is this. Furthermore,5.9percent taken powerhomes,1.5 advisory services,2.2 debit card facility,0 percent fixed deposits.On the whole the majority (90.4) of the customers have taken easy account services rather than other services.we can say that easy account services suits to mostly customers.

**Table: 1.3 Investment time period in Retail Banking**

Time	Frequency	Percent
From One Year	34	25.2
From Two Year	36	26.7
From two to five year	43	31.9
From five to ten year	22	16.3

Source: Primary Survey

Table 1.3 shows percentage of customers according to time period from they investing money in retail banking.Table shows 25.2 percent peoples are made investment in retail banking from one year.Furthermore 26.7 percent peoples investing money from two years.After that 31.9 percent peoples investing money from two to five years and it is highly percentage comparative to other investing periods so mode is lying here.At last we saw that only 16.3 percent peoples investing in retail banking from five to ten years.We conclude that two to five years peoples are more in percentage in investing money according to time period.

**Table : 1.4 Factors Affecting the less investment in retail banking**

Options	Frequency	Percent
Risky	49	36.3
Don't know	40	29.6
Less return	30	22.2
Less security	16	11.9

Source: Primary Survey

Table 1.4 shows some factors are responsible in less investment in retail banking. Firstly, according to the table 36.3 percent peoples says investment in retail banking is risky so they invest less in retail banking and mode is lying here. Furthermore 29.6 percent peoples says that they don't know about the retail banking so they invest less in retail banking. After that 22.2 percent peoples says they invest less in retail banking because return is much less. At last 11.9 percent

peoples says less security is a factor which prohibit them to made investment in retail banking. So the study conclude that risk is the main factor out of four factor which having more percentage of peoples to restrict them in investment in retail banking.

**Table: 1.5 Response of customers about the retail banking is for higher income families**

Options	Frequency	Percent
Yes	76	56.3
No	59	43.7

Source: Primary Survey

Above table 1.5 shows about the retail services adopted by only higher income families it is right or not we take the response of the customers. About this 56.3 percent peoples says it is write that retail services are for the higher income families and mode is laying here. On the other hand 43.7 percent peoples says retail services are not for the higher income families. Here conclusion is mostly peoples views that higher income families more adopted the retail services.

**Table: 1.7 Combination of satisfaction factors and demographical factors using one way ANOVA**

Statements	Mean	S.D.	F	Sign.	F	Sign.	F	Sign.	F	Sign.	F	Sign.	F	Sign.
Employees telling customers exactly what services will be performed	2.88 (1)	1.37	5.51	.000	1.72	.147	.538	.585	4.396	.006	2.212	.071	4.116	.008
Employees giving prompt services to customers	3.19(2)	1.01	6.61	.000	.696	.596	.827	.440	4.84	.003	4.118	.004	5.008	.003
Employees always being willing to help customers	3.37(5)	0.90	1.61	.175	5.96	.000	3.69	.027	5.61	.001	3.221	.015	1.717	.167
Being busy employees respond the customer's request	3.44(9)	0.96	1.28	.278	2.22	.069	1.89	.154	1.67	.175	.869	.484	1.066	.366
Customers have instilling confidence with behavior of employees	3.52 (11)	1.22	0.88	.475	.214	.931	.270	.764	.657	.580	5.111	.001	.159	.924
Overall Performance bank's services is better than other banks	3.58 (14)	1.29	3.37	.012	1.88	.117	.948	.390	2.40	.070	3.999	.004	.716	.544
Performance loan facilities is fast	3.54 (13)	0.90	0.12	.972	.187	.945	2.10	.126	1.82	.145	1.915	.112	.946	.421
Performance services providing at the time	3.31 (3)	1.11	1.25	.291	2.31	.061	1.81	.167	.722	.540	1.241	.297	.589	.624
Customer feeling while make transactions	3.64 (17)	1.23	0.84	.497	1.76	.139	.084	.920	1.625	.187	1.073	.373	.362	.780
Bank giving attention on every customers	3.60 (15)	0.88	1.32	.263	1.40	.235	2.14	.122	.697	.556	2.423	.051	.775	.510
Having the customers best interest at heart	3.43 (7)	1.08	0.63	.635	.770	.546	.224	.800	.520	.669	.821	.514	.473	.702
Keeping promise to do something by a certain time	3.83 (20)	1.06	0.89	.470	3.78	.006	.324	.724	1.18	.317	2.66	.035	.739	.531
Showing sincere interest in solving the customer's	3.61 (16)	1.05	0.82	.512	1.46	.217	.842	.433	1.44	.234	2.627	.037	3.24	.024

problem														
Modern looking equipments	3.77 (19)	1.18	0.69	.595	.847	.498	1.10	.335	.776	.509	1.92	.110	.473	.701
Visually appearing materials associated with the retail services	3.52 (12)	1.10	1.09	.362	.114	.977	.183	.833	.349	.790	1.16	.332	.676	.569
Overall services providing by the bank satisfactory	3.34(4)	1.38	3.22	.015	1.36	.248	.348	.707	2.46	.065	3.20	.015	1.95	.125

Table 1.7 shows that demographical factors related to the question number 3 concerned to satisfaction of the consumer using one way ANOVA. Different satisfaction factors correlated with one by one with demographical factor and find out the results according to hypothesis considered before. The study started it consequently from hypothesis fourth.

**H01:** There is no significant difference between factors of satisfaction and demographical factor age. Significance level: 0.05

According to the values of significance which p-value is less than 0.05, denotes that our hypothesis rejected and the study concludes that there is significance effect of age on the factors of satisfaction. Further factors have p-value more than 0.05 where the hypothesis accepted. It is concluded that there is no effect of age on the factors of satisfaction.

**H02:** There is no significant difference between factors of satisfaction and demographical factor gender. Significance level: 0.05

According to the values of significance which p-value is less than 0.05, denotes that our hypothesis rejected and the study concludes that there is significance effect of gender on the factors of satisfaction. Further factors have p-value more than 0.05 where the hypothesis accepted. It is concluded that there is no effect of gender on the factors of satisfaction.

**H03:** There is no significant difference between factors of satisfaction and demographical factor marital status. Significance level: 0.05

According to the values of significance which p-value is less than 0.05, denotes that our hypothesis rejected and the study concludes that there is significance effect of marital status on the factors of satisfaction. Further factors have p-value more than 0.05 where the hypothesis accepted. It is concluded that there is no effect of marital status on the factors of satisfaction.

**H04:** There is no significant difference between factors of satisfaction and demographical factor area profile development. Significance level: 0.05

According to the values of significance which p-value is less than 0.05, denotes that our hypothesis rejected and the study concludes that there is significance effect of area profile development on the factors of satisfaction. Further factors have p-value more than 0.05 where the hypothesis accepted. It is concluded that there is no effect of area profile development on the factors of satisfaction.

**H05:** There is no significant difference between the satisfaction of consumers and demographical factor occupation. Significance level: 0.05

According to the values of significance which p-value is less than 0.05, denotes that our hypothesis rejected and the study concludes that there is significance effect of occupation on the factors of satisfaction. Further factors have p-value more than 0.05 where the hypothesis accepted. It is concluded that there is no effect of occupation on the factors of satisfaction.

**H06:** There is no significant difference between the satisfaction of consumers and demographical factor level of education. Significance level: 0.05

According to the values of significance which p-value is less than 0.05, denotes that our hypothesis rejected and the study concludes that there is significance effect of level of education on the factors of satisfaction. Further factors have p-value more than 0.05 where the hypothesis accepted. It is concluded that there is no effect of level of education on the factors of satisfaction.

**H07:** There is no significant difference between the satisfaction of consumers and demographical factor gross total income. Significance level: 0.05

According to the results values of significance which come less than 0.5 denotes that our hypothesis rejected and the study concludes that there is significant effect of gross total income on satisfaction factors. Further factors have p-value more than 0.05 where the hypothesis accepted. It is concluded that there is no effect of gross total income on satisfaction factors.

## 7. Key Research Findings

**Service adopted by customers:** The finding shows that mostly respondents adopt account services with comparative to other services.

**Views regarding employees and customers:** Finding shows that customer experience about the employees is satisfactory.

**Regarding performance:** Finding shows that overall performance of bank is satisfactory views on the behalf of some factors considered like overall performance of bank than other bank, work performance of employees as per your expectations, performance regarding loan facility, at a time service etc.

**Customer self-interest:** Study suggests that self-interests of the customer are an important factor to prepare him for made connection with the bank. Bank provides many beneficial services to the customers to increase the confidence continuously.

**Regarding equipment:** The study considered three factors mainly to find out the conclusion about services provided by the bank. Modern looking equipment, visually appearing physical facility, visually appearing material associated with the retail services considered to find out the crux about modernization of equipment's in the bank.

**Regarding Satisfaction:** Overall study found that Axis Bank perform outstanding in retail services. Customers are satisfied with Axis bank services like easy account services, fixed deposits, loan services, credit and debit card facilities etc. Crux which came out from the study that in retail services Axis bank provides modern facilities presently.

## 8. Conclusion

The study on service quality in Axis Bank reveals that the bank performs satisfactorily across most dimensions of retail banking services. Customers largely prefer basic account-related services, particularly easy account services, while adoption of advanced services such as loans, advisory services, and investment products remains relatively low. Service quality dimensions—such as employee behavior, responsiveness, assurance, and availability of modern equipment—are perceived positively by customers. The findings indicate that staffs are generally helpful, prompt, and capable of instilling confidence among customers. Overall performance of the bank, including service delivery and operational efficiency, is considered satisfactory when compared with competitors. Demographic factors such as age, gender, marital status, education, occupation, income, and area of residence show partial influence on customer satisfaction. In some cases, these variables significantly affect perceptions of service quality, suggesting that customer expectations and experiences vary across demographic segments. However, the study also highlights key concerns. A significant portion of customers perceive retail banking investments as risky or lack awareness about available services. Additionally, many respondents believe that retail banking services are more suited for higher-income groups, indicating a gap in inclusivity and outreach. The study conclude that Axis Bank has achieved a satisfactory level of service quality and customer satisfaction, there remains considerable scope for improving service adoption, awareness, and inclusiveness across diverse customer groups.

## 9. Suggestions

The bank should focus on increasing customer awareness about its full range of retail services through targeted communication and financial literacy initiatives in order to improve service quality in Axis Bank thereby addressing the perception of risk by providing transparent information and personalized guidance. A segmented approach based on demographic factors can help tailor services to different customer groups, improving satisfaction and usage. Strengthening customer relationship management through personalized interactions and dedicated support, along with continuous training of employees to enhance responsiveness and service attitude, is essential. Additionally, the bank should expand and simplify digital services without neglecting personal touch in semi-urban and rural areas, promote inclusive banking by designing affordable products for all income groups, and implement effective feedback systems to regularly monitor and improve service quality.

## 8. References

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