A Study on The Impact of Age and Education on Customer's Satisfaction in Alternate Banking Services of Public Sector Bank in Madhya Pradesh

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Abstract

Banking is essentially a service industry. As the end product of a commercial bank is service, bankers are expected to give due importance to providing qualitative and satisfactory service to their customers. Whether the customer is a depositor, or borrower, or user of other services provided by the bank, the motto should be "customer satisfaction". The Indian banking system has been undergoing a metamorphosis due to the impact of revolutionary reform process initiated since 1992. The public sector banks enjoyed an image among users that they were government banks and could not fail. Today the scenario is changing.

Indian economic environment is largely influenced by its population which is younger in age as well as high in literacy level. These two demographic variables believed to exercise tremendous influence on the customer's banking operational experience through alternate banking. Alternate Banking uses the internet as the delivery channel by which to conduct banking activity, for example, transferring funds, paying bills, viewing checking and savings account balances, paying mortgages and purchasing financial instruments and certificates of deposits. The e-banking is believed to facilitate customers transact from one corner of the country to another corner. But the customers carry varied perception about e-banking services based on multiple factors. The present paper explores the impact of Age and Education of

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a customer in shaping their satisfaction about internet banking in the Public Sector Bank.

Key Words: *Alternate Banking, Customers' Satisfaction, Customers' Perception, Public Sector Bank*

INTRODUCTION

Services sector is becoming one of important sectors in growing economies of the world. Since last ten years it is evidenced that, service sector is rising as a prime source of white colour employment in India, it is accelerating the growth. It contributes a considerable share to the GDP as compared to other sectors in India. In 2016-17 Service sector has contributed 53.77 per cent whereas the contributions from Agriculture and Industry are 15.11 per cent and 31.12 per cent only in the country's GDP at current prices. It is becoming faster growing sector in India.

Internet Banking has become an integral part of banking system in India. The concept of e-banking is of fairly recent origin in India. Till the early 90's traditional model of banking i.e. branch based banking was prevalent, but after that non-branch banking services were started. The credit of launching internet banking in India goes to ICICI Bank. Citibank and HDFC Bank followed with internet banking services in 1999. The Government of India enacted the IT Act, 2000 with effect from October 17, 2000 which provided legal recognition to electronic transactions and other means of electronic commerce.

All statistical data is evidenced that, undoubtedly, banks are providing important service institutions. They play a significant role in the service sector in the economy. Despite their social attachment there is a tremendous growth of the banking industry in India. Almost all banks in India are struggling for the customer satisfaction so as to retain their customers and expand their customer base for good positions in the banking industry. Since 1985, almost all banks are providing advanced banking services with the help of Information and Communication Technology (ICT). Unfortunately, it is realized that, ICT based banking services are not meeting all needs of all types of customers. Therefore, there is needed to go for research to identify the problems and threats to ICT based banking services and to make proper suggestions and modifications for their further growth and development.

Review of Literature

Various empirical and theoretical studies have been undertaken at the national and international level to analyse the impact of alternate or electronic banking on the banking sector, customers, and service quality and payment system. From the customer angle the studies primarily focus upon the influence of the age and education on customers choosing e-banking products and their level of satisfaction from alternate banking. The review of literature covering different aspect of e-banking has been mentioned here:

Anjali (2017) investigated the factors that influence the usage of mobile banking for availing banking products and services. The influencing factors were analysed under five major factors: perceived risk, compatibility of software, customer profile, external threat and relative advantage, under which several other factors have been explored. While factors like education, transaction risk, perceived risk and compatibility of software were significantly and positively related with the intention to use mobile banking services, financial risk was the only factor found insignificant. **Bhupendra (2017)** analyzed the various online facilities provided by major public and private banks in Jaipur and measured their impact on customers in terms of customer satisfaction. The research concluded that there exists difference in the facilities provided by the Public Sector Banks and Private Sector Banks. It also concludes that the customers are found to be more satisfied with the Private Sector Banks than the Public Sector Banks based on the infrastructural facilities. **Vishal (2017)** has studied that the introduction of new technology usually leads to innovation in industry. The present study explores the effect of Mobile Banking Services on Customer Satisfaction. **Basel and Wan (2016)** examined the relationship between e-banking service qualities on customer satisfaction in the commercial banking industry in Jordan. The findings imply that the relationship of the efficiency of online service quality and Responsiveness of online service quality on customer satisfaction could lead to commercial banks' profitability. **Sonika and Vishal (2015)** believed that Banking and Information Technology (IT) can hardly be separated today. This paper is an attempt to study what keeps the e-banking customer of Rajasthan loyal in such a banking environment. **Ibrahim (2015)** through this research paper tries to develop and examine a research model to understand the factors that affect the intention to use mobile banking services in Saudi Arabia. **Geeta S. (2014)** carried out the study to assess the impact of technology on the standards of services provided by banking system via ATM, mobile banking and Internet Banking. It empirically investigated the demography and customers' preference of Internet Banking in Indore District of Madhya Pradesh. **Fozia (2013)** determined bank customer's perception towards e-Banking services in Aligarh city. It studied the significant relationship of occupation

and age with customer perception of e-Banking services. The results of the study showed that different age group customers and different occupation group customers had different perception towards e-Banking services. **Aghdaie, S.F.A. and Faghani, F. (2012)** examined the relationship between mobile banking services and customer satisfaction in Iranian banks. Results showed that the four variables namely tangible, reliability, responsiveness, and empathy correlate with satisfaction significantly. However, the assurance factor would have no relationship with customers' satisfaction. **Hamadi, C. (2011)** conducted a study to know the need of personal interaction in relationship between E-Quality, E-Satisfaction and Commitment in Moroccan e-Banking users. The results revealed that a high or low need for personal interaction did not modify these relationships for Moroccan e-Banking users. **Kadir, M.A. et al. (2011)** identified the effects of services offered by Malaysian banks through online media and ATMs on customer satisfaction of 500 students from its different universities.

To have a better understanding of the customer's satisfaction from the e-banking services, based on the literature review the dimensions of the service quality has been hypothesized. These are Accessibility, Convenience, Privacy, Security, Design, Contents, Speed and Fees & Charges.

OBJECTIVES OF THE STUDY

The objectives are as follows:

1. To Study the influence of Age on the perception of e-banking among the customers.
2. To Study the influence of Education Level on the perception of e-banking among the customers.

HYPOTHESIS OF THE STUDY

The hypotheses of the corresponding objectives are as follows:

H_1 (null) - The Customer's Satisfaction in the e-banking services do not differ with Age.

H_1 (alt) –The Customer's Satisfaction in the alternative banking service differs significantly with Age.

H_2 (null) - The Education does not have a significant relationship with customer

satisfaction in e-banking.

H_2 (alt) – The Education have a significant relationship with customer's satisfaction in e-banking.

SELECTION OF THE SAMPLES

The researcher has used a judgmental sampling method to select samples for the study. For the present study the samples were selection were grouped under two heads:

a) Selection of Banks

b) Selection of Respondents

For the selection of banks, the researcher has conducted primary survey to investigate the availability of the e-banking services. The researcher has found that Canara Bank, Bank Baroda, Corporation Bank and Bank of India from the Public Sector were highly automated and were providing all the e-banking services such as ATM, Credit Card, Mobile Banking and Internet Banking to their customers. The researcher has selected Canara Bank from public sector banks as it has a maximum level of branch automation and providing most of the e-banking services in the Gwalior City. With the help of the Circle Office of the bank, we identified it's all ten branches in the Gwalior City where customers were using e-banking services on a regular basis.

For the purpose to draw a sample, the convenience sampling methods was followed to identify the respondents and only those customers were selected who were using all the e-banking service channels of our study (i.e. ATM, Internet banking, Mobile Banking, Credit card). The researcher has used a stratified judgmental sampling method. All customers were not using e-banking services therefore; in consultation with the branch managers the researcher has prepared five groups of customers which covers the whole population of the targeted customers and who were mostly using e-banking services in selected area under the study. The researcher has taken 400 as the sample size.

The researcher has attempted to categorize Age and Education of the sample in four distinct groups.

The sampling design of the study is as follows:

Table 1: Sampling Design

Age	Education
Below 30 Years	Up-to 10+2
30 – 45 years	Graduate
46 – 60 Years	Post Graduate
More than 60 Years	Professional Degree

SELECTION OF INDICATORS AND DIMENSIONS OF THE SERVICE QUALITY

In this instrument the researcher has hypothesized eight sets of dimensions (i.e. Accessibility, Convenience, Privacy, Security, Design, Content, Speed and Fees & Charges) which affect customers' satisfaction in e-banking. Testing reliability and validity of the new scale is important step in the scale development process. Therefore, the researcher has conducted a pilot study for purification of the scale. The collected data in the pilot study was presented and analysed using reliability test to identify uni-dimensionality of the item used in the scale. In order to prove the internal reliability of the items used in the scale, the researcher has performed Cronbach's Alpha Test of Reliability. Only those items were finalized in the scale, which have exceeded 0.700 Cronbach's alpha numerically (Nunnally 1978).

Data Screening and Validity of Data

A total of multiple-choice responses of 400 respondents were obtained from the branches of Canara Bank. Since the measurement scales consists of items originally used in different studies, therefore, it was found to be necessary to purify the scales and validity of data collected before any further analysis could be conducted. Validity of primary data and data entry mistakes has been tested. Then scale purification process was conducted for testing the reliability of the scale, internal consistency of the scale and validity of the data conducted. In the scale purification process the researcher has conducted Cronbach Alpha reliability test by using SPSS 22.0. Only those items were selected which have Cronbach's Alpha at least 0.70 or more. The table 2 indicates that all the items under each dimension are reliable and valid for further analysis.

Table 2: Reliability (Cronbach's Alpha) of each Dimension

Dimension	Cronbach Alpha	Number of Items
Dimension 1 (Accessibility)	0.85	14
Dimension 2 (Convenience)	0.91	7
Dimension 3 (Privacy)	0.75	8
Dimension 4 (Security)	0.70	7
Dimension 5 (Design)	0.73	6
Dimension 6 (Content)	0.72	7
Dimension 7 (Speed)	0.74	8
Dimension 6 (Fees & Charges)	0.84	10

Demographic Profile

Demographics mean the essential and measurable statistics of a population. It is suitable for psychographic and socio-cultural studies. Important demographic variables like Gender, Age, Education, Occupation and Income were used in the study to know the impact of demographics on customer satisfaction towards alterative banking. The below mentioned figure depict the details of various demographic variables.

Table 3: Age-wise Distribution of Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below 30 years	112	28	28	28
	30 to 45 years	103	25.8	25.8	53.8
	46 to 60 years	79	19.8	19.8	73.5
	More than 60 years	106	26.5	26.5	100
	Total	400	100	100	

Source: Primary Data

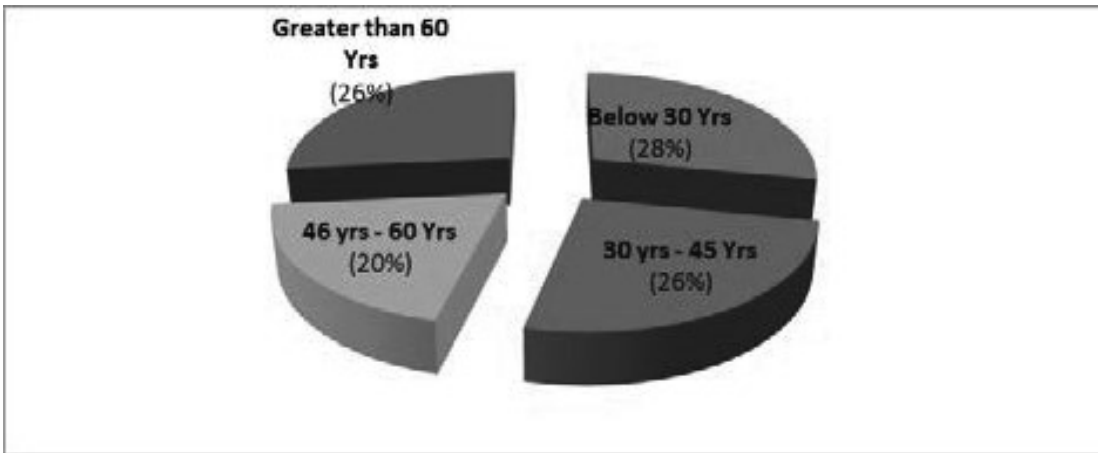


Figure 1: Age-wise Distribution of Respondents

Age wise there were four categories shown in the Fig.1. In the first category there were 112 (28%) respondents who were below 30 years, in the second category there were 103 (26%) respondents who were between the age group of 30 years to 45 years In the third category of age, there were 79 (20%) respondents who were between 46 years and 60 years and in the fourth category 106 (26%) respondents were more than 60 years. From the above Fig. it is inferred that banks have large number of young customers as compared to older customers. It is also to be noticed that age group between 31 years and 60 years have approximately 46 per cent of the total customer base of a bank. It indicates that with the growing percentage of younger customers, the expectation from the e-banking services would also grow.

Table 4: Education-wise Distribution of Respondents

		Frequency	Percent	Cumulative Percent
Valid	Up to 10+2	48	12.0	12.0
	Graduate	110	27.5	39.5
	Post Graduate	121	30.3	69.8
	Professional Degree	121	30.3	100.0
	Total	400	100.0	

Source: Primary Data

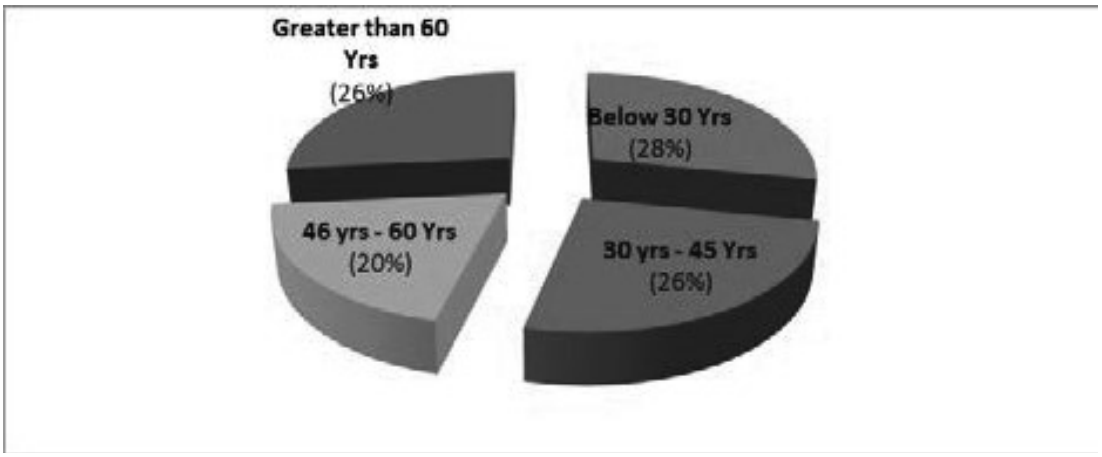


Figure 2: Education-wise Distribution of Respondents

The Fig. 2 details about the Education wise distribution of the 400 respondents through dividing it into four categories. These categories are up-to 10+2 (48, 12%) respondents, Graduates (110, 28%), Post Graduates (121, 30%) and Professional Degree (121, 30%). It was evident from the sample that more than half of the respondents (58%) in the sample possessed either a graduate or post graduate degree. Lower level educational category was somewhat underrepresented in the sample, contributing only 12% towards the sample.

Demographics (Age and Education) and Customer Satisfaction

The below table 5 reveals the data which is the mean (Customer Satisfaction) of Age and Education.

Table 5: Age & Education and Customer Satisfaction

Age Groups		Education	
Age	**Mean**	**Education**	**Mean**
below 30 Yrs	1.31	Up to 10+2	1.42
31 - 45 Yrs	1.38	Graduate	1.27
46 - 60 Yrs	1.27	Post Graduate	1.21
above 60 Yrs	1.21	Professional Degree	1.34

Source: Primary Data

It is seen in the above table that the score of mean of overall satisfaction in respect of male (Mean = 1.27) and female (Mean = 1.33) is approximately same. However, comparatively the females have better satisfaction than males. Age group wise data also

indicates that though the respondents of all age groups such as below 30 years (Mean = 1.31), between 31 years and 45 years (Mean = 1.38), between 46 years and 60 years (Mean = 1.27), above 60 years (Mean = 1.21) have approximately same level of satisfaction, however, the respondents under the age bracket of 31 years – 45 years have high level of satisfaction. The least satisfaction level is drawn by the respondents falling under the age group of above 60 years. Education wise data reveals that those respondents who are least educated i.e. up-to 10+2 (Mean = 1.42), have high satisfaction level. The comparatively least satisfied are those respondents who are Post Graduates (Mean = 1.21).

There are various statistical tools available for hypothesis testing. However, the researcher has used ANOVA Test.

HYPOTHESIS OF THE STUDY

Impact of Age and Education on Consumer Satisfaction by e-Banking

Objective 1: To Study the influence of Age on the perception of e-banking among the customers.

The statistical significance of the results obtained was checked with the help of inferential statistics to determine whether the results obtained for the sample hold true for the population. Following hypotheses were postulated for the test:

H0 (null) - The Customer's Satisfaction in the e-banking services do not differ with Age.

H1 (alt) –The Customer's Satisfaction in the alternative banking service differs significantly with Age.

In order to test the hypothesis, the researcher has applied ANNOVA Test to find out the impact of Age on the customer satisfaction from e-banking services. This test is selected because it investigates any number of factors which are supposed to influence the dependent variable of interest.

Table 6: Hypothesis Test Summary (Age and Customer Satisfaction)

Demographic Variable	N	Test	Calculated Value	Table Value	df	Sig.	Decision
Age	400	ANOVA	1.616	2.627	3,396	0.185	Retain the null hypothesis

The significance level is 0.05

By observing the ANOVA result in the above table, it is seen that the significant value comes out to be Age (0.185) which is greater than the 0.05. Also, if we compare the calculated value of the Age variable with their table value, it is observed that the calculated value is less than the table value i.e. (1.61 < 2.67). This implies the acceptance of the null hypothesis **"The customer's satisfaction in the e-Banking services does not differ based on Age characteristics."**

Objective 2: To Study the influence of Education Level on the perception of e-banking among the customers.

H0 (null) - The Education does not have a significant relationship with customer satisfaction in e-banking.

H1 (alt) – The Education have a significant relationship with customer's satisfaction in e-banking.

Table 7: Hypothesis Test Summary (Education and Customer Satisfaction)

Demographic Variable	N	Test	Calculated Value	Table Value	df	Sig.	Decision
Education	400	ANOVA	1.759	2.627	3,396	0.155	Retain the null hypothesis

The significance level is 0.05

By observing the ANOVA result in the above table, it is seen that the significant value comes out to be Education (0.155) which is greater than the 0.05. Also, if we compare the calculated value of the Education variable with their table value, it is observed that the calculated value is less than the table value i.e. (1.75 < 2.67). This implies the acceptance of the null hypothesis **"The customer's satisfaction in the e-Banking services does not differ based on Education characteristics."**

Findings

The researcher has tested this hypothesis and empirical evidences of this study reveal that the demographic variables such as Age and Education were insignificant factor in determination of customer satisfaction.

The male customers constitute a significant portion of the bank's customer's base and they are less satisfied from the e-banking services as compared to their female counterparts. The customers who operate e-banking services are evenly distributed across all age groups. However, the majority users fall below 45 years of age and above 60 years of age. It was also found that elders are less satisfied as compared to customers falling under 45 years of age. The majority of the users of e-banking services are either Post-Graduates or a Professional degree holder. The Professional degree holder customers are found to be more satisfied than their Post Graduate counterparts. Also, it was found that users who are less qualified i.e. 10+2 are more satisfied from the e-banking services.

CONCLUSION

Various studies related to e-services, e-commerce, e-banking have pointed that demographic profiles of the customers are important factor in customer satisfaction. Hence, the researcher has tested this hypothesis and empirical evidences of this study reveal that the demographic variables such as Age and Education were insignificant factor in determination of customer satisfaction.

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