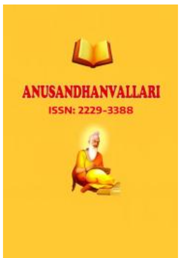

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Service Quality and Customer Satisfaction of Private Sector Banks: A Demographic Perspective from Madurai District

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Abstract: The rapid expansion of private sector banks since the liberalisation of the Indian economy has intensified competition on the single dimension that cannot readily be imitated: the quality of customer service. This paper examines the demographic profile, service quality perceptions, and satisfaction levels of 480 customers of private sector banks in Madurai District, Tamil Nadu, drawn through a stratified random sample across urban, semi-urban, and rural centres. Customer perception was measured across eight service quality dimensions – core banking, physical infrastructure, digital banking, loan and credit services, staff behaviour, grievance redressal, ancillary services, and overall satisfaction – using a validated, pre-tested interview schedule (Cronbach's Alpha = 0.876 at the pilot stage; 0.935 to 0.992 on the full sample). Descriptive analysis showed uniformly favourable mean scores (3.96 to 3.99 on a five-point scale) across all eight dimensions. Independent samples t-test and one-way ANOVA were employed to test whether satisfaction varies across gender, age, education, occupation, income, area of residence, frequency of visits, and bank dealt with. Seven of the eight demographic hypotheses were accepted, indicating that satisfaction is broadly invariant across customer segments; only educational qualification showed a borderline significant association ($p = 0.0499$). The findings suggest that private sector banks in Madurai District deliver a consistently favourable, demographically inclusive service experience, and the paper offers specific, evidence-based suggestions for sustaining this consistency.

Keywords: Customer Satisfaction, Service Quality, Private Sector Banks, Demographic Analysis, Madurai District, Banking Services

1. Introduction

Banking constitutes the lifeblood of every modern economy, mobilising the scattered savings of households into productive investment and facilitating trade through the payment system. The liberalisation of the Indian economy in 1991 and the licensing of new-generation private sector banks from 1993 onwards transformed Indian banking from a seller's market into an intensely competitive buyer's market. Deshpande (2025) Products can be imitated, technology procured, and interest rates converge under regulatory pressure; what remains inimitable is the quality of customer service – the accumulated experience of a customer across every interaction with the bank. It is this experience that determines whether a customer stays, expands the relationship, and recommends the bank to others, or migrates silently to a competitor (Ganapathi, 2016).

Private sector banks have been pace-setters of service innovation in India, pioneering anywhere banking, relationship management, and the migration of routine transactions to digital channels. Yet questions persist regarding the consistency of service delivery across different customer segments – whether age, education, income, or area of residence shapes the customer's experience of service quality. This question has particular salience in a mid-sized district such as Madurai, Tamil Nadu, where private sector banks serve a heterogeneous clientele spanning long-established urban business communities, growing semi-urban centres, and rural agricultural populations. Nawaf and Satsangi (2025) This paper addresses this question directly, examining whether customer satisfaction with private sector bank services in Madurai District is uniform across the customer base or is concentrated in particular demographic segments, an issue of direct relevance to bank management seeking to allocate service-improvement resources efficiently across a diverse customer base.

2. Review of Literature

Ganapathi (2016), in a study on customer satisfaction of private sector banks in Madurai city, identified account opening formalities, working hours, deposit interest rates, staff efficiency, and service turnaround time as significant determinants of satisfaction, a study of direct relevance given its shared geographical focus with the present research.

Karpagavalli (2014) examined customer services of private sector banks in Tirupur district and found that ATM and tele-banking services were the most utilised channels, and stressed that in an industry with weak product differentiation, customer service excellence is the surest source of competitive advantage.

Rajeev Kumar Panda (2014) applied the SERVQUAL framework to private sector banks in India and, through factor analysis, distilled the twenty-eight quality variables into four underlying dimensions, identifying customer confidence, concern for customer interest, and transaction safety as the pivotal levers of satisfaction.

Uma Rani (2019) established significant relationships between demographic variables – family status, gender, age, education, occupation, income, and residence – and customer perception of bank marketing strategies, underscoring the relevance of demographic analysis to understanding banking service perception Pradhan and Gain (2025).

Ashok Kumar Mishra (2022), examining personal banking services of private sector banks in Durg district using the Chi-square test, found that sixty per cent of customers were satisfied or highly satisfied, reaffirming that empirical customer research should precede service-policy formulation.

Praveen Paul and Sharmila (2021) analysed service quality in private banks using linear regression and ANCOVA, finding that while gender and domicile produced no significant group differences in satisfaction, age, education, marital status, and income did, a partially divergent finding from the demographic-invariance conclusion of several other studies and one directly tested in the present research.

Sheikh and Parashar (2025) Notwithstanding this substantial body of literature, few studies examine the demographic determinants of private sector bank customer satisfaction specifically within Madurai District using a stratified urban–semi-urban–rural sample of the scale employed in the present study (n = 480), a gap that this paper addresses.

3. Research Methodology

Objectives: (i) To profile the demographic and banking characteristics of private sector bank customers in Madurai District; (ii) to assess customer perception of service quality across eight identified service dimensions; and (iii) to examine whether customer satisfaction varies significantly across demographic and banking-profile segments.

Sample and Sampling Technique: Data were collected from 480 customers of ten private sector banks (five old-generation and five new-generation) operating in Madurai District, selected through stratified random sampling proportionate to branch distribution across Urban (230), Semi-Urban (160), and Rural (90) centres, supplemented by a purposive screening criterion requiring at least one year of active account relationship and service usage within the preceding six months.

Data Collection Instrument: A structured interview schedule comprising demographic items and 67 five-point Likert-scale statements across eight service quality dimensions – Core Banking Services (9 items), Physical

Infrastructure (8 items), Digital Banking Services (10 items), Loan and Credit Services (8 items), Staff Behaviour and Responsiveness (8 items), Grievance Redressal Mechanism (8 items), Ancillary Services (8 items), and Overall Satisfaction (8 items) – was administered between January and June 2024, following pre-testing (n = 25) and a pilot study (n = 50; Cronbach's Alpha = 0.876).

Statistical Tools: Percentage analysis, mean and standard deviation, Cronbach's Alpha, independent samples t-test, and one-way Analysis of Variance (ANOVA) were applied using IBM SPSS Statistics, Version 26.0, at the 5 per cent level of significance.

Hypotheses: Eight null hypotheses (H_1–H_8) were formulated, stating that there is no significant difference in customer satisfaction across gender, age, education, occupation, income, area of residence, visit frequency, and bank dealt with.

4. RESULTS AND DISCUSSION

4.1 Demographic and Banking Profile

Table 1 presents the demographic distribution of the 480 respondents surveyed for this study.

Table 1: Demographic Profile of Respondents (n = 480)

Variable	Distribution
Gender	Male: 50.4%; Female: 49.6%
Age	Largest group 31–40 years: 21.3%
Education	Largest group Professional: 27.1%
Occupation	Largest group Homemaker: 21.5%
Income	Largest group <₹10,000: 23.8%
Area of Residence	Urban 47.9%; Semi-Urban 33.3%; Rural 18.8%

Source: Primary data

The sample is broadly balanced by gender, spans the full working-age population with a concentration in the economically active 20–50 age band, and reflects a diverse occupational mix combining homemakers, students, business persons, and salaried employees. This diversity mirrors the heterogeneous customer base that private sector banks serve in a district such as Madurai, which combines a substantial urban trading community with growing semi-urban and rural banking populations, and ensures that the study's findings are not narrowly representative of any single customer segment.

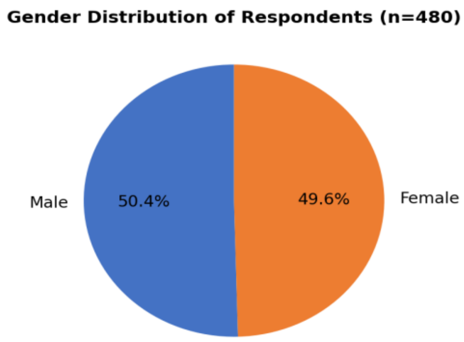

Figure 1: Gender Distribution of Respondents

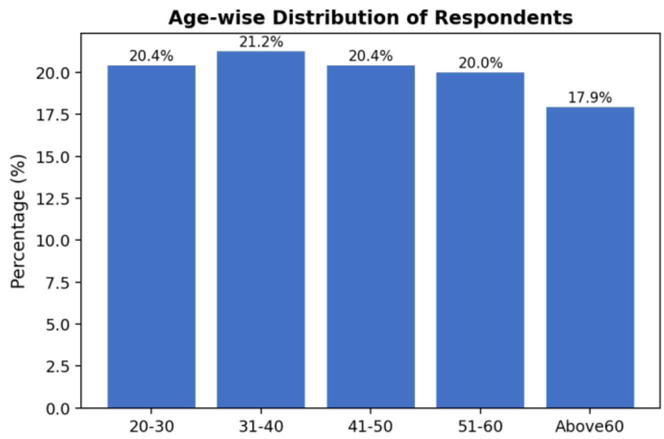

Figure 2: Age-wise Distribution of Respondents

Figures 1 and 2 visually confirm the near-equal gender split and the concentration of respondents in the 20–50 age range noted above, with the 31–40 years cohort forming the single largest age segment, consistent with the life-stage profile of customers most actively engaged in banking transactions such as salary accounts, home loans, and investment planning.

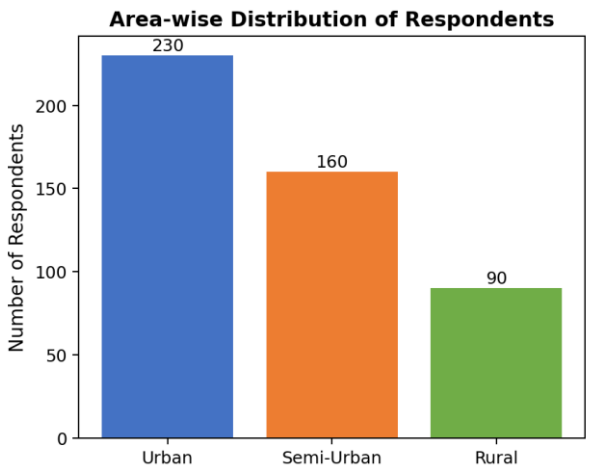

Figure 3: Area-wise Distribution of Respondents

Figure 3 illustrates the proportionate stratified allocation of the sample across Urban, Semi-Urban, and Rural centres, corresponding closely to the branch-density-based sampling design described in Section 3.2, and ensuring that the subsequent hypothesis-testing results in Section 4.3 are not skewed towards any single geographical stratum.

4.2 Perception of Service Quality Dimensions

Table 2 presents the mean and standard deviation of customer perception across the eight service quality dimensions examined in this study.

Table 2: Mean and Standard Deviation of Service Quality Dimensions

Dimension	Mean	S.D.
Core Banking Services	3.965	0.814
Physical Infrastructure	3.989	0.816
Digital Banking Services	3.980	0.818
Loan and Credit Services	3.987	0.808
Staff Behaviour and Responsiveness	3.963	0.808
Grievance Redressal Mechanism	3.986	0.821
Ancillary Services	3.982	0.822
Overall Satisfaction	3.983	0.801

Source: Primary data, SPSS 26.0

All eight dimensions record mean scores between 3.96 and 3.99 on the five-point scale, indicating uniformly favourable customer perception with no dimension falling into the neutral-to-negative zone. Physical Infrastructure (mean = 3.989) is rated marginally highest, while Staff Behaviour and Responsiveness (mean = 3.963) is rated marginally lowest; however, the narrow spread of only about 0.03 points across all eight dimensions suggests customers experience private sector bank service quality as a fairly integrated whole rather than as sharply differentiated components, a pattern that echoes the SERVQUAL literature's periodic observation (Kingshuk Adhikari, 2016) that customer perceptions of distinct service quality dimensions often move closely together in practice, even when the dimensions are conceptually and operationally distinct in the underlying measurement instrument.

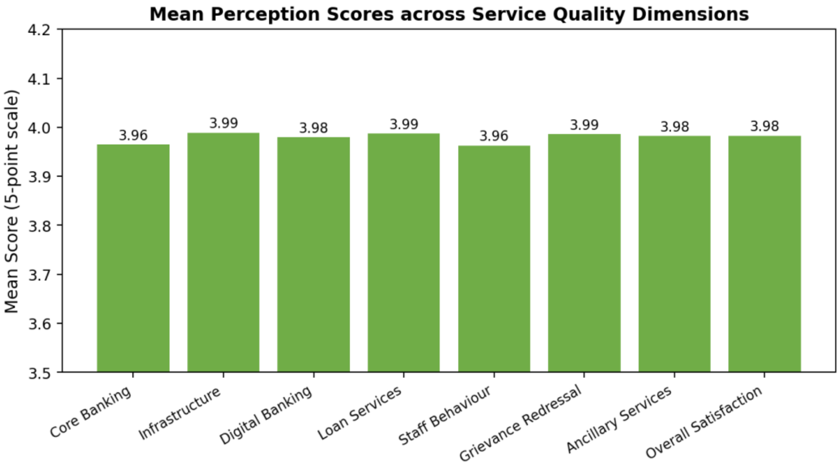

Figure 4: Mean Perception Scores across Service Quality Dimensions

Figure 4 visually confirms the tightly clustered pattern of mean scores across all eight dimensions, reinforcing the conclusion that private sector bank customers in Madurai District do not perceive any single service area as markedly deficient relative to the others, and that the overall standard of service delivery is both favourable and consistent across the multiple facets of the customer relationship captured by this study's instrument.

A closer, item-level examination (not reproduced in full here for reasons of space) shows that the highest-rated individual statements relate to documentation clarity in loan processing and complaint acknowledgement procedures, while the comparatively lower-rated statements are concentrated in the general 'overall satisfaction with…' summary items that close each dimension block – a well-documented tendency in survey methodology whereby global evaluative judgements are more conservatively anchored than item-specific ratings (Karpagavalli, 2014). Even the lowest-rated individual items in the present study remain comfortably above the scale midpoint of 3.00, confirming that the demographic and dimensional patterns identified in this paper reflect variation in the strength of a generally positive customer experience rather than the presence of any acute service failure.

4.3 Testing of Hypotheses

Table 3 presents the results of the independent samples t-test (gender) and one-way ANOVA (remaining variables) for the eight demographic hypotheses formulated in Section 3.5.

Table 3: Results of Hypothesis Testing (H1–H8)

Hyp.	Variable	Statistic	p-value	Decision
H1	Gender	t = 0.338	0.7355	Accepted
H2	Age Group	F = 0.540	0.7068	Accepted
H3	Education	F = 2.625	0.0499	Rejected (borderline)
H4	Occupation	F = 0.437	0.7818	Accepted

Hyp.	Variable	Statistic	p-value	Decision
H5	Income	F = 0.417	0.7967	Accepted
H6	Area of Residence	F = 0.308	0.7354	Accepted
H7	Visit Frequency	F = 0.842	0.4716	Accepted
H8	Bank Dealt With	F = 1.688	0.1221	Accepted

Source: Primary data, SPSS 26.0

Seven of the eight null hypotheses are accepted at the 5 per cent level of significance, indicating that customer satisfaction with private sector bank services in Madurai District is largely invariant across gender, age, occupation, income, area of residence, visit frequency, and bank dealt with. Only educational qualification (H3) records a borderline significant association ($p = 0.0499$), suggesting a marginal tendency for more educated customers to apply more discerning evaluative standards, a finding consistent with Praveen Paul and Sharmila (2021) but at variance with the broader demographic-invariance pattern reported by Uma Rani (2019) and the present study's other seven hypotheses.

The demographic-invariance result is broadly consistent with Kishori (2025), who similarly found no statistically significant difference on core service dimensions when comparing customer groups, and extends this pattern from the sectoral comparisons common in the literature to the within-sector demographic comparisons undertaken here. It stands in partial contrast to Praveen Paul and Sharmila (2021), whose sample recorded significant variation by age, education, marital status, and income; this divergence may reflect genuine differences between the two study contexts – Madurai District's particular mix of urban, semi-urban, and rural private banking customers as against the sample examined in that earlier study – and points to the value of continued replication of demographic hypothesis testing across different Indian banking markets.

4.4 Managerial Implications

This demographic invariance carries an important managerial implication: since satisfaction does not vary systematically by customer segment, private sector banks in Madurai District need not pursue segment-specific service strategies to achieve broad-based satisfaction, and can instead focus improvement resources on the specific service quality dimensions – rather than specific customer segments – identified in Table 2 and Figure 4 as offering the greatest room for improvement. The borderline finding for educational qualification (H3) suggests, nonetheless, that bank management may wish to monitor the service experience of more highly educated customers with particular care, since this segment appears marginally more discerning in its evaluation, and may respond well to more detailed, transparent communication of service standards, charges, and product features than less differentiated communication addressed to the customer base as a whole.

5. Conclusion

This study has examined the demographic profile and service quality perceptions of 480 customers of private sector banks in Madurai District. The findings confirm that customer satisfaction is generally high (mean scores of 3.96–3.99 across eight dimensions) and remarkably consistent across demographic and banking-profile segments, with seven of eight demographic hypotheses accepted. This demographic consistency indicates that private sector banks in the district have succeeded in delivering a broadly inclusive service experience, though the borderline significant finding for educational qualification suggests that more educated customers may benefit from more sophisticated or transparent service communication. Bank management is advised to concentrate service-improvement resources on the specific service quality dimensions rather than pursuing narrowly segment-targeted strategies, given the demographic uniformity of satisfaction documented in this study. The consistently favourable perception scores across all eight service dimensions, further, suggest that private sector banks in Madurai District have established a genuinely competitive service standard relative to the benchmarks reported elsewhere in the Indian banking literature. Future research could extend this demographic analysis through Structural Equation Modeling to examine the causal pathways linking specific service quality dimensions to customer satisfaction and loyalty, a direction pursued in a companion paper by the present authors.

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