

A Comparative Study on Customer Satisfaction in Indian Public Sector and Private Sector Banks

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ABSTRACT

The banking business, like many other financial service companies, is confronted with a quickly changing market, new technology, economic uncertainty, severe rivalry, and increasingly demanding clients; and the shifting atmosphere has posed an

unparalleled set of challenges. Customer service is an essential component of every aspect of banking, and it determines the destiny of any financial institution. The whole range of activity and revenue creation in the banking business revolves around the consumer. From a fairly pleasant and quiet atmosphere, the Indian Banking Sector is currently marked by fierce competition for customer satisfaction and profit wars between various banking organisations, i.e. (Private bank vs. Nationalized Bank). This article attempts to compare and contrast customer satisfaction between these two types of banks: public and private sector banks. The data was collected using a simple random sampling approach with a sample size of 50 people from the Malout and Bathinda regions of Punjab.

INTRODUCTION

Banks play a critical part in any modern state's economic growth. Banks play a crucial role in today's economy. In India, private participation in banking has traditionally been restricted, and public sector banks have had comprehensive protection. Since 1990, the situation has altered. In India, the banking system underwent a major transformation throughout the 1990s. The introduction of "anywhere banking" and "anytime banking"

via technology had a huge influence. The financial industry is much more competitive than it was previously, and it involves a rather substantial amount of foreign financial flows. The largest issue facing public sector banks in the context of increased financial liberalisation and global financial integration is to match market demand rather than being supported by the government or regulator. Foreign banks and new private banks have embraced technology from the beginning of their operations, and as a result, they have swiftly responded to technological advances. Deregulation, liberalisation, and globalisation have increased competition in the banking industry, resulting in lower margins in conventional firms, more cost pressures, and higher risks. Market positioning, intermediation costs, and service delivery are likely to be factors of bank efficiency in terms of competitiveness. Creating new clients and maintaining old ones has become harder for banks in the altered climate. Customers' pleasure has become a fundamental goal of any bank in order to stay competitive.

Hypothesis :

In terms of service quality characteristics, there is no major difference between public and private sector banks.

Objectives:

1. Determine the criteria by which a consumer chooses the bank with which he wants to be linked.
2. To evaluate and contrast the customer satisfaction levels of public and private sector banks.
3. To find out how customers feel about the level of service provided by banks.

4. To evaluate the banks' performance based on customer happiness, service quality, and other relevant variables.

5. Other than customer happiness and service quality, identify the important aspects that drive performance.

II.RESEARCH METHODOLOGY

This study employed a descriptive research methodology and a survey to gather information for several types of fact-finding queries. The information is gathered via a questionnaire. The data was acquired from clients of the two banks, Punjab National Bank and HDFC Bank, in the Malout and Bathinda regions, respectively. In order to obtain fair and candid replies on bank service quality, 25 bank respondents from each bank were personally contacted.

III.DATA COLLECTION

The questionnaire and personal contact technique were used to acquire primary data. The respondents were approached directly in order to obtain honest and open feedback on service quality. Secondary data was gathered from the internet, published reports, and PNB and HDFC Bank fact sheets. The weighted Mean was used to analyse the data.

Limitations of the Study:

- 1.This research is limited to the Malout and Bathinda regions exclusively.
2. The study only looked at a small number of institutions (just two public and two private sector banks).
- 3.The sample size does not guarantee a representative and definitive result, and a more rigorous study is required to get a firm conclusion.

IV.DATA ANALYSIS AND INTERPRETATION

Demographical Data

Factors		
Gender	Male	60%
	Female	40%
Age	Upto 20	2%
	20-40	65%
	40-60	25%
	Above 60	8%
Occupation	Business	14%
	Govt job	9%
	Private job	65%
	others	2%
Education	HSC	5%
	UG	19%
	PG	71%
	Others	9%
Marital status	Married	76%
	Unmarried	24%
Income	>10000	17%
	10000-30000	31%
	<30000	52%

Source: Compiled by author

According to the preceding data, 60 percent of the 50 responders were male and 40 percent were female. 2 percent of the respondents were under the age of 20, 65 percent were between the ages of 20 and 40, 25% were between the ages of 40 and 60, and 8% were beyond the age of 60. If we look at the educational credentials, we can find that 5% were 12th grade grads, 19% were graduates, and 71% were postgraduates. Seventy-six percent of those polled were married, while twenty-four percent were single. 17 percent of the 50 respondents had a monthly income of less than 10,000 rupees, 31% had a monthly

income of 10,000-30,000 rupees, and 52% had a monthly income of more than 30,000 rupees.

V.DATA ANALYSIS AND INTERPRETATION

1) **Modern equipment used:** - When we look at tangible elements like contemporary equipment, we see that the private sector outperforms the public sector. Only 14 percent of those who have a link with a nationalised bank think the contemporary equipment employed by private banks is outstanding, compared to 34% of persons who have a contact with a private bank.

2) **Physical facilities:** - Consumers of private banks are more happy with physical amenities

than customers of nationalised banks. The fact that 48 percent of consumers of private banks gave outstanding or good ratings demonstrates this. Only 35% of consumers of nationalised banks have given the institutions an excellent or good rating.

3) **Employee's appearances:** - Consumers of private sector banks believe that their workers are extremely presentable, as evidenced by the fact that 47% of private bank customers believe this. In comparison, just 27% of consumers of nationalised banks share this sentiment.

4) **Material quality:** - Consumers of private banks are also delighted with the quality of the materials used for pass books, cheque books, and other items. Customers have given 46 percent of customers an outstanding or good rating, compared to 33 percent for nationalised banks.

5) **Time schedule for the operations:** - When compared to nationalised banks, private banks do a better job of sticking to their operational schedules. Clients of private banks feel this way 45 percent of the time, whereas customers of nationalised banks feel this way only 23 percent of the time.

7) **Employee's interest in solving customer's problems:** - Customers of private banks believe that bank workers are really engaged in resolving their issues. The fact that 45 percent of private bank clients agree demonstrates this. In comparison, just 23% of consumers of nationalised banks share this sentiment.

8) **Consistency of service provided by the employees:** - When we look at the consistency of the services provided by banks in both sectors, we discover that 44 percent of private bank customers and 25 percent of nationalised bank customers are satisfied.

9) **Time taken for operation against standard time:** - In terms of the time it takes to complete an operation compared to the typical time, 44% of private bank clients gave it an excellent or good rating. Only 23% of clients of nationalised banks have given an excellent or good rating in this category.

10) **Quality of record maintained by the employees:** - Customers of private banks believe that the banks keep their records in excellent condition. The fact that 57 percent of private bank clients agree demonstrates this. In comparison, just 29% of consumers of nationalised banks share this sentiment.

11) **Information and guidance to the employees:** - Only 24% of clients of nationalised banks believe their bank offers adequate information and advice to its workers, compared to 44% of private bank customers.

12) **Promptness of service rendered by the employees:** - Customers of private banks are often pleased with the speed with which they receive services. This is demonstrated by the fact that 37% of private bank clients agree. Only 20% of consumers of nationalised banks, on the other hand, are happy in this area.

13) **Employee's willingness to help the customers:** - Customers of private banks believe that the workers of these institutions are willing to assist them 43% of the time. However, just 22% of clients of nationalised banks agree.

14) **Employee's attitude to hear the customers problem:** - Customers of private banks believe that their workers have a highly positive approach toward resolving their problems. This is demonstrated by the fact that 41% of private bank clients agree. In comparison, just 22% of consumers of

nationalised banks are happy with their service.

15) Employee's behavior to increase the confidence of customers: - Clients of private banks believe that their workers strive to boost their customers' confidence levels 41% of the time. Customers of nationalised banks, on the other hand, only feel this way 24 percent of the time.

16) Confidence of safety of funds with the bank: - Customers of private banks appear to have a high level of trust in the banks' ability to protect their cash. Customers of private banks agree, with 44% saying so. In comparison, just 34% of consumers of nationalised banks have confidence in the security of their cash.

17) Employee's courtesy with customers: - Clients of private banks believe that their workers are pleasant to their customers in 44 percent of cases. However, just 23% of clients of nationalised banks agree.

VI.FINDINGS AND CONCLUSION

When private sector banks are compared to public sector banks, private banks outperform public sector banks on all 16 of the study's metrics. Private banks appear to have provided good service to their clients and have been effective in adopting concrete aspects such as modern technology, infrastructure, and the quality of materials utilised, among other things. Private sector banks have succeeded in establishing a pleasant connection with consumers, while public sector banks still have a long way to go. The majority of respondents said that private bank workers are highly eager to please their customers. Customers of nationalised banks, on the other hand, thought that the workers were unconcerned about their needs. Customers of

private banks believe that their banks are concerned about their convenience and are willing to accommodate their preferred working hours. Although every effort was made to cover all areas of service quality in this study, certain factors may have been overlooked or may become significant when new banking trends emerge. Customers may discover additional components of retail banking service quality that are significant to them in future research, and these would have to be added into the scale in order to further examine the idea of service quality in the retail banking sector.

VII.SUGGESTIONS

If nationalised banks implement the following recommendations, customer satisfaction would rise, and the Indian banking system will benefit as a result:

- Employees should be well-versed in the services provided.
- Employees should be more respectful to consumers.
- Employees should apologise if they make a mistake.
- The account should be handled with caution.
- Customers' directions should be properly followed.
- The time it takes to complete an operation should be minimised.
- A complaint should be handled right away.
- Customers who have filed a complaint should be contacted again.
- Customers' names and addresses should be treated with care.

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