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**A COMPARATIVE STUDY ON SERVICES PROVIDED BY PUBLIC SECTOR BANKS AND  
PRIVATE SECTOR BANKS IN TIRUNELVELI DISTRICT**

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**\*Dr. B. REVATHY**  
Professor & Head ,

**\*\*A.ANITHA**  
Ph.D Scholar

Department of Commerce  
Manonmaniam Sundaranar University, Tirunelveli.

**Abstract**

In our day-to-day life, money is an important yardstick that decides one's survival from birth to till one breathes last. The world has become a place where one cannot, by and large, survive in this world. This shows the importance of money in human life. Some people save money in banks from their earnings for liquidity, profitability and safety. So, in order to save and keep their money safe, they need banks. Banks satisfy these needs by means of receiving deposits from the public and repaying the sum at the time of demand, with interest. Thus, it goes without saying that banks maintain the balance of money and play a dynamic role in economic development of a nation. Banking industry is one of the core and important areas of the nation. The growth of banking industry is a vital one for the economic development of the nation. The present study is a research based on survey method.

The world of banking has assumed a new dimension at dawn of the 21st century with the advent of tech banking thereby lending the industry a stamp of universality. In general, banking may be classified as retail and corporate banking. Retail banking, which is designed to meet the requirement of individual customers and encourage their savings, includes payment of utility bills, consumer loans, credit cards, checking account and the like. Corporate banking, on the other hand, caters to the need of corporate customers like bills discounting, opening letters of credit, managing cash, etc.

**Keywords:** Banking Services, Corporate banking, Economic Development, Exchange Control, Monetary Policy, Perception, and Retail banking

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## **Introduction**

Banking industry is one of the core and important areas of the nation. Growth of banking sectors is one of the major requirements for the economic development of the nation. Moreover, Computers and computerization are not very new to India. In fact, the first computer was installed in the country in the early sixties. Initially, the growth in the number of computer installation was quite slow, but after eighties, this technology spread over all the business establishments very fast. In 1968, the banking industry has undergone big revolutionary changes. The then government appointed a committee for review in the banking service. Deposits with commercial banks are considered the most popular form of investment. Deposits in scheduled banks are very safe because of the regulation of the RBI and the guarantee provided by the Deposit Insurance Corporation. Bank deposits are very popular because they enjoy exceptionally high liquidity. Now RBI has fixed interest rate on deposits, prescribing only the ceiling rate for different maturities. Thus, public and private sector banks play a major role in providing better services to the customers.

Metamorphic changes took place in the Indian financial system during the eighties and nineties consequent upon deregulation and liberalization of economic policies of the government. India began shaping up its economy and earmarked ambitious plan for economic growth. Consequently, a sea change in money and capital markets took place. Application of marketing concept in the banking sector was introduced to enhance the customer satisfaction. The policy of privatization of banking services aims at encouraging the competition in banking sector and introduction of financial services. Consequently, services such as Demat, Internet banking, Portfolio Management, Venture capital, etc, came into existence to cater to the needs of public. An important agenda for every banker today is greater operational efficiency and customer satisfaction. The new watchword for the bank is pretty ambitious: customer delight.

The introduction to the marketing concept to banking sectors can be traced back to American Banking Association Conference of 1958. Banks marketing can be defined as the part of management activity, which seems to direct the flow of banking services profitability to the customers. The marketing concept basically requires that there should be thorough understanding of customer need and to learn about market it operates in. Further the market is segmented so as to understand the requirement of the customers of the banks.

### **Customer Satisfaction**

The Greek philosopher, Epictetus says that "What concerns me is not the way things are, but rather the way people think things are "(Swatch, 2005, p.3).The concept of the consumer satisfaction depends on the thinking of the consumer.

The researchers of the customer satisfaction such as Heskett, Sasser and Schlesinger (1997) said that customer satisfaction is a transitional on-going process. Oliver (1997) gave a static definition of the consumer satisfaction by analysing the total consumption process and experience of the customers. "Satisfaction is defined as a pleasurable fulfilment. That is the consumer senses that consumption fulfils some needs, desires, goals, or so forward and that this fulfilment is pleasurable. Thus satisfaction is the consumer's sense that consumption provides outcomes against the standard of pleasure versus displeasure. For satisfaction to affect loyalty frequent or cumulative satisfaction is required so that individual satisfaction episodes become aggregated or blended" Oliver (1997).

### Customer Expectation

The theories of consumer expectation have been researched by a number of researchers. Oliver (1980) said that expectations consist of an estimate of likelihood or probability of occurrence. Expectations of the customer are based on the evaluation of goodness or badness of product and services. It is determined that desired performance made by customer about the levels of performance during a transaction. The feeling of satisfaction arises when the customer compares their perception of actual products or services performance to the past expectations. The difference between past expectations and actual performance results in the disconfirmation

### Importance of Customer satisfaction in an Organisation

"Customer satisfaction is increasingly becoming a corporate goal as more and more companies strive for quality in their product and services"(Bitner and Hubbert, 1994, p.78). There is an intense competition in the market to capture the customers. Therefore the global leaders cannot think competing in the market, only with the price factor alone. They realised that the customer satisfaction is the most important factor to become the business leader. The ability of the firm to remain in the business is necessary to win customers over competition since the customer is the foundation of the business. For example "The retailer Tesco focusing on the customer, managed itself to increase its market share and profitability by becoming the market leader in the highly competitive and cost-conscious market place"(Cook, 2002, p. 4). Today the customers were more educated and well informed. They will not be diverted from their expectation. They have wide range of option to choose the product and services. To achieve the complete satisfaction from product and services the customer makes active comparison between different product and services. The customer's expectation rises gradually when they begin to use better services. Therefore the organisations have challenges to maintain the high level of customer satisfaction. The competitive market force the firm to raise their customer satisfaction always.

### Service Quality

There is a great difference between traditional and modern service quality. The modern service quality enhancement needs the implementation of internet facility. The use of IT is important in the many service enabled organizations and the analysis of technology for the service quality attribute is also necessary. The IT based services can create dissatisfaction among the customers if they are unable to use the service. The gradual increase in the number of customers to use the IT service is the challenge to the organization in a more efficient and effective manner. Furey, 1991 and Licata et al., (1998) said that IT can help to improve the service quality by reducing error rate. The IT based services generate high customer satisfaction.

### Importance of Customer Retention in Banks

The banking sector is intensively competitive. Big banks are now competing with specialty banks that are not only offering free accounts and higher interest rates for savings but are also giving customers that personalized customer services that make such a huge difference in this industry. This reality has made the need for customer retention for banks that are much more important, as the option for acquiring new customers are far more difficult.

The numbers prove that customers are more sophisticated and poor [customer retention strategies](#) will result in a loss of revenue for banks. Dissatisfied customers are especially problematic for banks. A recent study showed that 45% of customers who are dissatisfied with

their current bank will discourage their friends from using that bank's services. This figure shows the urgent attention that banks need to give to customer retention.

The stakes are clearly higher for banks, as well. A customer with a bank is a customer for life. The transition is down to the customers' children and other family members. So it becomes important for banks to understand their customers on a much more personal level than perhaps some other businesses.

### **PUBLIC SECTOR BANKS**

Nationalised banks or public banks dominate banking System in India. The nationalisation of banks in India took place in 1969 by Mrs. Indira Gandhi the then prime minister. The major objective behind nationalisation was to spread banking infrastructure in rural areas and make available cheap finance to Indian farmers. Before 1969, State Bank of India (SBI) was the only public sector bank in India. Despite the entry of many new domestic and foreign private banks since liberalization, public sector banks continue to dominate the commercial banking industry.

### **PRIVATE SECTOR BANKS**

Private sector banking in India received a flip in 1994 when Reserve Bank of India encouraged setting up of private banks as part of its policy of liberalisation of the Indian Banking Industry. Housing Development Finance Corporation Limited (HDFC) was amongst the first to receive an 'in principle' approval from the Reserve Bank of India (RBI) to set up a bank in the private sector. Private Banks have played a major role in the development of Indian banking industry. They have made banking more efficient and customer friendly. In the process they have jolted public sector banks out of complacency and forced them to become more competitive. India has a better banking system in place of other developing countries.

**Some of common available banking products are explained below:**

#### **1) Credit Card:**

Credit Card is 'post-paid' or 'pay later' card that draws from a credit line-money made available by the card issuer (bank) and gives one a grace period to pay. If the amount is not paid fully by the end of the period, one is charged interest. These bills are assembled in the bank and the amount is paid to the bank by the card holder totally or by instalments. The card holder need not have to carry money/cash with him when he travels or goes for purchasing.

Credit cards have found wide spread acceptance in the metros and big cities. Credit cards are gaining popularity for online payments. The major players in the Credit Card market are the foreign banks and some big public sector banks like SBI and Bank of Baroda. India at present has about 3 million credit cards in circulation.

#### **2) Debit Cards:**

Debit Card is a 'prepaid' or 'pay now' card with some stored value. Debit Cards quickly debit or subtract money from one's savings account, or if one were taking out cash. When a CUSTOMER makes a purchase, he enters this number on the shop's PIN pad. When the card is swiped through the electronic terminal, it dials the acquiring bank system ± either Master Card or Visa that validates the PIN and finds out from the issuing bank whether to accept or decline the transaction. The customer never overspends because the amount spent is debited immediately from the customer's account. So, for the debit card to work, one must already have the money in the account to cover the transaction. There is no grace period for a debit card purchase. The major limitation of Debit Card is that currently only some 3000-4000 shops country wide accept it.

### **3) Automatic Teller Machine:**

The introduction of ATMs has given the customers the facility of round the clock banking. ATM card is a device that allows customer who has an ATM card to perform routine banking transaction at any time without interacting with human teller. This can be done by inserting the card in the ATM and entering the Personal Identification Number and secret Password. ATMs are currently becoming popular in India that enables the customer to withdraw their money 24 hours a day and 365 days. It provides the customers with the ability to withdraw or deposit funds, check account balances, transfer funds and check statement information.

### **4) E-Cheques:**

An electronic version or representation of a paper is cheque. The account holder writes an E-cheque using a computer or other type of electronic device and transmits the e-cheque to the payee electronically. Like paper cheques, e-cheques are signed by the payer and endorsed by the payee. Rather than handwritten or machine-stamped signatures, however, e-cheques are affixed with digital signatures, using a combination of smart cards and digital certificates. The payee deposits the e-cheques, receives credit, and the payee's bank clears the e-cheques to the paying bank. The paying bank validates the e-cheques and then charges the cheque writer's account for the cheque.

### **5. Electronic Funds Transfer (EFT):**

Many modern banks have computerised their cheque handling process with computer networks and other electronic equipments. These banks are dispensing with the use of paper cheques. The system called electronic fund transfer (EFT) automatically transfers money from one account to another. This system facilitates speedier transfer of funds electronically from any branch to any other branch. In this system the sender and the receiver of funds may be located in different cities and may even bank with different banks. Funds transfer within the same city is also permitted. The scheme has been in operation since February 7, 1996, in India.

### **6) Telebanking:**

Telebanking refers to banking on phone services. a customer can access information about his/her account through a telephone call and by giving the coded Personal Identification Number (PIN) to the bank. Telebanking is extensively user friendly and effective in nature.

### **7) Mobile Banking:**

A new revolution in the realm of e-banking is the emergence of mobile banking. On-line banking is now moving to the mobile world, giving everybody with a mobile phone access to real-time banking services, regardless of their location. The potential of mobile banking is limitless and is expected to be a big success. According to this system, customer can access account details on mobile using the Short Messaging System (SMS) technology where select data is pushed to the mobile device. The Wireless Application Protocol (WAP) technology will allow user to surf the net on their mobiles to access anything and everything. This is a very flexible way of transacting banking business. Already ICICI and HDFC banks have tied up cellular service providers such as Airtel, Orange, Sky Cell, etc. in Delhi and Mumbai to offer these mobile banking services to their customers

### **8) Internet Banking:**

Internet banking involves use of internet for delivery of banking products and services. With internet banking is now no longer confined to the branches where one has to approach the branch in person, to withdraw cash deposits a cheque or request a statement of accounts. In internet banking, any inquiry or transaction is processed online without any reference to the branch (anywhere banking) at any time. ICICI bank was the first one to offer Internet Banking in India.

### **9) Cyber Banking:**

It refers to banking through online services. Banks with website Cyber' branches allowed customers to check balances, pay bills, transfer funds, and apply for loans on the Internet.

### **10) Demat:**

Demat is short for de-materialisation of shares. In short, Demat is a process where at the customer's request of physical stock is converted into electronic entries in the depository system. **The following points highlight the nine major problems faced by India's nationalized banks.**

#### **Losses in Rural Branches:**

Most of the rural branches are running at a loss because of high overheads and prevalence of the barter system in most parts of rural India.

#### **Large Over-Dues:**

The small branches of commercial banks now face a new problem—a large amount of overdue advances to farmers. The decision of the former National Front Government to waive all loans to farmers up to the value of Rs. 10,000 crores has added to the plight of such banks.

#### **Non-Performing Assets:**

The commercial banks at present do not have any machinery to ensure that their loans and advances are, in fact, going into productive use in the larger public interest. Due to a high proportion of non-performing assets or out standings due to banks from borrowers they are incurring huge losses. Most of them are also unable to maintain capital adequacy ratio.

#### **Advance to Priority Sector:**

As far as advances to the priority sectors are concerned, the progress has been slow. This is partly attributable to the fact that the bank officials from top to bottom could not accept nationalisation gracefully, viz., and diversion of a certain portion of resources to the top priority and hitherto neglected sectors. This is also attributable to the poor and unsatisfactory loan recovery rates from the agricultural and small sectors.

#### **Competition from Non-Banking Financial Institution:**

As far as deposit mobilisation is concerned, commercial banks have been facing stiff challenges from non-banking financial intermediaries such as mutual funds, housing finance corporations, leasing and investment companies. All these institutions compete closely with commercial banks in attracting public deposits and offer higher rates of interest than are paid by commercial banks.

#### **Competition with Foreign Banks:**

Foreign banks and the smaller private sector banks have registered higher increase in deposits. One reason seems to be that non-nationalised banks offer better customer service. This creates the impression that a diversion of deposits from the nationalised banks to other banks has probably taken place.

#### **Gap between Promise and Performance:**

One major weakness of the nationalised banking system in India is its failure to sustain the desired credit pattern and fill in credit gaps in different sectors. Even though there has been a reorientation of bank objectives, the bank staff has remained virtually static and the bank procedures and practices have continued to remain old and outmoded.

The post-nationalisation period has seen a widening gap between promise and performance. The main reason seems to be the failure of the bank staff to appreciate the new work philosophy and new social objectives.

### **Bureaucratisation:**

Another problem faced by the commercial banks is bureaucratisation of the banking system. This is indeed the result of nationalisation. The smooth functioning of banks has been hampered by red-tapism, long delays, lack of initiative and failure to take quick decisions.

### **Political Pressures:**

The smooth working of nationalised banks has also been hampered by growing political pressures from the Centre and the States. Nationalised banks often face lots of difficulties due to various political pressures. Such pressures are created in the selection of personnel and grant of loans to particular parties without considering their creditworthiness.

### **Significance of the Study**

This study empirically examines the importance of customer service in the banking industry. Indeed, an efficient customer service holds the key to overcoming the stiff competition in the banking industry. Not only this but also, customers will be galvanized to advertise the products of that bank through word-of-mouth. These could be achieved if the bottlenecks associated with effective customer service delivery are reduced to the barest minimum if not totally eliminated. It is against this backdrop and stiff competition that this study attempts to find out; firstly, the nature of customer service and, problems faced by customers anytime they come to transact business at the bank. Secondly, to examine the needs and wants of customers and perhaps arouse the feasible options to institute better customer service practise and evaluate customers' attitude. Furthermore, this work would contribute to knowledge in the area of product range and whether customers are satisfied with the product available in the banks. This study would help to establish the framework for policy direction to rake in more customers for the banks.

### **STATEMENT OF THE PROBLEM**

In this modern world, human beings have different needs and wants for their comfortable life. No matter whether rich or poor, man needs money for satisfying their needs and wants. In our day-to-day life, money decides man's destiny right from his birth till his end. Without money, human beings almost cannot survive in this world. In an era of technology and globalization, money calls the shots in man's life.

Some people depend on banks not only to save money but also to ensure liquidity, profitability and safety. Banks satisfy this need by means of receiving deposits from the public and repaying the sum at the time of demand, with interest. Thus, the banks maintain the balance of money and play a dynamic role in the economic development of a nation. Nowadays many banks realize that all advantages, which they want to establish through their core products quickly, wore away as others banks has the same products being offered. However, since it's a well known fact that no business can exist without customers, the important strategy is focused on providing the high-quality service for the customers.

### **Objectives of the study**

. The following are the objectives of the study

1. To study various multi-dimensional services provided by the public sector and private sector banks in Tirunelveli district.
2. To assess the perception of customers on banking services.
3. To study the factors influencing the choice of a bank for availing services.

4. To find and compare the satisfaction level of customers in public sector as well as in private sectors bank.
5. To offer suggestions for improved services of public and private sector banks.

#### **SAMPLE DESIGN:-**

A sample design is a definite plan for obtaining a sample from a given population. Sample design lay down the number of items to be included in the sample i.e. the size of the sample. Sample design is determined before data are collected. The selected respondents are the representatives of the total population.

Each of the 5 public sector and private sector banks has different number of branches in Tirunelveli District. Therefore care was taken to ensure the selection of customers from each bank in a fairly proportionate manner. Therefore the total sample size for the study was 600; 300 from public sector banks and another 300 from private sector banks.

#### **The banks chosen for the survey:**

#### **Private Sector Banks**

1. Axis Bank
2. ICICI Bank
3. KarurVysya Bank
4. Lakshmi Vilas Bank
5. Tamilnad Mercantile Bank Limited

#### **Public Sectors Banks**

1. Bank of India
2. Canara Bank
3. Central Bank of India
4. Indian Bank
5. Indian Overseas Bank

#### **DATA COLLECTION**

Primary data and secondary data are collected for the study

#### **Primary Data**

Primary data are collected for first time and are not used by anyone in the past.

#### **Questionnaire**

This method of data collection is quite popular. 27 simple questions are framed and the respondents are requested to answer these questions with correct information.

#### **Secondary data**

There are number of sources of secondary data from which the information can be collected.

#### **Limitations of the Study**

- (i) All the answers given by the respondents are assumed to be true.
- (ii) Customers have provided necessary information for some questions from their memory and experience whose accuracy is not satisfactory.

**Analysis and Interpretation****Table 1****Type of Account of Respondent Customers**

Sl. No	Type of Account	Type of Bank		Total
		Public sector	Private sector	
1.	Savings Bank Account	206(68.7)	62(20.7)	268(44.7)
2.	Recurring Deposit	14(4.7)	18(6.0)	32(5.3)
3.	Fixed Deposit	18(6.0)	6(2.0)	24(4.0)
4.	Current Account	16(5.3)	94(31.3)	110(18.3)
5.	Loan Account	46(15.3)	120(40.0)	166(27.7)
	<b>Total</b>	<b>300(100)</b>	<b>300(100)</b>	<b>600(100)</b>

**Source: Primary data**

(Figures in parentheses indicates percentages)

Table 1 clearly shows that out of the total 600 sample respondents, majority of 44.7 per cent of the respondents have savings bank account and only four per cent of the respondents have fixed deposit account. It is inferred from the table that the majority of the respondents have savings bank account. It reveals that people go for long term investment in other aspects and not in fixed deposits.

It is observed from the table that in public sector banks, majority of 68.7 per cent of the respondents maintain savings account and in private sector banks, majority of 40 per cent of the respondents have loan account. This shows that savings bank account is the most popular one among the customers of public sector banks followed by loan account (15.3 per cent) and in private sector banks, a comparatively lower number of customers have savings bank account. Least number is recorded in recurring deposits of public sector banks. Loan accounts are high in private sector banks (40 per cent) because of easy and economical terms of loan.

**Table 2****Type of Loan of Respondents**

Sl. No	Type of Loan	Type of Bank		Total
		Public sector	Private sector	
1.	Consumer loan	2(4.3)	8(6.7)	10(6.0)
2.	Vehicle loan	4(8.7)	10(8.3)	14(8.4)
3.	Housing loan	12(26.1)	44(36.7)	56(33.7)
4.	Education loan	18(39.1)	46(38.3)	64(38.6)
5.	Agriculture loan	10(21.8)	12(10.0)	22(13.3)
	<b>Total</b>	<b>46(100)</b>	<b>120(100)</b>	<b>166(100)</b>

**Source: Primary data**

(Figures in parentheses indicates percentages)

Table 2 indicates that out of the total 166 sample respondents have taken education loan from the banks, 38.6 per cent of the respondents have taken education loan and only 6 per cent of the respondents has taken consumer loan.

It further indicates that out of the total 46 sample respondents have taken loan from the public sector banks, majority of 39.1 per cent of the respondents has taken education loan and only 4.3 per cent of the respondents have taken consumer loan. Table reveals that out of the total 120 sample respondents have taken loan from the private sector banks, majority of 38.3 per cent

of the respondents have taken educational loan and only 6.7 per cent of the respondents have taken consumer loan. It is inferred that majority of the respondents have taken education loan because parents prefer to take education loan in public and private sector banks. Housing loan has the second position in both the banks.

### Factors Motivating towards Banks

Customers are motivated by different factors towards the public sector banks and private sector banks. Twenty one different factors are identified and are given in table 3. In order to find out the significant difference in factors motivating towards banks among customers of public sector and private sector banks in Tirunelveli district, 't' test is attempted with the null hypothesis, "there is no significant difference in factors motivating towards banks among customers of public sector and private sector banks in Tirunelveli district". The result of 't' test is presented in the Table 3.

**Table 3**  
**Factors Motivating towards Banks**

Sl. No	Factors Motivating towards banks	Type of Bank		T Statistics
		Public Sector Mean Score	Private Sector Mean Score	
1.	Tax benefits	3.7000	4.2600	10.721*
2.	Prompt services	3.3500	3.5533	2.582*
3.	Less risky	3.4333	3.5467	1.445
4.	Easy transactions	3.0133	4.5533	20.920*
5.	Financial security	3.4333	4.3400	14.136*
6.	Time saving	3.4433	3.5533	1.394
7.	Sincerity of staff	3.0333	4.7400	21.384*
8.	Easy availability	2.8333	4.5333	25.321*
9.	Highly accessible	3.4133	3.5533	1.816
10.	Better services	2.4200	4.3600	30.036*
11.	Nearest to the work place	3.4433	3.5400	1.214
12.	Convenient working hours	2.4400	4.3733	23.716*
13.	Neatness of the bank	3.4433	3.5667	1.537
14.	Minimum formalities	3.3400	4.6267	14.676*
15.	Proper customer services/recognition of customers	3.4667	3.5767	1.385
16.	Standardized services	3.4433	3.5767	1.671
17.	Spacious	2.6867	4.8000	30.020*
18.	Reasonable service charges	2.6067	4.8667	37.474*
19.	Qualified staff	3.4433	3.5767	1.701
20.	Proper response	3.3767	3.5733	2.434*
21.	Absence of cumbersome procedures	3.4067	4.7867	20.394*

Source: Primary Data

\*-Significant at 5 per cent level

Table 3 shows the mean score of all twenty one factors motivating towards banks along with its respective ‘T’ statistics. The important factors motivating towards banks among the customers of public sector banks are tax benefits and time saving and their respective mean scores are 3.7000 and 3.4433 respectively. Among the customers of private sector banks, the important factors motivating towards banks are reasonable service charges and spacious and their respective mean scores are 4.8667 and 4.8000 respectively. Regarding the factors motivating towards banks, the significant difference Thus the respective ‘T’ statistics are significant at 5 per cent level, and hence the null hypothesis is rejected.

### Perception on Service Quality of Banks

Customers of public sector banks and private sector banks have different perception on service quality of banks. Twelve different opinions are identified and given in table 4. In order to find out the significant difference in perception on service quality of banks among customers of public sector and private sector banks in Tirunelveli district, ‘t’ test is attempted with the null hypothesis, “there is no significant difference in perception on service quality of banks among customers of public sector and private sector banks in Tirunelveli district”. The result of ‘t’ test is presented in the Table 4.

**Table 4**

#### Perception of Respondents on Service Quality of Banks

Sl. No	Perception on Service Quality of Banks	Type of Bank		T Statistics
		Public Sector Mean Score	Private Sector Mean Score	
1.	Latest equipment	3.4667	3.5733	1.343
2.	Quick problems solving	3.4133	3.5767	2.011*
3.	Excellent customer guidance	3.5467	4.8000	19.829*
4.	Trustworthiness of employees	3.4933	4.7200	16.709*
5.	Maintenance of Confidence	3.4667	3.5800	1.425
6.	Regular follow up	3.4433	3.5567	1.412
7.	Friendly /Approach	3.1267	4.6267	19.489*
8.	Immediate response to enquiries	3.4167	3.5800	2.024*
9.	Proper correspondence/Communications	4.1933	4.7200	7.059*
10.	Facilities inside the office(drinking water, toilet, seating, etc are hygienic	3.5000	3.6067	1.779
11.	Neatness	3.2145	3.8546	4.657*
12.	Assurance for right services at right time	3.5214	3.9521	3.241*

**Source: Primary Data**

\*-Significant at 5 per cent level

Table 4 shows the mean score of twelve perceptions on service quality of banks along with its respective ‘T’ statistics. The important perception on service quality of banks among the customers of public sector banks are proper correspondence/communications and excellent customer guidance and their respective mean scores are 4.1933 and 3.5467 respectively. Among the customers of private sector banks, the important perceptions on service quality of banks are

excellent what they need and employees' trustworthiness and their respective mean scores are 4.8000 and 4.7200 respectively. Regarding the perception on service quality of banks, the significant difference among the customers of public sector and private sector banks, are identified in the case of quick problem solving , excellent what they need, trustworthiness of employees, employees friendly/approach, immediate response to enquiries, proper correspondence/communications, neatness of employees and assure right services at right time since the respective 'T' statistics are significant at 5 per cent level, the null hypothesis is rejected.

### Perception of Bankers Service towards Loan

Customers of public sector banks and private sector banks have different perception of bankers service towards loan such as loan terms and conditions are transparent, loan procedure is simple, loans have a flexible premium structure, banks offer wide variety of loan facilities and loan advertisement is more attractive, In order to find out the significant difference in perception of banker's service towards loan among customers of public sector and private sector banks in Tirunelveli district, 't' test is attempted with the null hypothesis, "there is no significant difference in perception of bankers' service towards loan among customers of public sector and private sector banks in Tirunelveli district". The result of 't' test is presented in the Table 5.

**Table 5**

**Perception of Banker's Service towards Loan**

Sl. No	Perception of Bankers Service towards Loan	Type of Bank		T Statistics
		Public Sector Mean Score	Private Sector Mean Score	
1.	Transparent terms and conditions	2.6600	4.3000	25.663*
2.	Simple loan procedure	3.4433	3.5400	1.225
3.	Flexible premium structure	2.7667	4.3300	19.534*
4.	Wide varieties of loan	3.4427	3.5467	1.314
5.	Attractive loan advertisement	1.9467	4.6267	36.138*

**Source: Primary Data**

\*-Significant at 5 per cent level

Table 5 shows the mean score of five perception of bankers' service towards loan along with its respective 'T' statistics. The important perception of bankers' service towards loan among the customers of public sector banks are simple loan procedure and wide varieties of loan facilities and their respective mean scores are 3.4433 and 3.4427 respectively. Among the customers of private sector banks, the important perception of bankers' service towards loan are attractive loan advertisement and flexible premium structure and their respective mean scores are 4.6267 and 4.3300 respectively. Regarding the perception of bankers' service towards loan, the significant difference among the customers of public sector and private sector banks, are identified in the case of transparent loan terms and conditions, flexible premium structure and loan advertisement is more attractive since the respective 'T' statistics are significant at 5 per cent level, the null hypothesis is rejected.

### Perception of Customers towards Bank Services after Availing the Loan

In order to find out the significant difference in perception of customers towards bank after availing loan among customers of public sector and private sector banks in Tirunelveli

district, 't' test is attempted with the null hypothesis, "there is no significant difference in perception of customers towards bank after availing loan among customers of public sector and private sector banks in Tirunelveli district". The result of 't' test is presented in the Table 6.

**Table 6**  
**Perception of Customers towards Bank Services after Availing Loan**

Sl. No	Perception of customers towards Bank Services after availing loan	Type of Bank		T Statistics
		Public Sector Mean Score	Private Sector Mean Score	
1.	Banks deliver the document safely (Registered Post/Courier)	3.4638	3.5467	1.314
2.	The loan document is dispatched in an attractive and protective plastic jacket package	2.1133	4.8933	52.167*
3.	The documents are delivered by the bank within a short period	2.1200	4.5533	43.107*
4.	Bank sends the EMI notice regularly	2.1600	4.5733	41.891*
5.	EMI payment system is easy	3.4537	3.5800	1.710
6.	Bank update the accounts holders regularly	3.4220	3.5789	1.817
7.	Banks deliver the first premium receipt very quickly	3.3367	3.5800	2.980*
8.	Interest charged by the bank for delayed EMI payment is high	1.2133	3.6133	44.114*
9.	Banks settle the claims quickly	3.1333	3.5733	4.536*
10.	Banks network is more reliable and efficient	3.4213	3.5133	0.890
11.	Banks remind the monthly payment through phone call	3.4569	3.5167	0.932

**Source: Primary Data**

\*-Significant at 5 per cent level

Table 6 shows the mean score of perception of customers towards bank after availing loan along with its respective 'T' statistics. The important perception of customers towards bank after availing loan among the customers of public sector banks are Banks deliver the document safely (Registered Post/Courier) and banks remind the monthly payment through phone call and their respective mean scores are 3.4638 and 3.4569 respectively. Among the customers of private sector banks, the important perception of customers towards bank after availing loan are the loan document comes in an attractive and protective plastic jacket package and bank sends the EMI notice regularly and their respective mean scores are 4.8933 and 4.5733 respectively. Regarding the perception of customers towards bank after availing loan, the significant difference among the customers of public sector and private sector banks, are identified in the case of the loan document is delivered in an attractive and protective plastic jacket package, the documents are delivered by the bank within a short period, bank sends the EMI notice regularly, banks deliver

the first premium receipt very quickly, interest charged by the bank for delayed EMI payment is high and banks settle the claims quickly since the respective "T" statistics are significant at 5 per cent level, the null hypothesis is rejected.

### **Suggestions**

- ✓ To strive, to attract and to retain customers, banks have to introduce innovative products, enhance the customer services and market through different channels targeted at specific customers.
- ✓ Proper technical training to staff may be provided to handle crisis situation.
- ✓ Bank should create awareness regarding their new schemes in rural areas and should train and educate the rural people on this if necessary.
- ✓ During the development of new products, customers' needs should be kept in mind. A regular service should be given to the customer's through the department website, brochures and others by conducting regular survey. The result can be used by the department to come up with a new excellent products
- ✓ Both public and private sector banks' customers are satisfied with their banks' customer reception. However, both public and private sector banks should concentrate on their weak areas in order to meet their customer's expectations.

### **Conclusion**

Private Banks satisfy its customers with quality in their customer services. These banks are successful in retaining its customers by providing better facilities than that of public sector banks. However, private banks need to go a long way to become customers' first preference. In an economy of innovative technologies and changing markets, each and every service has become important. New financial products and services have to be continuously introduced in order to stay competent. Success mantra could be customer centric orientation, where the organization builds long term strategic relationships with its customers and private sector banks have been successful in achieving such relationship with customers. However, public sector banks have to improve. Private banks need to concentrate more on their credit facilities and insurance services since customers do not have a very good opinion about these facilities being offered by private banks. Public sector banks enjoy the trust of the customers, which they have been leveraging to stay in the race. However, they need to improve their service by improving their physical facility, infrastructure and giving proper soft skill trainings to their employees. The efforts have to be made in the direction of enhancing the retail banking experience. That is why a well performed service counter may even overcome the negative impression caused by poor technical quality as well as generate positive word-of-mouth. The case is so when customers witness that employees have given their best in order to satisfy them during a contingency. Employees, one of the keys to success of any bank, are part of the customer service process. It is these encounters with customers during a service that are the most important determinants of overall customer satisfaction. Besides this, customers' experience with the service will be defined by the brief experience with the firm's personnel and the firm's systems. Any laxity at the end of the employees can lead to customer defect.

The fulfilment of the customers' expectation and need results in the customer satisfaction. Customer satisfaction results in the customer retention and customer buying attitude. The services is provider due to the challenges in the competitive market has to ensure the best customer satisfaction otherwise customers to the will lead to switch to other better service

provider. In many banking institutions excellence in customer service is emerging as the valuable way to differentiate themselves from their competitors. For achieving excellence in customer service, banks need to clearly know detailed understanding of customer needs, expectations and values and based on these they need to develop unified organizational mind-set, processes and systems to deliver the service excellence. Organizations that invest the time, energy, and resources required to achieve excellence in customer service will be the ones that will thrive and grow.

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