

**A COMPARATIVE STUDY ON CUSTOMERS' SATISFACTION TOWARDS PRIVATE AND PUBLIC  
SECTOR BANKS**

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**Abstract**

*Banking services have gained significant role in India due to increasing number of customers and clients utilizing the services. Banking being a service business, the best strategy to be identified for the customers and offer them what they actually need. This objective can only be achieved through best customer service. Due to privatization and globalization vast competition has emerged in banking services. Due to liberalization, formation of new banks turned to be easy, there by competitive atmosphere emerged in banking services. Hence, this study is conducted to know the customers' satisfaction of private and public sector banks in Coimbatore district. Primary data has been collected from selected Public and Private bank customers by administering a questionnaire. A total of 300 respondents have been considered for the study and is equally divided to public and private sector bank customers. With respect to operation and technology, the respondents are satisfied with on-line banking facilities, while taking availability factor, the respondents are satisfied with well-timed services. With respect to security and accuracy factor, the respondents are satisfied with assurance of safety in transaction. The customers opinioned that, the banks have to concentrate on complaint handling service in operation & technology factor, followed by minimum documentation to loan in the availability factor.*

**Key Words: Banking Service, Satisfaction, Service Quality**

### Introduction

Bank plays an important role in the financial and economic development of a country. An effective banking system greatly influences the growth of a country in various sectors of the economy. Banking is one of the pivotal service sector, which makes significant contribution to the economic and social development of countries around the world. It is also one of the most dynamic as well as effective sector and is considered as life line of any economy. The Indian banking which was once considered as sleepy business institution now has changed and established itself as a highly dynamic and proactive entity. In every country, the banking sector is the most important mechanism for performing a lot of tasks related to deposit mobilization, credit evaluation and monitoring, providing access to a payments system and to a clearinghouse for transactions. It is the system by which a country's most profitable and efficient projects are systematically and continuously funded, and thus it is the mechanism, which ensures that resources are directed to the most productive sources of the future growth. Banking being a service business, the best strategy can be to identify with the customers and offer them what they actually need. This objective can only be achieved through best customer service. Quality of customer service, therefore, plays a pivotal role in the prosperity of a Bank. A competitive environment and a deregulated market have made it imperative for banks to harness the best customer oriented practices and perceptions, and to internalize them for providing added value to customers through their employees.

### Statement of the Problem

Increased competition, highly educated consumers and increase in standard of living are forcing many businesses to review their customers' service strategy. Banking is a customer oriented service industry which has witnessed a radical shift in the market power. The effectiveness and efficiency became the buzz word of the success of banking operations and its proper functioning particularly with respect to providing better service to the customers. Hence, this study is conducted to know the customers' satisfaction towards private and public sector banks in Coimbatore district

### Objectives of the Study

- To know the customers' opinion about the services and facilities provided by the public and private sector banks.
- To examine the level of satisfaction of customers' of public and private sector banks.

### Methodology

- **Sources of Data** - Primary data has been collected from selected Public and Private Bank customers by administering a questionnaire.
- **Sample Selection**- Sample has been selected at random based on the selected public sector banks (Central Bank of India, State Bank of India, Canara Bank, Indian Bank and Indian Overseas Bank) and private sector banks (Axis Bank, HDFC Bank, Karur Vysya Bank, ICICI Bank and City Union Bank)
- **Sample Size** - 300 respondents have been considered for the study and is equally divided to public and private sector bank customers.

### Findings of the Study-Percentage Analysis

- 49 per cent of the respondents belong to the age group of 18 - 25 years are having an account in the bank.
- 49.7 per cent of the respondents reside in rural area.
- 42.7 per cent of the respondents have completed their higher secondary level of education.
- 53.7 per cent of the respondents belong to the occupation of private employees.
- 48 per cent of the respondents belong to the family monthly income of less than or equal to Rs. 20,000.
- 44.3 per cent of the respondents are utilizing their bank once in a month.
- 47.3 per cent of the respondents are having 2-5 years of account holding with the bank.

**Level of Satisfaction for various factors**

Level of satisfaction has been measured with the various service factors namely, operation and technology, availability, promptness, security with accuracy and responsiveness.

**Table- 1 Level of satisfaction**

Factors	Services	N	Minimum	Maximum	Mean	S.D
<b>Operation and Technology</b>	Online banking facilities	300	1.00	5.00	4.3144	.7782
	Usage of modern technology	300	1.00	5.00	3.9633	.7729
	Fast & efficient counter services	300	1.00	5.00	3.8633	.9492
	Core banking facilities	300	2.00	5.00	3.9467	.9055
	Phone banking facilities	300	1.00	5.00	3.8367	.9199
	Complaint handling system	300	1.00	5.00	3.7600	.9409
<b>Availability</b>	Convenient working hours	300	1.00	5.00	3.7667	.8802
	Providing well-timed services	300	1.00	5.00	3.8300	.8890
	Minimum citations for loan	300	1.00	5.00	3.5300	1.0453
	Sufficient overdraft facility	300	1.00	5.00	3.5933	.9614
	Usage of loan facility	300	1.00	5.00	3.7700	1.0135
	Financial advices	300	1.00	5.00	3.7000	.9450
<b>Promptness</b>	Easily available ATM	300	1.00	5.00	4.0733	1.0287
	Working condition of ATMs	300	1.00	5.00	3.9967	.9966
	Clearance of cheque on time	300	1.00	5.00	3.9400	.9448
	Explain service charges	300	1.00	5.00	3.7233	1.0758
<b>Security and Accuracy</b>	Assurance of safe transaction	300	1.00	5.00	4.0833	.8939
	Personal safety locker	300	1.00	5.00	3.8433	.9496
	Likable physical facilities	300	1.00	5.00	3.8633	.9096
	Error free record	300	1.00	5.00	3.7000	.9520
	Secured networking	300	1.00	5.00	3.7600	.9724
<b>Responsiveness</b>	Individual care to customers	300	1.00	5.00	3.7833	.9965
	Readiness to help	300	1.00	5.00	3.7833	.9796
	Serve without delay	300	1.00	5.00	3.6567	1.0372
	Well-dressed employee	300	1.00	5.00	3.7000	1.0742

**Source: Computed**

It is observed from the above table that, In respect of operation and technology factor the highest mean score has been found for online banking facilities (4.3144) and the least mean score has been given for complaint handling system (3.7600). In the Availability factor highest mean has been found for well-timed services (3.8300) and the least mean for minimum documentation to loan (3.5300). In Promptness, availability of ATM centre (4.0733) has been found as highest mean score and explanation about service charges given least score. In security and accuracy the highest mean score has been found for assurance of safe transaction (4.0833) and the least score is found for error free records (3.7000). With the responsiveness factor, individual care and readiness to help services (3.7833) aspect has been found as highest mean score and the least score found for delay services (3.6567).

**Factors contributing for better service quality**

Mean ratings have been found for each item (factors) and given in the following table:

**Table - 2 Factors contributing for better service quality**

Factors contributing for better service quality	Mean Rank
Trustworthy service by the employees	3.36
Physical facilities	3.36
Responsiveness to customer requirements	3.43
Feel safeguarded	3.39
Empathy towards customers	3.85
Technology	3.61

**Source: Computed**

It is inferred from the above table that, most of the respondents have given top priority for both Trustworthy service by the bank employees and physical facilities (3.36), followed by 2<sup>nd</sup> priority for feel safeguard (3.39), 3<sup>rd</sup> priority for responsiveness to customer requirements (3.43), while 4<sup>th</sup> priority for Technology (3.61) and least priority given for empathy towards customers (3.85).

**Table –2 (a) Kendall's Coefficient of Concordance**

Kendall's W	.011
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The Kendall's W found for the set of items given above is .011 which shows that there is less similarity among the respondents in order of assigning the ranks. It is inferred that majority of the respondents have given top priority for the factor both trustworthy service by the bank employees and physical facilities in the banks.

**ANOVA (Analysis of Variance)**

One way ANOVA has been employed to find whether, there is any significant differences in the satisfaction mean scores among the respondents in respect of personal factors, namely, age, place of residence, educational qualification, occupation, family monthly income, frequency of using the bank, period of holding the account and type of account of the customers.

**Table-3 Satisfaction Vs Personal Factors**

Personal Factors/ Satisfaction score	Groups	Sum of Squares	Df	Mean Square	F	Sig.
Age	Between Groups	945.667	3	315.222	2.200	Ns
	Within Groups	42412.000	296	143.284		
	Total	43357.667	299			
Place of Residence	Between Groups	2783.534	2	1391.767	10.188	**
	Within Groups	40574.133	297	136.613		
	Total	43357.667	299			
Educational qualification	Between Groups	2344.370	4	586.093	4.216	**
	Within Groups	41013.296	295	139.028		

	Total	43357.667	299			
<b>Occupational Status</b>	Between Groups	1523.017	4	380.754	2.685	*
	Within Groups	41834.650	295	141.812		
	Total	43357.667	299			
<b>Family Monthly Income</b>	Between Groups	1880.683	4	470.171	3.344	*
	Within Groups	41476.984	295	140.600		
	Total	43357.667	299			

**Source-Computed**

In respect of satisfaction score, no significant difference has been found for the age group of the respondent. There is a significant difference among the respondents place of residence, educational qualification, occupation, family monthly income and their overall satisfaction. The respondents reside in rural areas, the respondents who have completed higher secondary education; the respondents who are employed with private concerns are satisfied when compared to other respondents. The respondents who are having a family monthly income of more than Rs. 50,000 are highly satisfied when compared to other income groups.

**t- Test**

The t-test has been applied to find whether the mean satisfaction scores differ significantly among the respondents in respect of gender and type of bank

**Gender and Satisfaction Score****Table-4 Gender Vs Satisfaction Score**

<b>Gender</b>	<b>Overall Satisfaction Score</b>		
	Mean	S.D	No.
Male	94.22	12.39	150
Female	97.31	11.52	150
<b>TOTAL</b>	<b>95.77</b>	<b>12.04</b>	<b>300</b>

**Source: Computed**

The mean value ranges between 94.22 and 97.31. The highest mean value of 97.31 has been found for Female respondents.

$H_0$ : "Overall satisfaction score do not differ significantly between Male and Female".

**Table- 4(a) t- Test for Equality of Means**

<b>t</b>	<b>Degree of Freedom</b>	<b>Significance</b>
2.240	298	*

\*- Level of Significance at 5%

The calculated t-test value is 2.240 which is higher than the table value of 1.968 at 5% level of significance. Since the calculated value is higher than the table value it is inferred that the mean satisfaction scores differ significantly between male and female. Hence, the null hypothesis is rejected. It is concluded that, the Female respondents are satisfied when compared to Male respondents.

**Type of Bank and Satisfaction Score****Table- 5 Type of Bank Vs Satisfaction Score**

Type of bank	Overall Satisfaction Score		
	Mean	S.D	No.
Public Sector Banks	93.75	12.28	150
Private Sector Banks	97.78	11.49	150
<b>TOTAL</b>	95.77	12.04	300

**Source: Computed**

The mean value ranges between 93.75 and 97.78. The highest mean value of 97.78 has been found for the respondents who are having account in private banks.

$H_0$ : "Overall satisfaction score do not differ significantly between public and private banks".

**Table- 5(a) t- Test for Equality of Means**

t	Degree of Freedom	Significance
2.932	298	**

\*\* - Level of Significance at 1%

The calculated t-test value is 2.932, which is higher than the table value of 2.592 at 5% level of significance. Since the calculated value is higher than the table value it is inferred that the mean satisfaction score differ significantly between public and private banks. Hence, the null hypothesis is rejected. It is inferred that customers of private sector banks are satisfied when compared to public sector banks.

**Level of Satisfaction of public and private sector banks**

t- Test has been applied to find whether there is any significant difference between the level of satisfaction of public and private banks customers and the factors, namely, operation & technology, availability, promptness, security & accuracy and responsiveness.

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**Table – 6 Operation & Technology of Public and Private sector Banks**

Type of bank	Satisfaction-Operation and Technology Score		
	Mean	S.D	No.
Public Sector Banks	23.03	3.19	150
Private Sector Banks	24.31	2.93	150
<b>TOTAL</b>	23.67	3.12	300

**Source: Computed**

The mean value ranges between 23.03 and 24.31. The highest mean value of 24.31 has been found for private sector banks.

$H_0$ : "Satisfaction levels of operation & technology scores do not differ significantly between the types of bank".

**Table-6(a) t- Test for Equality of Means**

t	Degree of Freedom	Significance
3.642	298	**

\*\* - Level of Significance at 1%

The calculated t-Test value is 3.642, which is higher than the table value of 2.592 at 1% level of significance. Hence, the null hypothesis is rejected. It is inferred that, the private sector bank

respondents are found to be highly satisfied with operation and technology, when compared to public sector bank customers.

**Table- 7 Availability of Public and Private Sector Banks**

Type of bank	Satisfaction-Availability Score		
	Mean	S.D	No.
Public Sector Banks	21.61	3.67	150
Private Sector Banks	22.77	3.28	150
<b>TOTAL</b>	22.19	3.52	300

**Source: Computed**

The mean value ranges between 21.61 and 22.77. The highest mean value of 22.77 has been found for private sector banks.

$H_0$ : "Satisfaction level of availability scores do not differ significantly between the types of bank".

**Table- 7(a) t- Test for Equality of Means**

t	Degree of Freedom	Significance
2.907	298	**

\*\* - Level of Significance at 1%

The calculated t-Test value is 2.907, which is higher than the table value of 1.968 at 1% level of significance. Hence, the null hypothesis is rejected. It is inferred that, the customers of private sector banks are found to be highly satisfied with availability of services, when compared to public sector banks.

**Table- 8 Promptness in Public and Private Banks**

Type of bank	Satisfaction-Promptness Score		
	Mean	S.D	No.
Public Sector Banks	15.53	2.73	150
Private Sector Banks	15.93	2.58	150
<b>TOTAL</b>	15.73	2.66	300

**Source: Computed**

The mean value ranges between 15.53 and 15.93. The highest mean value of 15.93 has been found for private sector banks. It is inferred that the private sector banks are found to be satisfied with promptness of the banks, when compared to public sector banks.

$H_0$ : "Satisfaction level on promptness scores do not differ significantly between the types of bank".

**Table- 8(a) t- Test for Equality of Means**

t	Degree of Freedom	Significance
1.305	298	Ns

Ns - Level of Significance at 5%

The calculated t-test value is 1.305, which is less than the table value of 1.968 at 5% level of significance. Since the calculated value is less than the table value it is inferred that the mean satisfaction scores for promptness do not differ significantly between public and private sector banks. Hence, the null hypothesis is accepted.

**Table- 9 Security & Accuracy among Public and Private Sector Banks**

Type of bank	Satisfaction-Security & Accuracy Score		
	Mean	S.D	No.
Public Sector Banks	19.09	3.02	150
Private Sector Banks	19.41	2.93	150
<b>TOTAL</b>	19.25	2.97	300

**Source: Computed**

The mean value ranges between 19.09 and 19.41. The highest mean value of 19.41 has been found for private sector banks. It is inferred that the respondents of private sector banks are found to be highly satisfied on security and accuracy, when compared to public sector banks.

$H_0$ : "Satisfaction levels on security and accuracy scores do not differ significantly between the type of bank".

**Table- 9 (a) t- Test for Equality of Means**

t	Degree of Freedom	Significance
0.951	298	Ns

Ns - Level of Significance at 5%

The calculated t-Test value is 0.951, which is less than the table value of 1.968 at 5% level of significance. Since the calculated value is less than the table value it is inferred that the mean satisfaction scores for security and accuracy do not differ significantly between public and private sector banks. Hence, the null hypothesis is accepted.

**Table-10 Responsiveness among Public and Private Sector Banks**

Type of bank	Satisfaction-Responsiveness Score		
	Mean	S.D	No.
Public Sector Banks	14.50	3.27	150
Private Sector Banks	15.35	2.52	150
<b>TOTAL</b>	14.92	2.94	300

**Source: Computed**

The mean value ranges between 14.50 and 15.35. The highest mean value of 15.35 has been found for private sector banks.

$H_0$ : "Satisfaction levels on responsiveness scores do not differ significantly between the types of bank".

**Table- 10(a) t- Test for Equality of Means**

t	Degree of Freedom	Significance
2.513	298	*

\*- Level of Significance at 5%

The calculated t-test value is 2.513, which is higher than the table value of 1.968 at 5% level of significance. Hence, the null hypothesis is rejected. It is inferred that, the customers of private sector banks are found to be highly satisfied with responsiveness, when compared to public sector banks.

### Conclusion

Banking sector today has a compelling demand for improvement, to survive the substantial competition in today's scenario. Customer is vital for the development of trade, industry and service sector particularly in financial services. Therefore, the significance of customers' service in the banking sector came to force, to compete in a market driven environment. Measuring service quality in the banking sector is more difficult than measuring the quality of manufactured goods. Each is



having a variety of services due to this differentiation, services in this industry could not be standardized moreover the services are intangible in nature, which could not be compared or seen. Addressing to the individual customer needs in one crucial aspect to be considered, as the customer would find himself as a part of the organization. This would build a good relationship between the bank and the customers. Efficient and knowledgeable employees are always big boon for any organization. Employee should be trained on technical and behavioural aspects, so that the banks can deliver quick and prompt services.

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