



CONSUMER SATISFACTION: AN EVALUATION OF INDIAN PUBLIC AND PRIVATE SECTOR BANKS COMPARATIVELY

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Abstract

Comparing public and private sector banks in India, this study seeks to assess customer satisfaction. There is no more important part of India's economy than the banking industry, which includes both public and private sector institutions. Their service quality, operational efficiency, and customer engagement methods may be better understood by analyzing consumer satisfaction with these institutions. In this quantitative study, a representative sample of bank clients from different locations were surveyed using a pre-designed questionnaire. Considerations such as availability, responsiveness, dependability, and customer support are crucial when assessing a service. We compare the satisfaction ratings of PSBs and PvSBs by analyzing the data using statistical methods. Consumer happiness in the two industries is drastically different, according to the results. Due to their customer-centric strategy, increased technology use, and efficient operations, private sector banks typically score higher on metrics like service quality and timeliness. Due to bureaucratic procedures and a delayed adoption of new technology, public sector banks frequently fall behind in these domains, despite their vast reach and the confidence they have earned over many years. With a larger branch network and more financial inclusion programs, PSBs outperform other types of banks when it comes to dependability and accessibility. The purpose of this study is to compare and contrast the degree to which public and private sector bank customers are satisfied with the services they get. The city of Kanpur was the site of the research. The questionnaire approach is the foundation of this investigation. We used an easy sampling strategy to pick 160 clients for our sample. The primary statistical tools utilized in the tests are those with a significance threshold of 5% and 1%. The majority of customers prefer private sector banks over public sector ones, according to this survey. This is because private sector banks place a greater emphasis on client relationship development and have better access to current infrastructure.

Keywords: *Consumer Satisfaction, Banks, Public and Private*



Introduction

The banking sector in India is an integral part of the country's monetary system and makes a considerable contribution to economic growth. Public sector banks (PSBs) and private sector banks (PvSBs) are the two mainstays of the business, and they both play important roles in the financial system. Public sector banks have been around for a long time and serve a wide variety of customers, especially in less-populated areas. The government itself often backs these banks. Private sector banks, on the other hand, put their clients first and are known for being innovative, flexible, and customer-centric. Typically, private banks focus on serving cities and other large urban regions. The Indian banking industry has seen tremendous disruptions in the last several years due to a multitude of reasons, including as changes in technology, regulations, and customer expectations. Competition between public and private banks has heated up recently, forcing both to up their game in terms of service quality and operational efficiency. To thrive in today's cutthroat banking industry, banks must have a firm grip on customer satisfaction if they want to hold on to their current customers and bring in new ones. Quality of service, punctuality, reliability, accessibility, and customer assistance are just a few of the many facets that contribute to customer satisfaction in the banking business. When customers are happy, they are more likely to be loyal, which in turn increases positive word of mouth and puts you ahead of the competition. Unhappiness, on the other hand, can lead to a decline in business, negative press, and monetary losses.

This study aims to compare and contrast the customer satisfaction levels of public and private sector banks in India. The study's overarching goal is to identify industry-specific strengths and weaknesses through the examination of critical consumer perception-influencing factors. Bank executives and lawmakers may utilize the findings of this comparison study to inform strategy development for better service delivery and higher customer satisfaction scores. The study employs a quantitative methodology and a standardized questionnaire to collect data from bank clients spread across different regions. Applying statistical tools to the data analysis will provide a thorough understanding of the aspects that impact customer satisfaction levels. An outline of the research methodology, a presentation of the results, and a discussion of the relevance of those findings will follow the study's evaluation of pertinent literature on customer satisfaction in the banking business. Ultimately, this report will offer recommendations to India's public and private banks on how to better serve their customers and create an atmosphere that encourages healthy competition among commercial banks.



Objectives of the Study

1. To Locate the most popular financial services and see how customers use them.
2. To The needs of customers and their level of satisfaction with services offered by public and private financial institutions should be thoroughly investigated.
3. To With respect to the services they provide, this research will look at the interests and preferences of both public and private banks.

Research Hypothesis

Ha0: The satisfaction of the consumer is affected equally by each of the specified criteria.

Ha1: Each of the specified characteristics has a unique impact on the level of client satisfaction.

Hb0: It has been shown that the degree of satisfaction experienced by consumers of public and private banks is identical.

Hb1: There is a substantial gap between the levels of satisfaction experienced by clients of public sector banks and those of private sector banks.

Hc0: There is no correlation between the specified variables that measure customer pleasure.

Hc1: Only a few of the characteristics that were chosen to represent customer happiness are connected.

Methodology

Following is a description of the approach and design that was utilized for the study:

Area of Study

The capital of Uttar Pradesh, Kanpur, which hosted the research, has a population of about nine lacs. It is widely acknowledged that Kanpur is often seen as one of the most fruitful examples of contemporary architecture and urban planning in India throughout the 1900s.

Data Collection

Questionnaires were given as part of the methodology for this study. Researchers in Kanpur, India, surveyed male and female residents as part of their main data gathering effort. We had fruitful conversations with people from many walks of life. Respondents from 260 different persons filled out the survey. Researchers looked at six distinct bank accounts for this study; three of those accounts belonged to public sector organizations, and three to private sector organizations. The three public sector banks that were considered for the position were the State



Bank of India, the Punjab National Bank, and the Oriental Bank of Commerce. In contrast, three private sector banks—ICICI, HDFC, and Axis Bank—were chosen.

Sampling

The selection of a sample of 160 consumers for the aim of conducting additional research was accomplished via the utilization of an acceptable selection technique. One might say that the facts have been interpreted in a manner that is satisfactory in each and every instance and in each and every region.

Analysis and Findings

Reliability Analysis

Each and every item was evaluated for its level of dependability in this study. Cronbach's Alpha was chosen as the preferred dependability measure due to the fact that it provides an indication of the degree of internal consistency. According to Walsh (2016), every single one of the results in Table 1 that are associated with the reliability test are higher than the threshold of 0.60. As a consequence of this, it is plausible to infer that the items give accurate measurements of the structures that were stated.

Table1: The Results of the Reliability Validation

Variables	Cronbach Alpha
Services provided by the teller	0.67
Communication with the Manager	0.89
Location of the Branch Facility	0.80
Availability of statements	0.65
Services for Loans	0.83
Exchange of Services	0.72
Query Made Via Telephone	0.67

A Study of Public and Private Sector Banks on the Effect of Banking Services on Customer Satisfaction

The descriptive statistics are shown in Table 2, which demonstrates that public and private banks are considerably different in each and every area. In light of this, it was decided to investigate whether or not the differences make a major difference. We made use of the independent sample t-test in order to provide this explanation. When there are two distinct experimental conditions and participants are allocated to each condition independently, this test is utilized to determine the results of the experiment. An examination of Table 2 demonstrates that there is a significant connection between the ownership of the bank and each and every one of the elements. In terms of the services that are offered by teller personnel and the interaction with management, the data that is displayed in Table 2 demonstrates that private sector banks are delivering superior services to their customers. The fact that private banks are offering a superior infrastructure to that of public institutions is yet another significant discovery. Table 2 demonstrates that when customers are comparing the services and telephone inquiries offered by private sector banks to those offered by public sector banks, they are more satisfied with the offers provided by private sector banks. It is therefore logical to suppose that private banks have clients who are more satisfied than those who bank with the public sector. As seen in Table 2, the quality of a customer's relationship with the top people and management of the bank has a significant impact on the amount of enjoyment that the customer experiences.

Table2:Customer satisfaction as a function of banking services as shown by an independent sample t-test

Variables	Mean		Standard Deviation		t-value
	Pub Sector	Pvt Sector	Pub Sector	Pvt Sector	
Deliveries made by Teller	22.15	23.27	2.89	3.51	2.20**
Communication with the Manager	26.87	27.57	4.69	4.55	0.958**
Location of the Branch Facility	21.15	22.70	4.02	4.75	2.224**
Availability of Statements	16.67	16.30	2.83	3.45	-0.750
Services for Loans	27.67	26.40	2.29	4.57	-2.230
The Services of Mutual Funds	22.26	22.70	2.89	4.60	0.720**
For Inquiries Via Telephone	14.15	14.85	2.89	3.05	1.486**

Significanceat0.05levels

A Study on the Relationship Between Customer Satisfaction Attributes

For the purpose of determining the level of customer satisfaction, Table 3 presents a connection between a number of different aspects. These aspects include the services that are provided by the teller, the relationship with management, the branch facilities, the statement facility, the loan services, the mutual fund services, and the inquiry that is made over the telephone. Table 3 displays the association that exists between each and every one of the attributes.

Table3:Developing a correlation between the selected metrics for measuring customer satisfaction

	Deliveries made by Teller	By the Manager's Services	Location of the Branch Facility	Availability of Statements	Services for Loans	The Services of Mutual Funds	Query Made Via Telephone
The Deliveries that Teller has made	1						
Transmission of information to the Manager	.759**	1					
The location of the facility for the branch	.699**	.799**	1				
Statements That Are Easily Accessible	.370**	.640**	.475**	1			
Services for Loans	.192*	.240**	.287**	.146	1		
The Contributions Made by Mutual Funds	.489**	.536**	.581**	.273**	.503**	1	
Query That Was Made Via Telephone	.370**	.525**	.541**	.317**	.256**	.368**	1

Correlationsignificantat0.05levels

Regression

Table 4 shows that there are numerous correlations between the following: management relations (0.799), telephone consultations (0.541), mutual fund services (0.581), and branch facilities and services offered by tellers (0.699). There is a favorable association between branch facility and teller services, communication with management, mutual fund services, and telephone inquiries, which leads to client satisfaction. This connection is shown in this table.

Table4:Analysis of the variables used to measure customer satisfaction using linear regression

Variables	R	R Square	Adjusted R Square	Standardized Coefficient	T	Sign
				Beta		
Services by Teller	0.699	0.488	0.485	0.195	2.767	0.006**
Relation with Manager	0.799	0.639	0.636	0.476	5.149	0.000**
Statement Facility	0.475	0.226	0.221	0.002	0.039	0.969
Loan Services	0.287	0.082	0.076	0.008	0.164	0.870
Mutual Fund Services	0.581	0.337	0.333	0.168	2.811	0.006**
Telephone Enquiry	0.541	0.293	0.289	0.154	2.925	0.004**

Discussion

How often a client communicates with their relationship manager or officer is a crucial factor. More than half of our clients have stuck with the same relationship officer or manager for at least two years, according to our research. This investigation's findings corroborate those of Tyler and Stanley's 2001 study. Relationship officers and managers put their personal relationships with customers ahead of their responsibilities to the bank, as stated in the statement. Therefore, the bank should prioritize relationship marketing and provide focused training to all corporate workers. They will have a better grasp of connection marketing and its practical applications through this program. We ran a t-test on the data, and the results are in Table 2. The two most essential numbers, according to the table data, are the statement facility and loan services. The



significance of every other value is the same. The chosen criteria all contribute equally to consumer satisfaction, as stated in Hypothesis H₀. The present study found that, with a mean score of 27.57, the most important factor influencing customers' happiness is the quality of the interaction between customers and managers or CRMs. We may infer that H_{a1} is a legitimate alternative hypothesis as the findings in question do not support H₀, the null hypothesis. Private bank managers are more adept at winning over clients than their public sector counterparts, and this is a key factor in the success of their institutions. The fact that the majority of Indians use private banks instead than the few public ones is probably to blame. Compared to their public sector counterparts, private sector banks are better at employing tech-savvy employees and making good use of modern technology, according to the majority of survey participants. According to the null hypothesis, customers are satisfied with both public and private banks. This study found that private sector banks outperformed public sector banks in several service categories, including mutual funds, phone query resolution, branch facilities, teller services, and, most importantly, client contacts with management. We have considered all t-values that are meaningful. Because of this, the H_{b1} alternative hypothesis is accepted and the H_{b0} hypothesis is rejected. Findings from this study suggest that clients are more likely to have a positive experience with a branch's overall functioning and services (such as teller, manager, loan, mutual fund, etc.) when the branch's infrastructure, environment, décor, seating facility, signage, and so on are satisfactory. Clearly labeling all surfaces will make it easy for the customer to find their designated workstation. This frees up the customer service agent's time, allowing them to attend to additional people's needs. You can see the relationship between many qualities that may be used to gauge customer satisfaction in Table 3. This includes the ability to pay checks, contact with management, find branches, access statements, get loans, use mutual funds, and ask questions over the phone. We find that, with the exception of loan services, all of the customer happiness variables are connected, which goes against the null hypothesis (H_{c0}) that claims that the selected measures of customer satisfaction are uncorrelated. This leads us to reject H_{c0} and adopt H_{c1} as the alternative hypothesis.

Conclusion

Customer satisfaction is crucial to the Indian banking sector's ability to acquire and retain consumers while remaining competitive. In terms of client happiness, this research highlights important differences between PSBs and PvSBs. The study has identified clear pros and cons for each industry after considering important variables including service quality, dependability, accessibility, timeliness, and customer assistance. Private sector banks seem to provide the best service and be the most responsive, according to the data. Their commitment to innovation, use of cutting-edge technology, and emphasis on customer expectations are the reasons behind this. Overall, the client experience has been greatly enhanced by PvSBs through the use of digital platforms, the provision of specialized services, and the improvement of operations. The



transparency and ease of use at public sector banks make them unique. Reaching underserved areas and expanding access to banking services has been a major accomplishment of public sector banks (PSBs). Less populous regions have benefited greatly from their outreach efforts and vast branch networks. It has been challenging for PSBs to fulfill the changing expectations of their consumers due to bureaucratic red tape, antiquated systems, and a failure to invest in new technologies. Based on the study's findings, PSBs and PvSBs may both enhance their customer satisfaction ratings by fixing their shortcomings. Public sector banks must modernize their operations, embrace digital transformation, and foster a customer-centric culture if they want to remain competitive in the dynamic banking industry. To stay ahead of the competition, private banks are putting an emphasis on customer service, technology investments, and constant innovation. Better collaboration in the exchange of information and best practices will also benefit specific public and private sector entities, not to mention the banking industry overall. The banking industry needs a regulatory framework that encourages innovation, competition, and safeguards consumers. In conclusion, the success of individual banks and the whole Indian banking system hinges on customer pleasure. Customers, shareholders, and the economy at large would all benefit from public and private banks working together to solve the problems highlighted and play to each other's strengths.

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