

## “A COMPARATIVE STUDY OF CUSTOMER SATISFACTION TOWARDS BANKING SERVICES PROVIDED BY PUBLIC SECTOR BANKS AND PRIVATE SECTOR BANKS IN SOUTH MUMBAI”.

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**Abstract :** The banking industry lack many other financial service industries is facing a rapidly changing market, new technologies, economic uncertainties, fierce competition, and specially more demanding customer's: and the changing climate has presented an unprecedented set of challenges. Customer service is one integral part of any facet of banking and it defines future of any banking organization. In banking sector, the whole range of activity and generation of income swivels around the customer. From a very comfortable and peaceful environment, now the Indian banking sector is characterized by stiff competition for the customer satisfaction and profit war between different banking groups i.e. ( Private Bank vs. Nationalized Bank ). This paper tries to analyze the comparative analysis of customer satisfaction among these two categories of banks – Public and Private sector banks using the list of service attributes based on SERVQUAL methods. Convenience technique is adopted and sample size of the data is 30 from South Mumbai this study is just a small step in understanding the multi Dimensional construct of service quality and its implications in today's competitive environment.

**Keywords:** Customer satisfaction, SERVQUAL, Public and Private sector bank.

### 1 INTRODUCTION

CBanks play a very important role in the economic development of every modern state. Banks operate at the heart of the modern economy. Traditionally, banking had been restricted from private participation in India and public sector banks had been enjoying complete protection. This scenario has changed since 1990. The decade of 90s witnessed a sea change in the working of banking in India. Technology made tremendous impact by introducing anywhere banking and anytime banking. The financial sector now operates in a more competitive environment than before. In the wake of greater financial deregulation and global financial integration, the biggest challenge before the public sector banks is to match the market requirement rather than being promoted by Government or regulator. Foreign banks and the new private banks have embraced technology right from the inception of their operations and therefore, they have adapted themselves to the changes in the technology easily. Deregulation, liberalization and globalization have produced intense competition in banking industry resulting into declining margins in traditional businesses, increased cost pressures and greater risks. In the changed environment creating new customers and retaining the existing ones have become difficult tasks for banks. To meet the competition, creating satisfaction of customers has become primary objective of each bank.

### LITERATURE REVIEWE

Hess, L R (1999) has investigated how satisfaction with a service employee affects customer's overall satisfaction with a service organization, following an employee- initiated service failures. The study shows that the customer's past service experience with an organization directly impact customer's overall satisfaction with the organization Bedi (2005) has studied about the relationship between quality and customer satisfaction in selected banks in Chandigarh and has empirically established that the perceived

service quality towards customers has a positive and significant impact on customer satisfaction Puja Khatri and Yukti Ahuja (2010) through their research work, A Comparative Study of Customer Satisfaction in Indian Public Sector and Private Sector Banks, compares the public sector banks and private sector banks in terms of customer satisfaction. The study showed that private banks seem to have satisfied their customers better than public sector banks by providing better facilities

.Pandit C Bilamge (2011) in his study A Comparative Study of Customer Perception towards Services rendered by Public Sector Banks and Private Sector Bank’s studied the issues relating to customer services in the ICICI Bank and SBI. The study reveals that the ICICI Bank is far ahead of the SBI in providing quality services to their customers.

### **OBJECTIVES OF THE STUDY**

- 1]To analyze the satisfaction level of customers with respect to various services provided by banks.
- 2]To compare the public sector banks and private sector banks in terms of customer satisfaction and service quality.

### **RESEARCH METODOLOGY OF THE STUDY**

The study is based on both primary and secondary data . Primary data will be collected from customers of the selected public sector ( UCO Bank ) and private sector bank ( AXIS Bank ) through a structured questionnaires based on Service Quality Model (SERVQUAL) by Parasuraman et al. (1985) for this research. The respondents are asked to provide belief rating for services offered by public sector bank and private rating scale ranging from 1(strongly disagree) to 5(strongly agree) .All the data will be collected from the bank customers through interaction with customers of different banks and interaction with customers at mall and other market places .The secondary data will be collected from various possible records like books ,journals , magazines , periodicals , websites , desertations etc .

### **SAMPLE SIZE AND SAMPLING METHODS**

The total sample size is 30 i.e. 15 customers each in each public sector banks and private sector banks .In present research Convinience Sampling Method is adopted for this study for the collection of primary data .

### **DATAANALYSIS**

The major statistical tool used in this study is Percentage analysis

### **LIMITATION OF THE STUDY**

This study is geographically restricted to South Mumbai. Limited numbers of banks ( only one public sector bank and one private sector bank) were covered under the study. In selecting the sample there are chances of sampling errors.

### **DATA ANALYSIS AND INTERPRETATION**

#### **DEMOGRAPHICAL DATA**

GENDER	RESPON DENT	OCCUPA TION	RESPON DENT	AGE	RESPON DENT
MALE	60%	BUSSINESS	17%	UPTO 20	6%
FEMALE	40%	GOVT JOB	6%	20-40	61%
		PVT JOB	67%	40-60	27%
		OTHERS	10%	ABOVE 60	6%

The above table1 shows that out of 30 respondents, 60% are male and 40% are female. 17% have their own business, 6% does government jobs, 67% does private job. 6% are in the age group of 20years, 61% are in the age group of 20-40years and 6% are in the age group of above 60years.

**“A Comparative Study Of Customer Satisfaction Towards Banking Services Provided By .....**

EDUCATION	RESPONDENT	MARITAL STATUS	RESPONDENT	INCOME	RESPONDENT
HSC	20%	MARRIED	76%	>10,000	17%
UG	17%	UNMARRIED	24%	10000-30000	30%
PG	60%			<30,000	53%
OTHERS	3%				

The above table2:shows that out of 30 respondents 20% are HSC passed, 17% are under graduate and 60% are post graduate. 76% are married and 24% are unmarried. 17% have income less than 10000 rupees, 30% have income between 10000-30000 rupees and 53% have income of more than 30,000 rupees.

SERVQUAL Factors (In Percentages)

SD: strongly disagree, D:disagree, N: neither agree nor disagree, A:agree, SA: strongly agree

**1|Modern equipment:**37% customers of Private bank are more satisfied with modern equipment used by bank as compared to 17% customers of Nationalized bank.

**2|Physical facilities:** :47% customers of Private bank are more satisfied with physical facilities used by bank as compared to 37% customers of Nationalized bank.

**3|Employee’s appearances:** 47% customers of Private bank are more satisfied with employees appearances used by bank as compared to 27% customers of Nationalized bank.

**4|Material quality:** 46% customers of Private bank are more satisfied with material quality used by bank as compared to 33% customers of Nationalized bank.

**5|Time schedule for the operations:** 43% customers of Private bank are more satisfied with operation time used by bank as compared to 24% customers of Nationalized bank.

**6|Employee’s interest in solving customers problems:** : 40% customers of Private bank are more satisfied with employees interest in solving customers problems as compared to 27% customers of Nationalized bank.

**7|Consistency of service provided by the employees:** 44% customers of Private bank are more satisfied with consistency of service as compared to 23% customers of Nationalized bank.

**8|Time taken for operation against standard time:** : 43% customers of Private bank are more satisfied with operating time as compared to 23% customers of Nationalized bank.

**9|Quality of record maintained by the employees:** : 47% customers of Private bank are more satisfied with quality record as compared to 30% customers of Nationalized bank.

**10|Information and guidance to the employees:** : 43% customers of Private bank are more satisfied with quality record as compared to 23% customers of Nationalized bank.

“A Comparative Study Of Customer Satisfaction Towards Banking Services Provided By .....

	SD	D	N	A	SA	SD	D	N	A	SA
Modern equipments used by the banks	0	3	7	23	17	0	0	3	10	37
Physical facilities at the bank	3	3	7	27	10	0	0	3	30	17
Employees neatness and appearances	3	3	70	20	7	0	0	3	17	30
Material quality and appearances	0	0	17	23	10	0	0	3	33	13
Time schedule for the operations	0	7	20	17	7	0	0	7	30	13
Employees interest in solving customers problem	0	7	17	20	7	0	0	10	27	13
Consistency of service provided by the employees	3	7	17	20	3	0	3	3	27	17
Time taken for operation against standard time	3	10	13	20	3	0	3	3	30	13
Quality of record maintained by the employees	0	7	13	23	7	0	0	3	20	27
Information and guidance's to the employees	3	7	17	20	3	0	3	3	30	13
Promptness of service rendered by the employees	10	7	13	13	7	0	3	10	10	27
Employees willingness to help the customers	3	7	20	17	3	0	0	7	13	30
Employees attitude to hear the customers problem	7	10	17	13	3	0	3	7	13	27
Employees behavior to increase the confidence of customer	3	7	17	17	7	0	0	10	13	27
Confidence of safety of funds with the bank	0	3	13	23	10	0	3	3	20	23
Employee courtesy with customers	3	7	17	20	3	0	0	7	17	27
Employees knowledge to answer the questions	3	7	13	20	7	0	0	10	13	27
Employees individual attention	3	10	17	17	3	0	3	7	17	23
Convenience of bank operating hours	3	3	23	17	3	0	3	7	20	20
Employees personal relation with the customers	3	3	20	20	3	0	0	13	10	27
Employees aim to promote customer interest	7	7	17	17	3	3	0	13	10	23
Employees interest to understand the specify need	3	10	13	20	3	3	0	10	17	20

11] **Promptness of service rendered by the employees:** 37% customers of Private bank are more satisfied with promptness of service as compared to 20% customers of Nationalized bank.

12] **Employees willingness to help the customers:** : 43% customers of Private bank are more satisfied with employees willingness as compared to 20% customers of Nationalized bank.

13] **Employees attitude to hear the customers problem:** 40% customers of Private bank are more satisfied with employees attitude as compared to 16% customers of Nationalized bank.

14] **Confidence of safety of funds with the bank:** : 43% customers of Private bank are more satisfied with confidence of safety as compared to 33% customers of Nationalized bank.

15] **Employees behavior to increase the confidence of customers:** : 40% customers of Private bank are more satisfied as compared to 24% customers of Nationalized bank.

16] **Employees courtesy with customers:** : 44% customers of Private bank are more satisfied with employees courtesy as compared to 23% customers of Nationalized bank.

17] **Employees knowledge to answer the questions of customers:** 44% customers of Private bank are more satisfied as compared to 23% customers of Nationalized bank.

18] **Employees individual attention to the customers:** : 40% customers of Private bank are more satisfied

as compared to 20% customers of Nationalized bank.

**19] Convenience of bank operating hours:** 40% customers of Private bank are more satisfied with bank operating hours as compared to 20% customers of Nationalized bank.

**20] Employees personal relation with customers:** : 37% customers of Private bank are more satisfied with employees relation as compared to 23% customers of Nationalized bank.

**21] Employees aim to promote the customer interest:** : 33% customers of Private bank are more satisfied with employees aim as compared to 20% customers of Nationalized bank.

**22] Employees interest to understand the specified needs of customers:** : 37% customers of Private bank are more satisfied with as compared to 23% customers of Nationalized bank.

#### **FINDING AND CONCLUSION:**

When Private sector banks are compared with Public bank, Private bank score more in all 22 parameters considered for this study. Private bank have been successful in achieving satisfying relationship, good services to customers however Public sector bank have to improve a lot in this area. Most of the customers felt that the employees of the private banks are very keen to satisfy their customers. On the other hand customers of public banks felt that the employees were least bothered. Private banks customers feel that their bank take due consideration about their convenience and are ready to cope up with their working hours.

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