

A COMPARATIVE STUDY OF CUSTOMER SATISFACTION TOWARDS SERVICES OFFERED BY THE PUBLIC AND PRIVATE SECTOR BANKS

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ABSTRACT

Due to intense competition and shifting banking reforms there is the importance to the banking industry and their customers. The purpose of the study is to determine whether India's banking sector holds primary importance. Given the fierce competition between public and private sector banks in today's environment, this research is critical to determining which sector is performing best and what marketing strategies banks employ to attract new customers. This study looks at which of the many services provided by banks are most popular with customers. What kinds of services the public and private banks that are the subject of the current study provide? Everything from a debit card to a credit card to a home loan to a personal loan to a car loan to Internet Banking, are taken into account for gauging how satisfied customers are with the services provided by public and private banks. It is concluded that customer satisfaction and the services provided by both banks are significantly linked.

Keywords: Public and Private sector banks in Pune District, Changing banking sector, Strong competition, Customer Satisfaction, Public sector banks, Private Sector Banks, Services provided by bank.

Introduction

In a globalized world, the banking industry is undergoing significant change, necessitating policy adjustments. The showcasing strategies which are embraced by the bank are connected with the offer of their items by the approach to talking with a client and giving data about the items. The banking sector's development is significantly influenced by marketing policies. Banks in both the public and private sectors employ a variety of marketing strategies to attract new customers and keep existing ones. However, banking marketing has changed over the past few years, necessitating the creation and implementation of new marketing strategies aimed at retaining customers. There are such countless players i.e., private, public, agreeable, and unfamiliar in the financial business. As a result, banks are utilizing a variety of marketing strategies to win over customers and keep them coming back for more. Customers are essential to any business, and the services sector's most important asset is contented clients.

For the various service industries, such as banking, there are a variety of selling policies, such as pricing policies, communication policies, and place policies.

A company's marketing strategy can be a comprehensive plan for achieving its sales goals. A segmental marketing strategy can be altered to focus on selling activities in order to achieve structural goals. The policies of the organization are combined in an effort to bring the beacon home. To help the company stay in business and maximize profits, marketing research should focus on the right product and produce a good marketing strategy. A selling arrangement is built on top of a marketing policy. It is a corporation's operating policy that also serves as a typical business policy.

Banks use pricing policy to penetrate the market by applying it to prices and policies, selecting the best, evaluating the competition, and evaluating value. Any company's success will depend on its communication policies. The bank will inform customers about the bank's various products and services with the assistance of selling communication. This will build a positive image of the bank and can also build the organization's entire image in the eyes of customers who want to purchase its products. The purpose, simplicity, safety, speed, repetition, and surprise of the banks products and services are all part of its product policy.

To create and market new products, businesses make use of marketing policy tools. However, integrated merchandise cannot be produced by marketers. The merchant needs to see and think about all parts of the

outside climate to make selling arrangements that might arrive at the present and future business sectors. As a result, in order to formulate the organization's marketing policies, a number of businesses gather teams of specialists to frequently collect and evaluate data pertaining to businesses.

Review of Literature

Talwar R.K. (1975) suggested that There was a lot of misinformation about the functions banks were expected to perform and the facilities and services they provided. The vast majority of bank customers are unaware of the various programs and services they provide. The group suggested that banks carry out illustrative educational campaigns and distribute a booklet outlining the variety of banking services to each customer. Kole A.W. and Hillebrand (2003), the elements of the development of banks are market-oriented products. Uppal R. K. (2007) went into more detail about the need for banks to improve service quality, add new delivery channels, develop more efficient marketing strategies and systems, and expand their product lines. A good promotional mix is one that a) takes into account the objectives of the bank and places emphasis on those services that are of current importance, b) reaches various customer segments very efficiently, c) creates a desire to seek out the services offered by the banks, d) builds a positive image for the bank in the mind of the customer, and e) strikes a balance between costs and effects, according to Chidambaram (1995). Mehta (2010) said that Indian banks lack marketing communication and recommended implementing a banking-appropriate marketing strategy for improved business. Additionally, he asserted that personal selling is one of the marketing methods for banking products that can help banks grow their operations. Nirmaljeet Virk and Prabhjot Kaur Mahal (2012) gave opinion about winning and keeping customers become more important in private sector. Dr. Manisha (2017) explained that marketing communication is a dynamic and continuous process. Banks that use a variety of communication channels should keep in mind their business objectives, customer expectations regarding products and services, and the social and business marketing environment at the time of the promotion. Goal S. (2010) discussed the strategies utilized by both public and private banks. They are unable to employ the practice of marketing at the branch level because the concept of marketing is equated with selling, advertising, or promotion. There is no showcasing division at a branch or territorial level. The showcasing division work for clients and take choices according to the clients. The researcher came to the conclusion that personal contact communication is the most effective method of communication between the bank and its customers. Satyendra Kumar (2021) discussed how the Indian banking industry is becoming more customer-focused, technologically advanced, and strategically focused in order to meet consumer expectations and maintain market share against a growing number of rivals. By analyzing the responses of bank customers and bank managers based on their banking experience, this study attempts to analyze the effectiveness of the marketing strategies, identify the perception gap, identify areas for improvement, and explain the significance and insignificance of each variable. A good promotional mix is one that a) takes into account the objectives of the bank and places emphasis on those services that are of current importance, b) reaches various customer segments very efficiently, c) creates a desire to seek out the services offered by the banks, d) builds a positive image for the bank in the mind of the customer, and e) strikes a balance between cost and effects. Chidambaram (1995). Kittiwat U. (2000) he said that the powerful connections between serious procedure and data innovation based items and cycle developments in monetary administrations. Financial service providers are unable to sell their products on the market in the absence of information technology. The five IT-based innovations implemented by banks inter branch online service, credit card service, electronic fund transfer at point of sale service, and ATM service are the foundation of the study. Dwivedi R. (2007) found that the functions of finance are important, but not as much as the functions of marketing. Today, the primary function of banks is their marketing strategies, which contribute to the bank's growth. Any new strategy adopted by the organization must include finance objectives, such as maximizing shareholder value. However, it appears that this objective was overlooked amid the flurry of marketing efforts centered on market share. The missing core objective is avoided and sales are increased through various efforts.

Objectives of The Study

1. To investigate customer satisfaction with bank services.
2. To comprehend the factors that influence bank service selection satisfaction among customers.

Hypothesis of the Study

H₁: Compared to public sector banks, private sector customers are happier.

Research Methodology

The researcher has gathered information from public and private bank customers for this study. For the purpose of this study, first-hand information has been gathered from bank customers. Optional information sources are examined in different books, diaries, announcements, business magazines, business pamphlets, and yearly reports of both the sorts of banks and sites utilized and gathered the information.

Limitations of The Study

Only the banking sector has been the focus of this study. The study only includes banks from the public and private sectors. Only banking customers are the source of information. This study focuses on how satisfied customers are with various banking services provided by public and private banks. This study only covers Pune city.

Data Analysis and Interpretation

Parameter	Public Sector Banks					Private Sector Banks				
		Frequency	Percent	Valid %	Cumulative %	Frequency	Percent	Valid %	Cumulative %	
Debit Card/ ATM Cards	Valid	Strongly Disagree	17	8.5	8.5	8.5	6	3	3	3
		Disagree	17	8.5	8.5	17	2	1	1	4
		Neutral	8	4	4	21	11	5.5	5.5	9.5
		Agree	87	43.5	43.5	64.5	112	56	56	65.5
		Strongly Agree	71	35.5	35.5	100	69	34.5	34.5	100
		Total	200	100	100		200	100	100	
Credit card	Valid	Strongly Disagree	23	11.5	11.5	11.5	11	5.5	5.5	5.5
		Disagree	80	40	40	51.5	10	5	5	10.5
		Neutral	54	27	27	78.5	18	9	9	19.5
		Agree	25	12.5	12.5	91	71	35.5	35.5	55
		Strongly Agree	18	9	9	100	90	45	45	100
		Total	200	100	100		200	100	100	
Home Loan	Valid	Strongly Disagree	30	15	15	15	10	5	5	5
		Disagree	64	32	32	47	6	3	3	8
		Neutral	39	19.5	19.5	66.5	11	5.5	5.5	13.5
		Agree	44	22	22	88.5	116	58	58	71.5
		Strongly Agree	23	11.5	11.5	100	57	28.5	28.5	100
		Total	200	100	100		200	100	100	
Personal Loan	Valid	Strongly Disagree	36	18	18	18	12	6	6	6
		Disagree	81	40.5	40.5	58.5	5	2.5	2.5	8.5
		Neutral	40	20	20	78.5	18	9	9	17.5
		Agree	27	13.5	13.5	92	84	42	42	59.5
		Strongly Agree	16	8	8	100	81	40.5	40.5	100
		Total	200	100	100		200	100	100	

Car Loan	Valid	Strongly Disagree	36	18	18	18	8	4	4	4
		Disagree	78	39	39	57	5	2.5	2.5	6.5
		Neutral	35	17.5	17.5	74.5	16	8	8	14.5
		Agree	38	19	19	93.5	104	52	52	66.5
		Strongly Agree	13	6.5	6.5	100	67	33.5	33.5	100
		Total	200	100	100		200	100	100	
Insurance	Valid	Strongly Disagree	38	19	19	19	10	5	5	5
		Disagree	74	37	37	56	7	3.5	3.5	8.5
		Neutral	36	18	18	74	19	9.5	9.5	18
		Agree	31	15.5	15.5	89.5	81	40.5	40.5	58.5
		Strongly Agree	21	10.5	10.5	100	83	41.5	41.5	100
		Total	200	100	100		200	100	100	
Locker	Valid	Strongly Disagree	22	11	11	11	10	5	5	5
		Disagree	94	47	47	58	6	3	3	8
		Neutral	33	16.5	16.5	74.5	15	7.5	7.5	15.5
		Agree	25	12.5	12.5	87	98	49	49	64.5
		Strongly Agree	26	13	13	100	71	35.5	35.5	100
		Total	200	100	100		200	100	100	
Internet Banking	Valid	Strongly Disagree	12	6	6	6	5	2.5	2.5	2.5
		Disagree	38	19	19	25	4	2	2	4.5
		Neutral	21	10.5	10.5	35.5	5	2.5	2.5	7
		Agree	52	26	26	61.5	100	50	50	57
		Strongly Agree	77	38.5	38.5	100	86	43	43	100
		Total	200	100	100		200	100	100	

Table No. 1: Customer Satisfaction towards Services Offered by the Bank

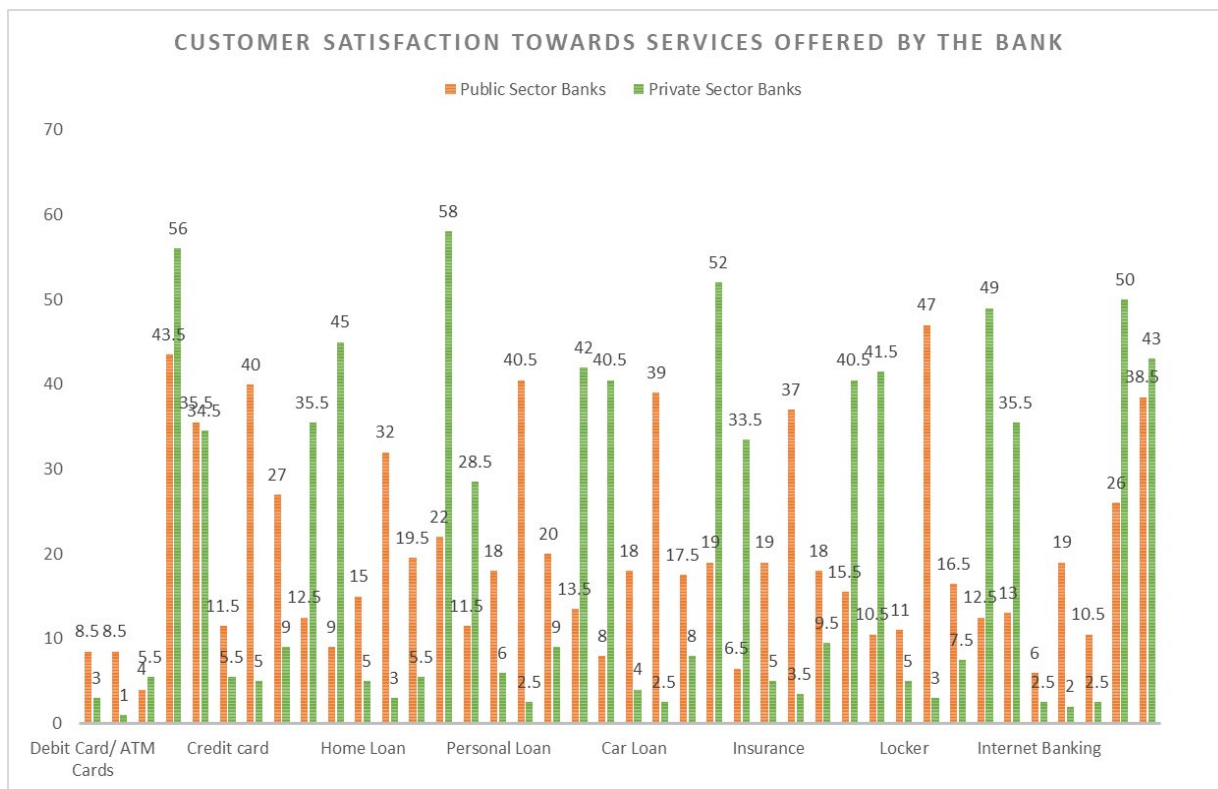


Chart No. 1: Customer Satisfaction towards Services Offered by the Bank

Interpretation

The information in the table pertains to debit cards and ATM cards. Of the total respondents, 8.5 % strongly disagree, 8.5 % disagree, 4 % are neutral, 43.5 % agree, and 35.5 % strongly agree with this statement. According to the findings, approximately 44 % of respondents disagree that public sector banks' debit card and ATM card services do not meet their expectations for customer satisfaction. On the other hand, 5 % of respondents are neutral, 56 % are in agreement, and 34.5 % are strongly in agreement with this statement. According to the findings, approximately 56 % of respondents agreed that they are satisfied with the services provided by debit cards and ATM cards issued by private sector banks. According to the table, 11.5 % of respondents strongly disagree, 40 % disagree, 27 % are neutral, 12.5 % agree, and 9 % strongly agree with this statement regarding credit cards. According to the findings, approximately 40 % of respondents disagree that public sector banks' credit card services do not meet customer satisfaction standards, while 5 % of respondents strongly disagree, 9 % are neutral, 35.5 % are in agreement, and 45 % are strongly in agreement with this statement. It is reasoned that around 45% respondents are concurred that they are fulfilled about consumer loyalty towards administrations presented with Visa of private area banks. According to the results of the table on home loans, approximately 58 % of respondents agreed that they are satisfied with the services provided by private sector banks for home loans. According to the table, 18 % of respondents who were asked about personal loans strongly disagree, 40.5 % disagree, 20 % are neutral, 13.5 % agree, and 8 % strongly agree with this statement. According to the findings, approximately 41 % of respondents disagree that they are unhappy with the personal loan services provided by public sector banks to their customers. On the other hand, 6 % of respondents strongly disagree, 2.5 % disagree, 9 % are neutral, 42 % agree, and 40.5 % strongly agree with this statement. Approximately 42 % of respondents agreed that they are satisfied with the services provided by private sector banks that offer personal loans. The data in the table pertains to car loans. Out of the total respondents, 18% strongly disagree, 39 % disagree, 17.5 % are neutral, 19 % agree, and 6.5 % strongly agree with this statement. It was determined that approximately 39 % of respondents disagree that they are unsatisfied with the services provided by public sector banks to car loan customers. On the other hand, 4 % of respondents strongly disagree, 2.5 % disagree, 8 % are neutral, 52 % agree, and 33.5 % strongly agree with this statement. According to the findings, approximately 52 % of respondents agreed that they are satisfied with the services provided by private sector banks that offer car loans. According to the table, 19 % of respondents strongly disagree, 37 % disagree, 18 % are neutral, 15.5 % agree, and 10.5 % strongly agree with this statement regarding insurance. It was determined that 37 % of respondents disagreed that they were unhappy with the insurance services provided by public sector banks to their customers. On the other hand, 5 % of respondents strongly disagreed, 3.5 % disagreed, 9.5 % were neutral, 40.5 % agreed, and 41.5% strongly agreed with this

statement. Approximately 42 % of respondents agreed that they are satisfied with the services provided by insurance companies of private sector banks to their customers. It is concluded that approximately 49 % of respondents to the Locker survey agree that they are satisfied with the services provided by locker, a private sector bank. The table shows that, out of the total respondents, 6 % strongly disagree, 19 % disagree, 10.5% are neutral, 26 % agree, and 38.5 % strongly agree with this statement regarding Internet Banking. It was determined that approximately 39% of respondents strongly concur that they are satisfied with the level of customer satisfaction with public sector banks' internet banking services, while 2.5 % of respondents strongly disagree, 2 % disagree, 2.5 % are neutral, 50 % agree, and 43 % strongly agree with this statement. According to the findings, approximately 50 % of respondents agreed that the level of customer satisfaction with private sector banks' internet banking services is satisfactory.

Hypothesis testing

Purpose: - To study customer satisfaction towards services offered by the bank is more than 60%.

Variables & Measurements

An eight-item survey was used to gauge customer satisfaction with the bank's services. Each question had a Likert scale of five points, with 1 denoting strongly disagree, 2 denoting disagree, 3 denoting neither agree nor disagree, 4 denoting agree, and 5 denoting strongly agree. These eight statements were either supported or opposed by respondents.

Justification for Hypothesis:

A pilot study found that approximately 60% of respondents agreed with each of the eight statements regarding the bank's customer satisfaction with its services.

Therefore, the test proportion was set at 0.60.

H0: $\rho = 0.60$

H1: $\rho \neq 0.60$

Level of Significance is $\alpha = 0.05$

Binomial Test

	Category	N	Observed Prop.	Test Prop.	Exact Sig. (1-tailed)
Debit Card/ ATM card	Group 1	34	.2	.6	.000 ^a
	Group 2	166	.8		
	Total	200	1.0		
Credit Card	Group 1	103	.5	.6	.009 ^a
	Group 2	97	.5		
	Total	200	1.0		
Home Loan	Group 1	94	.5	.6	.000 ^a
	Group 2	106	.5		
	Total	200	1.0		
Personal Loan	Group 1	117	.6	.6	.358 ^a
	Group 2	83	.4		
	Total	200	1.0		
Car Loan	Group 1	114	.6	.6	.213 ^a
	Group 2	86	.4		
	Total	200	1.0		
Insurance	Group 1	112	.6	.6	.140 ^a
	Group 2	88	.4		
	Total	200	1.0		
Locker	Group 1	116	.6	.6	.306 ^a
	Group 2	84	.4		
	Total	200	1.0		
Internet Banking	Group 1	50	.3	.6	.000 ^a
	Group 2	150	.8		

	Total		200	1.0		
Debit Card/ ATM card	Group 1	<= 2	8	.0	.6	.000 ^a
	Group 2	> 2	192	1.0		
	Total		200	1.0		
Credit Card	Group 1	<= 2	21	.1	.6	.000 ^a
	Group 2	> 2	179	.9		
	Total		200	1.0		
Home Loan	Group 1	<= 2	16	.1	.6	.000 ^a
	Group 2	> 2	184	.9		
	Total		200	1.0		
Personal Loan	Group 1	<= 2	17	.1	.6	.000 ^a
	Group 2	> 2	183	.9		
	Total		200	1.0		
Car Loan	Group 1	<= 2	13	.1	.6	.000 ^a
	Group 2	> 2	187	.9		
	Total		200	1.0		
Insurance	Group 1	<= 2	17	.1	.6	.000 ^a
	Group 2	> 2	183	.9		
	Total		200	1.0		
Locker	Group 1	<= 2	16	.1	.6	.000 ^a
	Group 2	> 2	184	.9		
	Total		200	1.0		
Internet Banking	Group 1	<= 2	9	.0	.6	.000 ^a
	Group 2	> 2	191	1.0		
	Total		200	1.0		

a. Alternate hypothesis states that the proportion of cases in the first group is < .60.

Table No. 2: Binomial Test

Observations

Debit card / ATM card facility provided in public sector banks: Observed Proportion is 0.20, Test Proportion is 0.60, ρ is 0.000. Credit card facility provided in public sector banks: Observed Proportion is 0.50, Test Proportion is 0.60, ρ is 0.009. Home loan facility provided in public sector banks: Observed Proportion is 0.50, Test Proportion is 0.60, ρ is 0.000. Personal loan facility provided in public sector banks: Observed Proportion is 0.60, Test Proportion is 0.60, ρ is 0.358. Car loan facility provided in public sector banks: Observed Proportion is 0.60, Test Proportion is 0.60, ρ is 0.213. Insurance facility provided in public sector banks: Observed Proportion is 0.60, Test Proportion is 0.60, ρ is 0.140. Locker card facility provided in public sector banks: Observed Proportion is 0.60, Test Proportion is 0.60, ρ is 0.306. Internet banking facility provided in public sector banks: Observed Proportion is 0.30, Test Proportion is 0.60, ρ is 0.000. Debit card / ATM card facility provided in private sector banks: Observed Proportion is 0.00, Test Proportion is 0.60, ρ is 0.000. Credit card facility provided in private sector banks: Observed Proportion is 0.10, Test Proportion is 0.60, ρ is 0.000. Home loan facility provided in private sector banks: Observed Proportion is 0.10, Test Proportion is 0.60, ρ is 0.000. Personal loan facility provided in private sector banks: Observed Proportion is 0.10, Test Proportion is 0.60, ρ is 0.000. Car loan facility provided in private sector banks: Observed Proportion is 0.10, Test Proportion is 0.60, ρ is 0.000. Insurance facility provided in private sector banks: Observed Proportion is 0.10, Test Proportion is 0.60, ρ is 0.000. Locker facility provided in private sector banks: Observed Proportion is 0.10, Test Proportion is 0.60, ρ is 0.000. Internet banking facility provided in private sector banks: Observed Proportion is 0.10, Test Proportion is 0.60, ρ is 0.000.

One sample t-test

The null hypothesis that follows is put to the test to see if there is a significant difference between the mean values of the variables that were measured and the test average response of 2 (mean score).

- **H₀**: There is no customer satisfaction towards services offered by the bank.

One-Sample t-Test

	Test Value = 2					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Debit Card/ ATMs	21.858	199	.000	1.890	1.72	2.06
Credit Card	8.553	199	.000	.675	.52	.83
Home Loan	9.341	199	.000	.830	.65	1.01
Personal Loan	6.413	199	.000	.530	.37	.69
Car Loan	6.857	199	.000	.570	.41	.73
Insurance	6.953	199	.000	.615	.44	.79
Locker	8.109	199	.000	.695	.53	.86
Internet Banking	18.546	199	.000	1.720	1.54	1.90

Table No. 3: One-Sample t-Test

Findings

The fulfillment of respondents with the bank's administrations is displayed in the table. The respective t-values of the variables: At the 5% level, 21.858, 8.553, 9.341, 6.413, 6.857, 6.953, 8.109, and 18.546 are significant. Because this demonstrates that there is a significant difference in the mean responses given by respondents regarding the level of customer satisfaction with the bank's services, the null hypothesis is rejected. Since the -Value 0.000 for each of the five variables is less than the level of significance. In every instance, the H0 (Null) hypothesis is rejected.

Public Sector Banks

- a) Public sector banks offer ATM card and debit card services.
- b) The public sector banks do not offer credit card services.
- c) Public sector banks offer a home loan facility.
- d) Public sector banks do not provide personal loan options.
- e) Public sector banks either do not offer car loans or have the fewest of them.
- f) Public sector banks do not offer an insurance option.
- g) Public sector banks do not provide locker facilities.
- h) Public sector banks offer internet banking.

Private Sector Banks

- a) Private sector banks offer a debit card and an ATM card facility.
- b) Private sector banks provide a credit card facility.
- c) Private banking institutions offer a home loan option.
- d) Private sector banks provide a personal loan option.
- e) Private sector banks provide a vehicle loan option.
- f) Private sector banks offer an insurance service.
- g) Private sector banks provide lockers for their customers.
- h) Private sector banks offer internet banking services.

Scope for future research

There is always scope for more research to be done. The survey was limited to the Pune city because of time constraints. As a result, it's difficult to draw generalizations, so this survey should cover a much wider range of areas. In addition, numerous bank employees, customers, and bank managers wish to provide feedback on the banks' marketing strategies and how to attract the customers. The study only looked at the consumer satisfaction towards services offered by the public and private sector banks, but it also looked at a lot of other things. The new generation's entry into private and payment banks contributes to the competitive environment. Banks have

had to make necessary adjustments to their traditional marketing strategies to attract the customers and retain them.

Conclusion

The public sector is more dependable, but it does not particularly excel in terms of innovation or quality. It isn't viewed as reliable in light of the fact that there might be covered up charges for administrations and misdirecting promoting. Private sector banks must first and foremost be more dependable and sincere. Before they can change people's minds, they need to get the customers' attention first. Private sector banks are using more push tactics to get customers. This makes a distinction between Public Sector Banks' and Private Sector Banks' marketing strategies.

This demonstrates that public financial services are available, including MasterCard, Cheque Card/ATMs, Home Advance, Individual Credit, Vehicle Advance, Protection, Storage, and Internet Banking. Various banking products are provided by the public and private sector banks to attract the customers but some banks are not satisfying the needs of the customers. Therefore, it is concluded that customer satisfaction and the services provided by banks are significantly related.

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