

**A COMPARATIVE STUDY ON CUSTOMER SATISFACTION IN INDIAN PUBLIC
SECTOR AND PRIVATE SECTOR BANKS
(WITH SPECIAL REFERENCE TO DELHI AND NCR REGION)**

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ABSTRACT:

The banking industry like many other financial service industries is facing a rapidly changing Market, new technologies, economic uncertainties, fierce competition, and especially more Demanding customers; 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's 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 method. Simple random sampling technique is adopted and sample size of the data is 200 from the Delhi and NCR. This study is just a small step in understanding the multi Dimensional construct of service quality and its implications in today's competitive environment.

KEY WORDS: Customer satisfaction, SERVQUAL, assurance, reliability, responsiveness, physical Facilities and empathy, etc.

Introduction:

Banks 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 and involves relatively large volume of international financial flows. 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. Market positioning, cost of intermediation and service delivery are likely to be determinants of the efficiency of banks with respect to their competitiveness. 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.

What Satisfies a Customer?

According to Juran, Deming and Crosby it's the quality of the product or service, that satisfies a customer. Quality is especially important in the banking sector because duplication of products and services is relatively easy. Further, differentiation of products is difficult in case of the banking sector. Thus, quality becomes the only differentiator and the key to continuing success. With increasing competition, banks that survive and succeed will be the one that provide quality service. Research studies have repeatedly proved that customers are willing to pay for quality service. Banks that wish to succeed and stay ahead must, therefore, systematically build a structure that aims at providing Total Quality Service. As with the bank's financial goals, success can be achieved only with proper analysis and suitable goals.

Service Quality and Customer Satisfaction:

There is a great deal of discussion and disagreement in the literature about the distinction between service quality and satisfaction. The service quality school view satisfaction as an antecedent of service quality - satisfaction with a number of individual transactions "decay" into an overall attitude towards service quality. The satisfaction school holds the opposite view that assessments of service quality lead to an overall attitude towards the service that they call satisfaction. There is obviously a strong link between customer satisfaction and customer retention. Customer's perception of Service and Quality of product will determine the success of the product or service in the market. If experience of the service greatly exceeds the expectations clients had of the service then satisfaction will be high, and vice versa. In the service quality literature, perceptions of service delivery are measured separately from customer expectations, and the gap between the two provides a measure of service quality.

Objectives:

1. To find out the parameters on which a customer decides with which bank he wants to be associated with.
2. To compare the public sector banks and private sector banks in terms of customer satisfaction.

Research Methodology:

The study is based on a survey conducted in Delhi and NCR with the help of Primary data And Secondary data. The secondary data was collected from various possible records like books, magazines, periodicals and websites. Simple random sampling technique is adopted and 250 respondents (customers of banks) constituted the sample for the survey. It included equal proportion from both private banks and nationalized banks. The questionnaire was a SERVQUAL one consisting of 22 statements in 5 key dimensions namely tangibles, reliability,

responsiveness, assurance and empathy. The list of service attributes based on different service dimensions are ranked and rated by the customer to identify the importance of each service attributes. All the data were collected from bank customers through Personal Interviews, Interactions with consumers of different banks and Interaction with customers at Malls and other market places. After the data has been collected, it was entered into Microsoft Excel and was prepared for analysis.

Data Analysis :

The major statistical tool used in this study is Percentage analysis

Limitations of the Study:

This study is geographically restricted to Delhi and NCR city only. Limited number of banks (only two Public sector and two Private sector banks) were covered under the study. The sample size do not ensure representative and conclusive finding and finally, a more robust analysis is needed to reach a strong conclusion.

Hypothesis :

There is no significant difference between the types of banks (Public and Private sector) with respect to service quality dimensions.

**Data Analysis and Interpretation
 Demographical Data**

Factors		
Gender	Male	60%
	Female	40%
Age	Upto 20	2%
	20-40	65%
	40-60	25%
	Above 60	8%
Occupation	Business	14%
	Govt job	9%
	Private job	65%
	others	2%
Education	HSC	5%
	UG	19%
	PG	71%
	Others	9%
Marital status	Married	76%
	Unmarried	24%
Income	>10000	17%
	10000-30000	31%
	<30000	52%

From the above data it can be said that out of the 250 respondents 60% were Male and 40% were female.

2% of the respondents were under the age of 20, 65% were in the age group of 20 to 40 years, 25 % were in the age group of 40-60 years and 8% were above 60 years.

If we see the educational qualifications then 5% were 12th pass, 19% were graduates and 71% were post graduates.

76% of the respondents were married and 24% were unmarried.

Of the 250 respondents 17% had an income of less than 10,000 rupees, 31% had an income between 10,000-30,000 rupees and 52% had an income of more than 30,000 rupees.

SERVEQUAL Factors (In Percentage)

E= Excellence, G= Good, M=Moderate, B=Bad, W =Worst

Data Analysis and Interpretation

- 1) **Modern equipment used:** - If we look into the tangible factors like modern equipments used we find that private sector score more in this area. 34 % of the people having a relationship with the private bank find that the modern equipments used by the private banks are excellent as compared to only 14 % of the people having a relationship with the nationalized bank.
- 2) **Physical facilities:** - As far as physical facilities are concerned customers of private banks are more satisfied than those of the nationalized banks. It is evident from the fact that 48% of the customers of private banks have given a rating of excellent and good. Whereas only 35% of the customers of nationalized banks have given a rating of excellent and good.
- 3) **Employee's appearances:** - Customers of the private banks feel that the employees are very presentable as it is evident from the fact that 47% of the customers of private banks feel so. In comparison to this only 27 % of the customers of nationalized banks feel so.
- 4) **Material quality:** - If we consider the quality of the materials used for pass book, Cheque book etc. we find here also the customers of private banks are satisfied with it. As 46% of the customers have given a grading of excellent and good as compared to 33% in the case of nationalized banks.
- 5) **Time schedule for the operations:** - Private Banks fair well as compared to nationalized banks in maintaining time schedule for operations. 45% of the private bank customers feel so as compared to 23% of the nationalized bank customers.
- 6) **Employee's interest in solving customer's problems:** - Customers of private banks feel that employees of these banks are interested in solving their problem. It is evident from the fact that 45% of the customers of private banks feel so. In comparison to this only 23 % of the customers of nationalized banks feel so.

Factors	Nationalized Bank					Private Bank				
	E	G	M	B	W	E	G	M	B	W
Modern equipment used by bank(computer, cash counting machine, Atm etc)	14	25	9	1	0	34	15	2	0	0
Physical facilities at the bank (building, furniture, counter ,water facility, space etc)	9	26	11	3	1	18	30	2	0	0
Employees neatness and appearances	7	20	20	2	1	29	18	3	0	0
Material quality and appearances (pamphlets, challans, pass book, cheque book etc)	10	23	17	0	0	15	31	4	0	0
Time schedule for the operations(standard time)	6	17	22	5	0	15	30	5	0	0
Employees interest in solving customers problems	6	19	15	9	1	15	28	7	0	0
Consistency of service provided by the employees	4	19	17	7	1	17	27	7	1	0
Time taken for operation against standard time	2	19	21	6	1	14	30	6	1	0
Quality of record maintained by the employees (neatness, error ,accuracy etc)	5	24	15	5	0	26	21	4	0	0
Information and guidances to the employess	4	20	17	7	1	13	31	5	2	0
Promptness of service rendered by the employees (clarity , speed, softness etc)	6	14	21	7	9	27	10	4	2	0
Employees willingness to help the customers	5	17	22	4	2	30	13	7	0	0
Employees attitude to hear the customers problem	4	18	16	8	3	28	13	7	3	0
Employees behavior to increase the confidence of customers	6	18	17	7	1	28	13	7	0	0
Confidence of safety of funds with the bank	11	23	14	2	0	26	18	5	1	0
Employees courtesy with customers	4	19	18	7	3	29	15	6	0	0
Employees knowledge to answer the questions of customers	6	22	16	6	1	27	13	9	0	0
Employees individual attention to the customers	3	18	18	9	2	24	17	8	1	0
Convenience of bank operating hours	4	18	23	2	2	24	17	8	2	0
Employees personal relation with customers	5	17	17	7	4	26	16	8	0	0
Employees aim to promote the customer interest	4	19	15	8	3	25	17	7	0	2
Employees interest to understand the specified needs of customers	4	20	15	7	3	25	16	8	0	2

- 7) **Consistency of service provided by the employees:** - If we look into the consistency of the services being rendered by the banks from both the sectors we find that 44% of the private bank customers feel so as compared to 25% of the nationalized bank customers.
- 8) **Time taken for operation against standard time:** - 44% of the customers of private banks have given a grading of excellent and good in regard to the time taken for operation as against the standard time. Where as only 23% of the nationalized bank customers have given a grading of excellent and good in this area.
- 9) **Quality of record maintained by the employees:** - Customers of private banks feel that the banks maintain the records in a very proper manner. It is evident from the fact that 57% of the customers of private banks feel so. In comparison to this only 29 % of the customers of nationalized banks feel so.
- 10) **Information and guidance to the employees:** - 44% of the customers of private banks feel that the bank provides proper information and guidance to its employees but only 24% of the customers of nationalized banks feel so.
- 11) **Promptness of service rendered by the employees:** - Customers of private banks are pretty satisfied with the promptness of services rendered by these banks. It is evident from the fact that 37% of the customers of private banks feel so. In comparison to this only 20 % of the customers of nationalized banks are satisfied in this area.
- 12) **Employee's willingness to help the customers:** - 43% of the customers of private banks feel that the employees of these banks are willing to help the customers. Where as only 22% of the nationalized bank customers feel so.
- 13) **Employee's attitude to hear the customers problem:** - Customers of private banks feel that the employees of these banks have a very positive attitude towards solving the customer's problem. It is evident from the fact that 41% of the customers of private banks feel so. In comparison to this only 22 % of the customers of nationalized banks are satisfied in this area.
- 14) **Employee's behavior to increase the confidence of customers:** - 41% of the customers of private banks feel that the employees of these banks try to increase the confidence level of their customers. Where as only 24% of the nationalized bank customers feel so.
- 15) **Confidence of safety of funds with the bank:** - It seems customers of private banks are quite confident about the safety of the funds with the banks. 44% of the customers of private banks feel so. In comparison to this only 34 % of the customers of nationalized banks are confident about the safety of the funds.
- 16) **Employee's courtesy with customers:** - 44% of the customers of private banks feel that the employees of these banks are very courteous towards their customers. Where as only 23% of the nationalized bank customers feel so.

- 17) **Employee's knowledge to answer the questions of customers:** - Customers of private banks feel that the employees of these banks are very efficient in answering to the queries of the customers. It is evident from the fact that 40% of the customers of private banks feel so. In comparison to this only 28 % of the customers of nationalized banks are satisfied in this area.
- 18) **Employee's individual attention to the customers:** - 41% of the customers of private banks feel that the employees of these banks give personal attention to its customers. Whereas only 21% of the nationalized bank customers feel so.
- 19) **Convenience of bank operating hours:** - Customers of private banks find the operating hours very convenient. It is evident from the fact that 41% of the customers of private banks feel so. In comparison to this only 22 % of the customers of nationalized banks are satisfied in this area.
- 20) **Employee's personal relation with customers:** - Customers of private banks feel that the employees of these banks develop a personal relation with their customers. As 42% of the customers of private banks feel so. In comparison to this only 22 % of the customers of nationalized banks feel so.
- 21) **Employees aim to promote the customer interest:** - 42% of the customers of private banks feel that the employees of these banks work towards customer interest. Whereas only 23% of the nationalized bank customers are of this opinion.
- 22) **Employee's interest to understand the specified needs of customers:** - Customers of private banks feel that the employees of these banks understand the specific needs of the customers. It is evident from the fact that 41% of the customers of private banks feel so. In comparison to this only 24% of the customers of nationalized banks feel so.

Findings and Conclusion:

When the private sector banks are compared with public sector banks, Private Banks score more in all the 22 parameters considered for this study. Private Banks seems to have satisfied its customers with good services and they have been successful in implementing tangible factors like modern equipment, infrastructural facilities, quality of materials used etc. Private sector Banks have been successful in achieving a satisfying relationship with customers however public sector banks have to improve a lot in this area. Most of the respondents felt that the employees of the private banks are very keen to satisfy their customers. On the other hand customers of nationalized banks felt that the employees were least bothered about their customers. Private Banks customers feel that their banks take due consideration about their convenience and are ready to cope up with their preferences of working hours.

Although in this study it was attempted to cover all aspects of service quality, there may be certain aspects that may have been omitted or that may become relevant as new trends in banking evolve. In future research, customers may reveal new aspects of service quality in retail banking that are important to them, and these would have to be incorporated in the scale so as to further explore the concept of service quality in the retail banking arena.

SUGGESTIONS:

If the following suggestions are followed by nationalized banks, it can increase customers' satisfaction and ultimately it will be a boost for the Indian banking industry:

- Staff should be knowledgeable about the services offered.
- Staff should be more courteous towards their customers.
- Staff members should apologize for mistakes.
- Account should be handled carefully.
- Customers' instructions should be carried out carefully.
- Operation time should be reduced.
- Complaint should be handled then and there.
- Regarding complaint customers should receive follow up contact.
- Name and address of customers should be handled carefully.
- There should be a personal touch between the customers and staff.
- Disagreements with the customers should be avoided.

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