COMPARATIVE STUDY OF CUSTOMER SATISFACTION IN INDIAN PUBLIC SECTOR AND PRIVATE SECTOR BANKS

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Abstract

This paper is a survey of Public and Private sector bank customer's responses toward computerization of banking services. The objective of this paper is to measure the customer's awareness, perception and the level of satisfaction with regard to Banking Services offered by the Indian public and private sector banks in the city of Tirunelveli. Banks have to deal with many customers and render various types of services to its customers and if the customers are not satisfied with the services provided by the banks then they will defect which will impact economy as a whole since banking system plays an important role in the economy of a country, also it is very costly and difficult to recover a dissatisfied customer. The purpose of this study is to compare the public sector banks and private sector banks in terms of customer satisfaction and to study the various variables of service quality using Likert scale. This survey declares that in comparison private sector bank customers are satisfied with regard to ATM and Online Banking services. However, the study also reveals that public sector banks and preparing to take on private sector banks in this regard

Keywards: Customer satisfaction, ATM, Online Banking, comparison

Introduction

In the organized segment of Indian economy, the banking sector occupies an important place in nation's economy. It plays a pivotal role in the economic development of a country and forms the core of the money market in developed country. Banks have to deal with many customers every day and render various types of services to its customer. The banking industry like many other financial service industries is facing a rapidly changing market, new technologies, economic uncertainties, fierce competition and more demanding customers and the changing climate has presented an unprecedented set of challenges. Banking is a customer oriented service industry, therefore, the customer is the focus and customer service is the differentiating factor.

In the last few decades, information technologies have changed the banking industry and have provided a way for the banks to offer differentiated products and services to their customers. The advent of technology made the banks to change the nature of financial services offered to its customers. For instance, automated teller machines (ATM) displaced cashier tellers, telephone represented by the call centers replaced the

branch banking, the internet replaced mail, credit cards and electronic cash replaced bank transactions etc.

Online-banking means any user with a personal computer and a browser can get connected to his bank's website to perform any of the virtual banking functions. In online banking system the bank has a centralized database that is web-enabled. All the services that the bank has permitted on the internet are displayed in menu. This was a significant change from the Indian perspective, since centralized core banking solutions required banks to invest he amount of money towards building infrastructure. Once this infrastructure was in place, banks started venturing into new opportunities, in the area of ATMs, debit cards and Online banking.

Automatic Teller Machine (ATM)

ATM system introduced in India on 1994. But it is very popular all over India only from 1996. The ATM is a direct off shoot of technological advancement in banking. ATM is a device that allows customers ho have an ATM card to perform routine banking transactions without interacting with a human teller. It is a computer based system basically designed to perform some customers oriented banking activities such as cash withdrawal, balance enquiry, printing transaction or statement etc.. An Automated Teller Machine (ATM) is a computerized telecommunication device that provided the customers of a financial institution with access to financial transactions in a public space without the need for a human clerk or bank teller. ATM card with a magnetic stripe or a plastic smartcard with a chip, that contains a unique card number and some security information.

Advantages of ATMs

- Round the clock banking for 365 days a year – banking can be done by the customer at any time on any day of the week.
- Quick and efficient service.
- Response is uniform and fixed for all customers as per the programme set, thus leaving no scope for discourteous or subjective behavior as may happen with human interaction at bank's customer.

Online Banking

Online Banking is the part of electronic banking. Internet banking refers to systems that enable bank customers to access accounts and general information on bank products and services through a personal computer (PC) or other intelligent device. Internet banking products and services can include wholesale products for corporate customers as well as retail products for consumers. It provides 'anywhere, anytime" banking access to one's account as well as to the public information updated by the bank on its website.

It has been introduced in India by most commercial banks, which have fully computerized their operations. Just as the bank staff accesses the account of a customer online, the customer can also access his/her account online via internet.

Advantages of Online Banking
- Account balances and history, including year – to –date information
- Cross –account fund transfers
- Cheque history, inquiry, images, withdrawals, and stop payments
- Credit Card and statement imaging
- Online loan payments
- Online loan applications
- PIN changes
- Wireless access
- Secure interactive messaging with staff

Objective of the Study

The objective of this study is to measure the customers awareness, perception and the level of satisfaction with regard to banking services offered by the Public and Private sector banks in the city of Tirunelveli. The banking services include ATM and Online Banking services.

Collection of Data

Both primary and secondary sources have been used for the purpose of data collection. For secondary data books, research papers, journals, magazines and internet were referred.

Primary data has been collected with the help of a structured questionnaire. The research was conducted using questionnaire designed to understand the ATM and Online Banking services of Tirunelveli city customers. For the purpose of this analysis, a structured questionnaire was developed in two stages. In the first stage, an exploratory study was carried out using personal and focus group interviews. This was done to understand the factors influencing customers preferences. In the second stage, based on the findings of the exploratory study, a five point Likert scale was developed.

Sample Technique

Sample random sampling method was used to collect data from customers of various Public and Private sector banks. State Bank of India, Indian Overseas Bank, and Indian Bank customers were takes from public sector, whereas ICICI, TMB, Axis bank customers were taken from private sector banks.

Satisfaction of Public Sector Bank Customers towards Banking Services
 To get response from public sector bank customers a total of 160 questionnaires were circulated. Of the total sample size, 150 customers returned the questionnaires this questionnaires were found suitable for the study. The collection of data began in the month of April 2015 and was completed May 2015.

Data Analysis

Table 1
Respondent's of ATM Service Usage

Regularly		Once in a week		Once in a Month		Never	
Respondents	%	Respondents	%	Respondents	%	Respondents	%
45	30	88	58.67	17	11.33	0	0.00

It was found that 58.67 per cent of the respondents use ATM service once in a week. About 30 per cent respondents said that they use ATM regularly and 11.33 percent of the respondents use ATM once in a month

Table 2
Level of Satisfaction with ATM service

No	Particulars	Respondent's Response					Likert Scale		
		H.dis	Dis	N	Satisfied	Hig Satisfied	Weighted Score	Tot Score	Percentile Points
1.	Cash availability in ATM	26	32	25	39	28	461	750	61.47
2.	Quality of notes	18	20	40	40	32	498	750	66.40
3.	Security	32	37	44	20	17	401	750	53.47
4.	Better customer Services	18	23	50	34	25	475	750	63.33
5.	Convenient Location	12	28	14	52	32	538	750	71.73

 As per the above calculation a total of 71.73 percentile better over all Convenient location. Quality of notes is also fine with 66.40 percentile points

Table 3
Access Online Banking services

Regularly		Once in a week		Once in a Month		Never	
Respondents	%	Respondents	%	Respondents	%	Respondents	%
24	16	36	24	50	33.33	40	26.67

From the selected sample size, 33.33 per cent of the respondents reported having used online banking once in a month 26.67 percent of the respondents never used online banking services. 24 per cent of the respondents use online banking services once in a week and 16 percent of the respondents use online banking service regularly.

Table 4
Level of Satisfaction Related to Online Banking Services

No	Particulars	Respondent's Response					Likert Scale		
		H.dis	Dis	N	Satisfied	Hig Satisfied	Weighted Score	Tot Score	Percentile Points
1.	Sufficient and real time financial information provided	14	26	32	28	10	324	550	58.91
2.	Quickness of the web page on bank's portal site loading	12	24	28	36	14	370	550	67.27
3.	Reliability of web page	10	18	32	40	10	352	550	64
4.	Protection/ Security of customer transaction data	10	15	20	40	25	385	550	70
5.	Processing Time	11	17	24	35	23	372	550	67.64

Above calculation show positive response for online banking services but maximum consumers are satisfied protection/security of customer transaction data.

Satisfaction of Private Sector Bank customers Towards Banking Services

To get response from private sector bank customers a total of 160 questionnaires were circulated Of the total sample size, 150 customers returned the questionnaires. These

questionnaires were found suitable for the study. The collection of data began in the month of April 2015 and was completed May 2015.

Data Analysis

Table 5

Respondent's of ATM service Usage

Regularly		Once in a week		Once in a Month		Never	
Respondents	%	Respondents	%	Respondents	%	Respondents	%
46	30.67	92	61.33	12	8	0	0.00

It was found that 61.33 per cent of the respondents use ATM service once n a week. About 30.67 per cent respondents said that they use ATM regularly and 8 per cent of the respondents use ATM once in a month.

Table 6

Level of satisfaction with ATM Service

No	Particulars	Respondent's Response					Likert Scale		
		H.dis	Dis	N	Satisfied	Highly Satisfied	Weighted Score	Tot Score	Percentile Points
1.	Cash availability in ATM	18	24	30	42	36	534	750	71.2
2.	Quality of notes	14	18	50	38	30	5502	750	66.93
3.	Security	18	25	56	29	22	462	750	61.6
4.	Better customer Services	10	22	18	52	48	556	750	74.13
5.	Convenient Location	16	20	40	40	34	506	750	67.47

As per the above calculation a total of 74.13 percentile shows better customer services. Availability of cash is also fine with the 71.2 percentile points.

Table 7

Access Online Banking Services

Regularly		Once in a week		Once in a Month		Never	
Respondents	%	Respondents	%	Respondents	%	Respondents	%
22	14.67	38	25.33	72	48	18	12

From the selected sample size, 48 percent of the respondents reported having used in online banking once in a month. 25.33 percent of the respondents use online banking services once in a week, and 14.67 percent of the respondents use regularly. Only 12 percent reported having never used online banking services.

Table 8
Level of Satisfaction Related to Online Banking Services

No	Particulars	Respondent's Response					Likert Scale		
		H.dis	Dis	N	Satisfied	Highly Satisfied	Weighted Score	Tot Score	Percentile Points
1.	Sufficient and real time financial information provided	12	28	18	40	34	452	660	68.48
2.	Quickness of the web page on bank's portal site loading	18	20	18	40	36	452	660	68.48
3.	Reliability of web page	14	18	24	40	36	462	660	70
4.	Protection/ Security of customer transaction data	12	18	20	42	40	476	660	72.12
5.	Processing Time	12	20	20	44	36	468	660	70.91

As per the above calculation a total 72.12 percentile shows better overall protection/security of customer transaction data. Processing Time of web page also fine with 70.91 percentile points.

Comparison of Public and Private Sector Banks
The following tables show the comparison of customer's level of satisfaction between public and private sector banks by combining their Likert scale percentile.

Table 9
Level of Satisfaction with ATM Service

S.No	Particulars	Public	Private
1.	Cash availability in ATM	61.47	71.2
2.	Quality of notes	66.40	66.93
3.	Security	53.47	61.6
4.	Better Customer Service	63.33	74.13
5.	Convenient Location	71.73	67.47

The Customers of private sector bank more satisfied in all the above mentioned factors related to ATM services. Only for the convenient location has shown more satisfaction in public sector bank.

Table 10
Level of Satisfaction Related to Online Banking

S. No	Particulars	Public	Private
1.	Sufficient and real time financial information provided	58.91	68.48
2.	Quickness of the web page on bank's portal site loading	67.27	68.48
3.	Reliability of web page	64.00	70.00
4.	Protection/ Security of customer transaction data	70.00	72.12
5.	Processing Time	67.64	70.91

For the Online banking too the private sector bank customers have shown their optimal satisfaction.

Conclusion

The Indian banking sector has witnessed heightened competition with so many banks coming up with all their potential and using their global strength to their advantage in order to establish themselves in the market. Private Banks seem to have satisfied its customers with good services and they have been successful in retaining its customers by providing better facilities than Public sector Banks. But, still Private Banks need to go a long way to become customer's first preference. In an economy of innovative technologies and changing markets, each and every service quality variable has become important. New financial products and services have to be continuously introduced in order to stay competent. Success mantra could be customer centric orientation, where the organization builds long term strategic relationships with its customers and Private sector Banks have been successful in achieving such relationship with customers however public sector banks have to improve in this area.

A variety of services are offered through banking services by public and private sector banks to their customers. Customers of private sector banks are more satisfied about the ATM banking facility as compared to the customers of public sector banks. They are most satisfied about the community of ATM services provided by private banks. The satisfaction level of private sector banks customers about online banking is also high as compared to the public sector bank customers.

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