



Management

## **A COMPARATIVE STUDY ON THE CUSTOMERS' SATISFACTION IN SELECT PRIVATE SECTOR AND PUBLIC SECTOR BANKS IN TIRUNELVELI DISTRICT**

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### **Abstract**

Banks are considered as vehicle of finance in a nation. The finance should be given all the parts of country in the perfect manner. Thus, lots of banks are allowed to run their business. Due to privatisation, many of the private party also enter in to banking sector. Thus, the customers have different kinds of banks. So the satisfaction of customers has very vital role among the bankers. Here the factors influencing on satisfaction of customers is analysed and private banking sector gives high satisfaction than public sector banks.

**Keywords:** Private; Public; Banks; Finance; Economy & Privatisation.

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### **1. Introduction**

The financial sector, the world over, is growing enormously in terms of size, innovations, diversity, complexity and sophistication. When one examines the structure of the developed and the developing economies over the last 20 years, the most striking feature perhaps is the growth of the service sector. The financial services sector today, is carrying out a host of activates like intermediation, agency services, real estate, consumer durable financing etc. The process of financial intermediation (being the most traditional) still occupies significant place in the growth of financial services sector. Within the financial services sector, the banks constitute an important segment of financial intermediaries as is evident from the fact that the aggregate deposits of the banking sector as a whole contributes approximately 80 per cent to the total money supply in the Indian Economy.

The hall mark of the reorganised set up was customer orientation. It aimed at:

- Having a total view of customer's need.

- Meeting the identified needs in the best possible manner by developing appropriate and suitable services.
- Identifying potential customers and
- Conducting the activities at the branch level on the basis of carved out market segments instead of job- wise activities.

## **Technology Induced Innovations**

There has been a quantum in the expectations of the customers for newer products and alternative delivery channels. Consequently, banks are under increasing pressure to offer today, what customers would be expecting tomorrow. As a consequence of innovation and spread of new technology, banks today have been able to offer the customer a choice to conduct his banking business across the counter, over the phone, or via a computer. The key to survival, therefore, is retention of customer loyalty by providing him with value added services tailored to his needs.

### **2. Scope of the Study**

The scope of the study is confined to factors influence the satisfaction of customers in select private and public sector banks in Tirunelveli District. In Tirunelveli District, there are many numbers of public and private sector banks in both urban and rural areas, having high amounts of transactions and services.

### **3. Statements of the Problem**

Increased competition has also led the banks to think of much better services given to their customers than previously and with the help of that avoiding the customer switching from one to another. In the high competition market, the roles of customers' satisfaction get important day by day. After privatisation, these days the private sector banks have very vital growth in the banking sector. As there are focusing profit margins, they provide better service for each and every customer. Thus, for the purpose of survival, banks have to take much concern and care on the satisfaction of their customers.

### **4. Methodology**

Both primary and secondary data were collected for the study. The primary data were collected using questionnaire and Purposive random sampling method was adopted to select the banks and simple random sampling was used to select the customers in both sectors. The secondary data were collected from various websites, books, journals and magazines.

### **5. Sample Size**

The sample size is 200 respondents from the study area. Equal weightage is given to both private and public sector banks. That means 100 respondents from Public Sector banks and remaining 100 respondents from Private sector banks. In the public sector, SBI was chosen and in private sector ICICI was chosen for study based on top banks in public or private.

## 6. Hypothesis

**Ho<sub>1</sub>:** There is no significant difference in mean score of private banking and Public banking Customers' Satisfaction.

## 7. Limitations

- Only 2 banks were selected
- Sometimes it may not applicable for other public or private sector banks
- Analysis is based on response given by respondents.

## 8. Analysis and Interpretation of Data

Demographic profile is one of the important variables which decide about the practices and usage of the respondents. The following table clearly depicts the demographic profile of the respondents with preference of traditional banking versus online banking in the study area.

**Table 1: Gender wise classification**

	Private		Public	
Area	No. of respondents	Percentage	No. of respondents	Percentage
Male	44	44	65	65
Female	56	56	35	35
Total	100	100	100	100

Source: Primary Data

The above table shows that out of 100 respondents, majority of 56 per cent of the respondents belong to female and the remaining 44 per cent of the respondents are male whereas in public 65 percent of the respondents are male and 35 percent of the respondents are female. Thus, in the private sector, female customers and in public sector male customers are dominated.

**Table 2: Age wise classification**

	Private		Public	
Age	No. of respondents	Percentage	No. of respondents	Percentage
Up to 20 years	8	8	15	15
21-40 years	40	40	35	35
41-60years	45	45	30	30
Above 60years	7	7	20	20
Total	100	100	100	100

Source: Primary Data

The above table reveals that in private sector, the majority of 45 per cent of the respondents are in the age group of 41-60 years, 40 per cent of the respondents are in the age group of 21-40 years, 8 per cent of the respondents are in the age group of up to 20 years and the remaining 7 per cent of the respondents are in the age group of above 60 years whereas in the public sector, 35 percent respondents belong to 21 – 40 years age group, 30 per cent respondents belong to 41

– 60 years age group, 20 per cent respondents belong to above 60 years and 15 per cent respondents belong to up to 20 years. Thus, in private sector, most of the bank customers belong to 41 – 60 years and in public sector, most of the respondents belong to 21- 40 years.

Table 3: Area wise classification

	Private		Public		
Area	No. of respondents	Percentage	Area	No. of respondents	Percentage
Rural	45	45	Rural	65	65
Urban	55	55	Urban	35	35
<b>Total</b>	<b>100</b>	<b>100</b>	<b>Total</b>	<b>100</b>	<b>100</b>

Source: Primary Data

The above table shows that out of 100 respondents, in the private sector, majority of 55 per cent of the respondents are from urban and the remaining 45 per cent of the respondents are from rural whereas in public sector, 65 per cent of the respondents from rural and 35 per cent of the respondents from urban. Thus, private banks have more urban customers and public banks have more rural customers.

Table 4: Classification based on Educational Qualification

	Private		Public	
Educational Qualification	No. of respondents	Percentage	No. of respondents	Percentage
Up to 12 <sup>th</sup> Std	13	11	15	15
Undergraduate	24	18	30	30
Postgraduate	31	24	35	35
Professional	32	31	20	20
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: Primary Data

The above table reveals that the educational qualification of the respondents. From that, it has been clear that in the private sector, 31 per cent of the respondents are completed their professional courses, 31 per cent of the respondents are postgraduate, 24 per cent of the respondents are graduates, and the least 13 per cent of the respondents are completed their school education whereas in public sector, 35 per cent of the respondents are post graduates, 30 per cent of the respondents are graduates, 20 per cent of the respondents are professionals and 15 per cent of the respondents are studied up to school level. Thus, in the private sector, the majority of the customers are professionals and in public sector, majority of the customers are post graduates.

Table 5: Classification based on Occupation

	Private		Public	
Occupation	No. of respondents	Percentage	No. of respondents	Percentage
Farmers	7	7	17	17
Business man	29	29	14	14
Professionals	24	24	13	13
Govt. Employee	5	5	32	32

Private Employee	27	27	12	12
Self- Employee	8	8	10	10
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: Primary Data

The above table shows that in the private sector, out of 100 respondents, 29 per cent of the respondents are business people, 27 per cent of the respondents are private employee, 24 per cent of the respondents are professionals, 8 per cent of the respondents are self- employee, 7 per cent of the respondents are farmers and remaining 5 per cent of the respondents are Govt. employee whereas in the public sector, 32 per cent of the respondents are Govt. employee, 14 per cent of the respondents are business people, 13 per cent of the respondents are professionals, 12 per cent of the respondents are private employee and 10 per cent of the respondents are self- employee. It shows that most of the private banks customers are business men whereas in public sector it is Govt. employee.

Table 6: Classification based on Monthly Income

Monthly Income	Private		Public	
	No. of respondents	Percentage	No. of respondents	Percentage
Up to Rs.10,000	15	15	17	17
Rs.10,001-20,000	27	27	29	29
Rs.20,001-30,000	36	36	34	34
Above Rs.30,000	22	22	20	20
Total	100	100	<b>100</b>	<b>100</b>

Source: Primary Data

The above table reveals that 36 per cent of the respondents are earning monthly income between Rs.20, 001 to Rs.30, 000, 27 per cent of them have monthly income between Rs.10, 001 to Rs.20, 000, 22 per cent of the respondents are having monthly income of above Rs.30, 000, and the remaining 15 per cent of them have monthly income below Rs.10, 000 whereas in public sector, 34 per cent of the respondents are earning monthly income between Rs.20, 001 to Rs.30, 000, 29 per cent of them have monthly income between Rs.10, 001 to Rs.20, 000, 20 per cent of the respondents are having monthly income of above Rs.30, 000, and the remaining 17 per cent of them have monthly income below Rs.10, 000. It is observed that in both sectors, the banking customers averagely earning for a month is Rs. 20,001 to 30,000.

Table 7: Factors Influencing the Satisfaction of the Customers

Factors Influencing the satisfaction of the customers	Private			Public		
	Means Scores	S.D	Rank	Means Scores	S.D	Rank
Efficient work	71.69	8.851	I	67.09	8.946	IV
Safety Measures	67.68	9.554	VI	70.83	9.060	I
Interest levels	66.00	8.608	VII	67.13	8.960	III
No of Services	65.09	7.852	VIII	64.89	8.726	VI
Parking Facilities	46.04	6.648	IXV	50.50	4.62	IX

Banker Customer Relationship	69.38	7.73	III	64.08	5.807	VII
Drinking Facility	43.30	7.379	XVI	62.60	8.373	VIII
Collecting the Loans	44.69	6.397	XV	66.83	8.276	V
Commitments of Employees	69.76	8.352	II	45.56	7.427	XI
No of Branches	47.85	6.605	XIII	68.68	9.334	II
Procedures for Opening Account	62.57	8.536	XI	41.29	6.739	XVI
E-banking Services	64.09	8.946	IX	45.54	7.082	XII
Quick Services	67.68	7.065	VI	48.66	7.787	X
ATM Facilities	69.19	6.902	IV	45.33	7.045	XIII
Infrastructures inside the branch bank	64.03	6.667	X	45.07	6.617	XIV
Waiting in the line	60.14	5.958	XII	43.42	5.143	XV
Getting Loan Easily	69.09	8.946	V	45.69	7.082	XI
<b>TOTAL</b>	<b>67.09</b>	<b>8.95</b>		<b>56.74</b>	<b>6.541</b>	

Source: Computed data

Based on the means scores, in the private sector, the efficient work (71.69) has first rank, followed by Commitments of employee (69.76), Banker Customer Relationship (69.38). These three have high level satisfaction and low level satisfaction factors are drinking facility (43.30), Collecting the Loans (44.69) & Parking Facilities (46.04).

In the Public sector banks, customers highly satisfied with Safety Measures (70.83) followed by No of Branches (68.68) & Interest Level (67.13) and low level satisfaction factors are Procedures for Opening Account (41.29), Infrastructures inside the branch bank (45.07) & Waiting in the line (43.42).

**H<sub>01</sub>:** There is no significant difference in mean score of private banking and Public banking Customers' Satisfaction.

Table 8: Private Banking and Public Banking Customers' Satisfaction

Banking	Mean	S.D	t-value	p-value
Private Banks	<b>67.09</b>	<b>8.95</b>	43.067	< 0.001**
Public Banks	<b>56.74</b>	<b>6.541</b>		

**Note:** \*\* denotes significant at 1 % level

Since, p value is less than 0.001; the null hypothesis is rejected at 1 per cent level of significance. Hence it is concluded that there is a significant difference between private banking and Public banking Customers' Satisfaction. Based on the mean score, the satisfaction of the customers shows that Private banking (67.09) is higher than Public banking (56.74). From this, it is clear that customers satisfied with private banking services than Public Sector Banks.

It is understood that nowadays customers think of efficient and speedy service, more modern services which are given by private bank than public sector bank. Thus customers are highly satisfied with private banking services.



## 9. Findings

- In the private sector, female customers and in public sector male customers are dominated.
- In private sector, most of the bank customers belong to 41 – 60 years and in public sector, most of the respondents belong to 21- 40 years.
- Private Banks has more urban customers and public banks have more rural customers.
- In the private sector, the majority of the customers are professionals and in public sector, majority of the customers are post graduates.
- Most of the private banks customers are business men whereas in public sector it is Govt. employee.
- In both sectors, the banking customers averagely earning for a month is Rs. 20,001 to 30,000.
- In the private sector, the efficient work (71.69) has first rank, followed by Commitments of employee (69.76), Banker Customer Relationship (69.38). These three have high level satisfaction and low level satisfaction factors are drinking facility (43.30), Collecting the Loans (44.69) & Parking Facilities (46.04 whereas in the Public sector banks, customers highly satisfied with Safety Measures (70.83) followed by No of Branches (68.68) & Interest Level (67.13) and low level satisfaction factors are Procedures for Opening Account (41.29), Infrastructures inside the branch bank (45.07) & Waiting in the line (43.42).
- Customers satisfied with private banking services than Public Sector Banks.

## 10. Suggestions

### For Private Sector Banks

- The private sector banks has to reduce their approach in collecting loans, they can give more chances to them.
- Try to arrange some drinking facility and so on
- It is better to provide parking facility to their customers.

### For Public Sector Banks

- The account opening procedures should be easy manner.
- The public sector bank had to provide some Infrastructures
- The banker has to do work little quick manner. Then customer needs not to stand in the queue for long time.

## 11. Conclusion

In sum, it can be concluded that given the volatility in the financial sector and the consequent opening up of many financial avenues, the customer of today has a variety of choices in his hands. Banks which earlier were enjoying supremacy for customer deposits and advances have expected a downswing in the demand for their services. These have made the banking sector today to rise up to the occasion by devising and formulating a number of marketing strategies. Private and foreign sector banks are quite successful in providing their customers with what they

want, when they want and where they want. But public sector banks are still lagging behind their counterparts in these aspects. Efforts have to be made by this sector if it wants to survive in the present day world of competition. To achieve higher standards of efficiency and performance, it is suggested that PUBS should introduce concepts like market research, holiday banking, product demonstrations, fee based activities, dual pricing and relationship pricing etc, in their systems.

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