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Comparative study of Public sector banks and Private sector banks of customer satisfaction with Special Reference to Dapoli City

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ABSTRACT:

The importance of gaining and maintaining customers has increased as a result of economic globalization's increasing level of competition and climate of constant change. Nowadays, banks are placing a greater emphasis on customer satisfaction because they have realized that the cost of acquiring new customers is significantly higher than the cost of maintaining existing ones. Customers today prefer techno-savvy banks as well as bankers because they demand top-notch services and products with minimal wait times. In light of this, the primary challenge that commercial banks, and public sector banks in particular in India, which were previously operating in a sheltered regime following nationalization, face today is ensuring their long-term survival by acquiring and retaining high-quality customers. The purpose of this study is to compare the levels of customer satisfaction with the services offered by public and private sector banks. The study was carried out in the city of Dapoli (Ratnagiri). The questionnaire method is used in this study. A sample of 160 customers has been selected using convenient sampling method.

Customers of private and public sector banks are generally satisfied, with the exception of a few tangibles and behavioural aspects of bank employees caused by policies, strategies for tangibles, and staff inefficiencies. Therefore, to increase employee satisfaction in public banks, it is necessary to take into account both tangible characteristics and behavioural factors of the employees.

Keywords: Bank, Public sector, Private sector, Customer satisfaction

INTRODUCTION:

A robust banking industry has always been crucial to the health of the economy. The banking system is a crucial system. By boosting the economy and ensuring that it grows steadily, the Indian banking industry has contributed greatly. In India's banking system, there are two different sorts of

banks: cooperative banks and commercial banks. When it comes to financial functions, public sector banks have done very well compared to private sector banks. In terms of financial performance, public sector banks perform well. Increasing levels of non-performing assets at public sector banks are the only issue at the moment. This NPA is steadily rising. India's banks are split into two categories. Banks in the private and public sectors, respectively. Both varieties of banks offer advances to customers as per RBI regulations

A bank is a financial entity that accepts deposits from the general public and issues loans, according to the definition. Through the capital market, the bank makes public deposits for debt. The bank offers financial products and services. The RBI oversees the regulation of all banks. The bank plays a crucial part in the economy. The bank opens many sorts of accounts that can be used in numerous ways. A significant portion of the public is the bank.

Private sector banks' compound annual growth rates (CAGR) are more than twice as high as public sector banks'. This public and private sector banks' absolute and relative growth is focused on raising customer satisfaction levels in order to keep current clients and draw in new ones.

LITERATURE REVIEW:

Churchill and Surprenant (1982) "customer satisfaction is an outcome of purchase and use resulting from the buyers' comparison of the rewards and costs of the purchase in relation to the anticipated consequences". It is also defined in terms of an emotional state that usually arises in response of evaluating a particular service (Westbrook, 1981).

"Quality can be defined broadly as superiority or excellence" (Zeithaml, 1988). Gronroos model divides customer's perception about the quality of a specific service into two dimensions e.i. technical and functional quality (Gronroos, 1994) it is also known as Technical/Functional Quality framework.

Parasuraman propose the gap model for service quality, that the operationlized service quality is gap between performance and expectations perceptions of customer (SERVQUAL) . Parasuraman et al. 1985, SERVQUAL has five quality attributes (Gupta and Chen, 1995, Ooi, Lin, Tan and Chong, 2011). These are Empathy, Responsiveness, Tangibles, Assurance and Reliability.

OBJECTIVES OF THE STUDY:

1. Comparison of financial performance of private sector & public sector banks.
2. To Study the Factors affecting on customer satisfaction.
3. To analysis the relationship between service quality and customer satisfaction

CONCEPTUAL BACKGROUND:

Customer satisfaction with products and services is influenced by the quality of the service. A consumer invests resources like time, energy, and effort in addition to money (Zeithaml et al., 1988).

Customer happiness and service quality have long been seen as essential for success and survival in today's cutthroat marketplace. However, it's also critical to comprehend factors that affect client satisfaction because they may help a company get a competitive edge. Consumers today expect things to be of a better caliber than ever before (Leonard and Sasser, 1982). Arguably the most significant consumer trend of the 1980s was the pursuit of quality (Rabin, 1983). The focus on quality, how it is generated, and how it is provided to the customer is a crucial characteristic of service businesses.

Client satisfaction is crucial for marketers and service providers since it is seen to be a key driver of customer loyalty, repeat business, and positive word-of-mouth (Bearden and Teel, 1983). Quality, however, is not the only factor that influences customer happiness; other aspects, such as performance, expectations, wishes, and price, also have an impact on customers' views and overall levels of satisfaction. According to Cronin and Taylor (1992), customer satisfaction is the ancestor of quality of service, but service quality is not the only element that directly affects customer satisfaction

METHODOLOGY OF THE STUDY:

Sample design:

Researchers select 150 Respondent from different Banks and various customers in Dapoli City as per the convenient sampling methods.

Primary Data:

Researcher use structured Questionnaire for collection of the data.

Secondary Data:

Researcher collects various information with the help of secondary source such as internet, books, journals, PhD Thesis, M. Phil Dissertations etc.

Data Analysis and Interpretations:

Data classified in to two categories first part consist of Demographic information of the customers and second part consist of SERVIQAL model Questions.

Table No.1: Gender Classification

Male	85
Female	65
Total	150

Source: Survey Data

Table no.2: Data Classified as per various banks

Bank preferences	Male	Female	Total
Bank Of India	19	15	34
State Bank of India	13	14	27
ICICI	26	19	45
AXIS Bank	27	17	44
Total	85	65	150

Source: Survey Data

Table No.3 Data Classified as per the Occupation

Occupation	Male	Female	Total
Salaried Employee	27	16	47
Business	18	11	30
Self Employed/ Freelancer	13	10	22
Professional	12	13	18
Unemployed/ Pensioner/ Homemaker	13	17	18
Total	83	67	135

Source: Survey Data

Table No.4: Classification of data as per the SERVIQAL model

Main Factor	Dimension/Question Area	Public sector	sector
		Private	
Tangibles	Up-to-date equipment	65.00	80.00%
	Physical facilities are visually appealing	60.00	75.00%

	Employees well-dressed/neat	65.00 %	79.00%
	Appearance of the physical facilities are consistent with the type of service industry	70.00 %	80.00%
	Average Percentage	65.00 %	78.5%
Reliability	The firm meets their promised time-frames for response	45.00%	68.00%
	The firm is sympathetic and reassuring, when the customer has problems	48.30 %	78.00%
	They are dependable	50.00%	70.00%
	They provide their services at the times promised	50.00%	75.00%
	They keep accurate records	85.00%	89.00%
	Average Percentage	57.00%	76.25%
Responsiveness	They shouldn't be expected to tell customers exactly when the service will be performed, <i>negative</i>	52.00%	76.00%
	It is not reasonable to expect prompt service from employees, <i>negative</i>	45.00%	72.00%
	Employees do not always have to be willing to help customers, <i>negative</i>	42.00%	66.00%
	It's OK to be too busy to respond promptly to customer requests, <i>negative</i>	53.00%	60.00%
	Average Percentage	50.50%	68.5%
Assurance	Employees should be trustworthy	70.00%	74.00%
	Customers should feel safe when transacting with employees	75.00%	77.00%
	Employees should be polite	35.00%	76.00%

	Employees should get adequate support from the firm to do their job well	40.00%	54.00%
	Average Percentage	55.00%	70.25%
Empathy	Firms should not be expected to give each customer individualized attention, <i>negative</i>	57.00%	62.00%
	It is unrealistic to expect the employees to fully understand the needs of the customer, <i>negative</i>	59.00%	64.00%
	It is unreasonable to expect employees to have the best interests of the customer at heart, <i>negative</i>	52.00%	58.00%
	Firms should not necessarily have to operate at hours convenient to all customers	61.00%	64.00%
	Average Percentage	57.25%	62.00%

Source: Secondary Data: <https://www.marketingstudyguide.com/servquals-22-questions/>

Above table indicate that Customer satisfaction about service Quality of public sector and private sector banks .Researcher use SERVIQUAL Model to find out service quality of banking sectors. SERVIQUAL Model includes five Dimensions such as Tangibility, Reliability, Responsiveness, Assurance and Empathy.

• **Tangibility services:**

Consumers are content with the bank's Tangibility services based on the Tangibility Dimension, which shows that 65.00% of customers are satisfied with the quality of the public sector banks whereas 78.50% of customers are satisfied with the private sector.

• **Reliability Dimension:**

The bank's reliability services perform on average at 57.0% at public sector & 76.25% at private sector. This indicates that customers are happy with the private sector bank's reliable

services.

• **Dimension of responsiveness:**

50.50% Customers are satisfied with the responsiveness of the public sector banks' services however, 68.5% of customers are satisfied with the private sector. Therefore, the banking industry needs to increase its responsiveness services.

• **Assurance Dimension:**

The performance of this Dimension is also good but not an excellent at public sector as customers satisfied are 55.00% because customers are more satisfied about Assurance at private sector up to 70.25% provided.

• **Empathy Dimension:**

Empathy Dimension indicated very poor performance of the public sectors bank because the customers are satisfied below 60.00 %. Therefore, it needs to improve banking service regarding empathy Dimension and concentrate on provide proper services to the customers as well as buildup good relationship with customers, because private sector provides 62.00% of empathy towards their customers.

CONCLUSION:

In the Indian banking sector, both urban and rural consumers are satisfied with the services they receive, and there is no discernible difference between them. However, in contrast to private sector banks, the actions of public sector bank workers are not encouraging. Public sector banks are experiencing some infrastructure, tangibles, and ATM-related issues. It is necessary to give Public Bank workers specialized training to cope with clientele of various vocations, occupations, and genders. Public bank ATMs ought to be placed in more practical and accessible locations. Public sector banks should have the most modern equipment to prevent inconvenience and delays. Customers of public and private banks are both satisfied, although private banks' level of satisfaction is higher than that of public banks for a number of practical and behavioural reasons. Only the service quality dimensions to consumers' pleasure are taken into account in this study. Therefore, there is still need for study to measure how satisfied public and private bank clients are with various parts of loans and deposit plans offered by these institutions.

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