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## **BANKING SERVICES AND CUSTOMER SATISFACTION –A STUDY OF PUBLIC AND PRIVATE SECTOR BANKS IN BHARUCH CITY**

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### **ABSTRACT**

*Any bank that seeks to succeed and remain in the industry has to provide superior client care that fosters warm connections with consumers while contributing to their happiness. In the current study, an effort has been made to gauge customer satisfaction levels by contrasting several variables that could possibly have an impact on how happy consumers are with the bank in Gujarat's Bharuch city. The primary emphasis will be what factors are taken into account when people say they are satisfied and if private banking institutions provide Bharuch residents with higher satisfaction than public sector banks.*

*Keywords: Customer Satisfaction, Private sector banks, Public Sector Banks, Service quality of banks*

### **INTRODUCTION**

International banks are entering the market in developing nations like India and competing with local banks, whether they belong to the private sector or the public sector. A wide variety of offerings are offered by numerous banks with new offers, programmes, and services. Customers have a variety of options where reliable data may be obtained for an affordable price, and they can benefit from such competition. In the age of digitization, consumers have more freedom to select the ideal product for their needs and the opportunities that are readily accessible to them. In Bharuch, there are two branches of private sector banks including HDFC, ICICI, and Axis Bank, along with 5 branches of Bank of Baroda and 6 branches of the State Bank of India.

In this competitive period of the service business, Adam Smith's quote "Customer is king in the market" suggests that customers have the power to select the best options and have the most opportunities with a wide range of products and a variety of services with various schemes. Now that the consumer is king, brand loyalty and brand equity—which functions as an asset for any service provider must be created and maintained. Because of this, the study gives emphasis to the question: Why do people in Bharuch City not favour private sectors banks? This are the elements that contribute to the customer's pleasure in the city of Navasari. Does a person's demographic makeup affect their degree of satisfaction and choice between public and private sector banks?

## **LITERATURE REVIEW**

In her study, Prerna Dawar (2013) discovered that staff expertise, behaviour, online banking, e-channel management & support system, amount charges, and language information all had an impact on customer satisfaction. Alabar, Timothy (2012) focused on e-banking and customer happiness in Nigeria and came to the conclusion that e-banking has an impact on customers' satisfaction with Nigerian banks. In 2011, Majid Kaboli, Saeed Fathi, and Marjan Ajiji conducted study on banking customers' happiness in the city of Isfahan. According to the findings, technical expertise and the bank's environment are the primary causes of dissatisfaction in Isfahan City.

The functioning performance of the bank must be enhanced, according to Kumar and Rajesh (2009), who also identified the contributing causes. Modernization and technical growth are factors that increase client happiness. To gauge client satisfaction with banks, Trivedi and Agrawal (2009) focused on five key dimensions: tangibility, assurance, responsiveness, empathy, and reliability. Regression of customer happiness was studied by Rayappan and Shunmghan (2008) using a customer demo-graphic profile. According to Bharathe et al. (2008), inaccurate transaction charges, staff attitudes, how complaints are handled, systems, and procedures are some of the factors that lead to customer discontent. Keerthe and Vijayalkshmi (2009) used the customer's demographic profile to examine their level of perception. Traditional banks, according to Virani (2008), must understand the significance of satisfaction is knowing about the customer.

Any firm depends on its customers. Additionally, the banking sector is a highly service-oriented industry. When there is a service issue, the customer's perception and decision-making are always involved. In this study, the researchers sought to understand why they believed residents of Bharuch would select banking services based on price, convenience, and other features, as well as more general considerations like the bank's modernization and speed in serving customers.

## **OBJECTIVES**

- To study the banking services and customer satisfaction of public and private sector banks in Bharuch..
- To know in which service quality dimension the bank is performing well and in which dimension it needs improvement.

## **LIMITATIONS**

- The geographical scope of the study was limited to BHARUCH city and does not represent the whole state, which makes it difficult to generalize the findings.
- The result is based on primary and secondary data that has its own limitations.

**RESEARCH METHODOLOGY:**

To ensure that the study's goals were met, 300 customers were chosen as the sample unit. So, 300 respondents completed the surveys, which were designed with questions about demographics, levels of satisfaction, and factors that affect customer satisfaction. The convenience random non-probability sampling approach was chosen to conduct the investigation in a more precise manner. For statistical analysis and to provide interpretations, covariance and standard deviation were utilised as tools.

**DATA ANALYSIS AND FINDINGS:**

1. The demographic profile of the any region customer can help banks to create their marketing strategy. Let us have look at demographic profile of people residing in Bharuch city. (Table.1)

**Table. 1** Demographic Profile of Respondents

Age Group	Respondents	Qualification	Respondents	Occupation	Respondents	Income	Respondents
Below 20	18	Under Graduate	65	Business	66	Below 10000	44
20 to 40	189	Graduate	144	Professional	48	10001–25000	191
40 to 60	71	Post Graduate	91	House Wife	18	25001 – 40000	53
Above 60	22	Others	0	Student	46	Above 40000	12
Total	300	Total	300	Retired	7	Total	300
				Service	115		
				Total	300		

The majority of customers, as shown by Table No. 1, are between the ages of 20 and 40, followed by those between 40 and 60. There are 71 customers who are between the ages of 40 and 60, indicating that the majority of them are responsible enough to make their own decisions. According to this demographic profile, the majority of the clients appear to hold graduate degrees, and the number of people with postgraduate degrees is not less. Since 91 out of 300 responders are postgraduates, the majority of them must at least have a bachelor's degree, meaning they have a strong educational foundation and perhaps even strong analytical skills.

1. Variance between income and the satisfaction of customers towards public and private sectors banks.

$H_0$ = There is no significance variance between income and the satisfaction of customers towards public and private sectors banks.

$H_1$ = There is significance variance between income and the satisfaction of customers towards public and private sectors banks.

**Table .2** ONEWAY ANOVA bank by Income Oneway ANOVA

<b>Banks</b>	<b>Sum of Squares</b>	<b>Df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
Between Groups	2.796	3	.932	3.964	.009
Within Groups	69.591	296	.235		
Total					

**INTERPRETATION:**

According our study  $0.009 < 0.05$ .so there is significance variance between banks and income of customers. so  $H_0$  is rejected.

2. Variance between occupation and the satisfaction of customers towards public and private sectors banks.

$H_0$ = There is no significance variance between occupation and the satisfaction of customers towards public and private sectors banks

$H_1$  = There is significance variance between occupation and the satisfaction of customers towards public and private sectors banks.

<b>ANOVA</b>					
<b>Bank</b>	<b>Sum of Squares</b>	<b>Df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
Between Groups	2.246	5	.449	1.883	.097
Within Groups	70.141	294	.239		
<b>Total</b>	<b>72.387</b>	<b>299</b>			

**INTERPRETATION**

According to our study  $0.097 > 0.05$ .so there is no significance variance between banks and income of customers. so  $H_0$  is accepted.

Looking to Two above mentioned hypothesis It is proven that income and occupation profile of the customer do not impact on the level of satisfaction towards banks.

2. **Satisfaction:** majority of the respondents are having account with Public sector banks and they are satisfied with their services like minimum balance is less compare to private sector banks.

<b>Options</b>	<b>Respondents</b>
Public	178
Private	122
<b>Total</b>	<b>300</b>

### 3. Dimensions

For the study various dimension are taken and that are tested with use of ANOVA on satisfaction on private banks and public banks. See Table no.2

**H<sub>0</sub>:** There is no significant variance between process of opening an account and satisfaction level to the bank.

**H<sub>1</sub>:** There is Significant variance between process of opening an account and satisfaction level to the bank.

Likewise other dimensions are taken in to consideration with the help of various literature review that are,

Process of opening an account, Cash deposit, Working hours, Location, Process of loan, Interest Loan, Rate on Return, Process Charges on loan, Fees for collection, Loan, Cash credit, O/D, Credit card, Internet banking, Demat account, Mobile-banking, ATM, Travel cheque, Courtesy, Quickness, Modernization, Communication, Guidance by the banks.

ANOVA						
		Sum of Squares	Df	Mean Square	F	Sig.
Process of opening	Between Groups	5.772	1	5.772	12.019	.001
	Within Groups	143.108	298	.480		
	Total	148.880	299			
Cash deposit	Between Groups	8.685	1	8.685	13.319	.000
	Within Groups	194.312	298	.652		
	Total	202.997	299			
Working hours	Between Groups	29.999	1	29.999	43.397	.000
	Within Groups	206.001	298	.691		
	Total	236.000	299			
Location	Between Groups	2.977	1	2.977	5.997	.015
	Within Groups	147.943	298	.496		
	Total	150.920	299			
Process of loan	Between Groups	3.943	1	3.943	7.455	.007
	Within Groups	157.604	298	.529		
	Total	161.547	299			
Interest on	Between Groups	12.317	1	12.317	15.986	.000

loan	Within Groups	229.613	298	.771		
	Total	241.930	299			
Rate on return	Between Groups	62.670	1	62.670	68.019	.000
	Within Groups	274.567	298	.921		
	Total	337.237	299			
Process charges	Between Groups	5.566	1	5.566	11.897	.001
	Within Groups	139.430	298	.468		
	Total	144.997	299			
Fees for collection	Between Groups	40.883	1	40.883	53.642	.000
	Within Groups	227.117	298	.762		
	Total	268.000	299			
Loan	Between Groups	3.634	1	3.634	9.076	.003
	Within Groups	119.336	298	.400		
	Total	122.970	299			
Cash credit	Between Groups	1.349	1	1.349	8.342	.004
	Within Groups	48.171	298	.162		
	Total	49.520	299			
O/d	Between Groups	1.481	1	1.481	12.342	.001
	Within Groups	35.756	298	.120		
	Total	37.237	299			
Credit card	Between Groups	1.770	1	1.770	4.215	.041
	Within Groups	125.150	298	.420		
	Total	126.920	299			
Internet banking	Between Groups	1.980	1	1.980	4.425	.036
	Within Groups	133.366	298	.448		
	Total	135.347	299			
Demat account	Between Groups	.472	1	.472	7.663	.006
	Within Groups	18.364	298	.062		
	Total	18.837	299			
	Between	.232	1	.232	2.660	.104

Mobile banking	Groups					
	Within Groups	26.018	298	.087		
	Total	26.250	299			
ATM	Between Groups	10.970	1	10.970	24.180	.000
	Within Groups	135.200	298	.454		
	Total	146.170	299			
Travel cheque	Between Groups	.009	1	.009	1.377	.242
	Within Groups	1.978	298	.007		
	Total	1.987	299			
Courtesy	Between Groups	53.035	1	53.035	52.290	.000
	Within Groups	302.245	298	1.014		
	Total	355.280	299			
Quickness	Between Groups	63.979	1	63.979	80.648	.000
	Within Groups	236.407	298	.793		
	Total	300.387	299			
Modernization	Between Groups	28.550	1	28.550	33.107	.000
	Within Groups	256.980	298	.862		
	Total	285.530	299			
Communication	Between Groups	13.413	1	13.413	18.673	.000
	Within Groups	214.067	298	.718		
	Total	227.480	299			
Guidance	Between Groups	4.423	1	4.423	5.312	.022
	Within Groups	248.124	298	.833		
	Total	252.547	299			

The one-way ANOVA shows that the process of opening an account has an effect on the degree of satisfaction because there is a 0.001 significance difference between these two variables. When the p value is less than 0.05, the relationship between the two variables may be significant. Cash deposit, working hours, location, loan interest, processing fees, rate of return, overdraft facility, demat account, and internet banking are just a few of the many more characteristics that have a p value less than 0.05.

## **SUGGESTIONS**

The level of satisfaction with the PSU politeness displayed by the bank staff at the counter is really poor. Therefore, banks should give "Human Resource Development" great consideration by providing staff with timely training to help them behave better. To draw customers from farther far, other forms of advertising should be attempted. To handle client concerns, a competent grievances redressal unit should be established. They can enhance their customer service offerings with this. By giving consumers advice early on regarding services charges, services tax, interest rates, potential penalties, etc., banks can gain their trust.

Every branch of a bank ought to offer various amenities like parking, dining, drinking water, and restrooms. The loan application process should be made simple, and suitable locations could also show information about new investment plans. Every component of the financial system needs to be modern and innovative. Bank employees need to keep strong relationships with their clients if they want to create a social banking atmosphere. Since most private banks practise aggressive marketing, they have been successful in gaining more clients; however, PSUs lack similar abilities, thus alternative methods of recruiting clients must be used, such as advertisements, seminars, and sales promotion activities.

## **CONCLUSION**

Customers have a key role in the bank's performance. Being in the service sector, all banks should strive to meet the expectations of their consumers by offering the most features possible. To gauge the present level of customer satisfaction, a gap analysis of consumer expectations and actual services should be conducted on a regular basis. When it comes to launching cutting-edge customised goods like cash management services, tax advisory services, and investment services, banks are falling behind. Real-time gross electronic fund transfer (EFT) scheme growth as well as mobile banking services too both are at very low levels. For banks to succeed, face-to-face interaction and contemporary technology are essential.

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