

## **A Study of Products and Services in Public and Private Sector Banks**

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**Abstract:-**Information technology has led banking sector towards a progressive path. Indian government is also playing a significant role in the development of the banking sector. The expectations of customers from their banks are also increasing. Both public and private sector banks are trying hard to meet the expectations of their customers. Both public and private sector banks are providing similar types of products and services. The researcher tries to study the extent of usage and satisfaction of various products and services in public as well as private sector banks. The study has been conducted on 368 customers of two public (SBI and Canara) and two private sector (HDFC and ICICI) banks. The users of technological services and products are more in Private sector banks than public sector banks and they are more satisfied in private sector banks than public sector banks.

**Key words:** *Information technology, customer satisfaction, technological services, products,*

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### **I. INTRODUCTION**

Banking sector in India is developing rapidly. Information technology has contributed a lot towards the development of banking sector. Banks have changed their style of operation. They have introduced information technology in their banks. Introduction of information technology has improved the efficiency of banks. They have started online banking, mobile banking, credit cards, Debit cards. They do not offer deposit schemes only but now they also offer investment plans, loans and insurance plans. Banks also provide many services to their customers like ATM, Foreign exchange services, utility payment services and advisory services etc. Banks are adopting universal pattern of operation to stay in the market. They are making their full efforts to satisfy their customers. Customers are very much aware of their rights. Their needs are changing rapidly. Banks need to meet their expectations and needs. If their expectations are not met, they can easily switch over to the other banks. Banks have to suffer the costs of switch over in terms of low profitability and negative image due to the negative communication about the bank. No one would like to bear the cost of negative publicity. Hence it is a critical issue for the banks to satisfy their customers. Paul and Burman (2010) dissatisfied customers are more focused than the satisfied one as dissatisfied customers are less likely to complain but they may say negative word of mouth communication to others which lead the customers to other service providers. Shah (2012) has suggested that traditional banking products, internet banking services, bank image positioning, customer convenience, risk, privacy, internet banking, bank charges, bank pricing policies, bank CRM and parking facilities affects the level of satisfaction. Uppal (2012). . . . . Public sector banks lag behind the private banks and foreign banks. Private and foreign banks are growing faster than the public sector banks. . . . . Singh and Arora (2011) revealed that small numbers of customers are using IT enabled services because of the lack of facility, improper awareness. Singh (2012) conducted a survey to test the customer satisfaction with respect to transaction based banking services and online banking services and concluded that public sector with a large clientele are lagging behind the private and foreign sector banks for using technology to provide quality services to their customers. Private and foreign sector banks are providing fast and better services to their customers, foreign banks need to build up trust in their customers while public sector banks need to improve on technology. Mehta (2013) conducted a research on customer satisfaction in private or public sector banks in Navsari city and concluded that banks should aim at customer satisfaction by providing more services. Banks should focus on the services in which they are lagging behind like investment and tax advisory services, Cash management services, electronic funds transfer and mobile banking services.

Shah and Pandit (2012) Conducted a research on retail banking products like demat account, loan, credit card and gold coin of various banks and with the help of chi square and percentages concluded that credit cards and gold coins are preferred by customers and HDFC and Axis are the preferred banks over other private and public sector banks.

### 1.1 Objectives of the study

- To study the usage of various products and services of public and private sector banks.
- To study the satisfaction level of customers of public and private sector banks.

## II. UNDERSTANDING THE CONCEPTS

### 2.1 Customer satisfaction

Customer satisfaction is the indicator of the success of business. It can be defined as how products or services of the meet or surpass the customers expectations. Customer satisfaction is post purchase behaviour of customer about a product or service. Oliver (1977) has defined customer satisfaction as a result of difference between expected and perceived performance. Churchill and Suprenant (1982) customer satisfaction occurs with the comparison of actual and expected performance. The expectations of the customers are confirmed when the product performs as expected. The expectations are negatively confirmed when the product performs poorly than the expectations.

### 2.2 Customer

The study considers only those persons who have any type of account in the bank and visit the branch for their transactions.

### 2.3 Products and services

The study considers only those Products and services which are common to all four banks i.e. SBI, Canara, HDFC and ICICI.

#### 2.3.1 Products

Saving Account, Term Deposit, Loan, Recurring deposit, Mutual fund, Current Account and Insurance have been chosen as products.

#### 2.3.2 Services

ATM, Internet banking, Debit card, Mobile banking, Locker, Passbook, Cheque book, Credit card, Foreign exchange services, Utility payment services, Customer care services and SMS alert have been chosen as services.

## III. RESEARCH METHODOLOGY

### 3.1 Research Design

The focus of the study has been on describing the factors that affect the level of customer satisfaction. The research design chosen for the study has been descriptive.

### 3.2 Sample Design

The random as well as convenience sampling method has been adopted for the study. First of all four banks comprising of two public and two private sector banks were selected from a list of commercial banks. State bank of India and Canara bank has been selected as public sector banks. HDFC and ICICI banks have been selected as private sector banks. The data has been collected from customers of various selected branches of the four banks of Delhi and its surrounding cities Rohtak and Gurugram.

### 3.3 Data collection

The data has been collected through primary and secondary tools.

**Primary Data:** Primary data has been collected from customers by preparing a questionnaire.

**Secondary data:** Secondary data has been collected through web-sites, books and journals.

## IV. DATA ANALYSIS AND INTERPRETATION

Table 1

Sample of customers

Customers	Public Sector Banks			Private Sector Banks			Total
	SBI	Canara	Total	ICICI	HDFC	Total	
Frequency	95	90	185	93	90	183	368
Percentage	25.8	24.5	50.3	25.3	24.5	49.8	100

Table 1 indicates that the sample consists of 368 customers. In sample of customers 95 customers are from SBI, 90 are from Canara bank, 93 are from ICICI, and 90 are from HDFC bank. In the sample 25.8% of the customers are from SBI, 24.5% are from Canara bank, 25.3% are from ICICI bank and 24.5% are from HDFC bank. 50.3% customers are from public sector banks and 49.8% customers are from private sector banks.

**Table 2 4.1 Usage of Banking Products by Customers**

Products	PUBLIC SECTOR BANK						PRIVATE SECTOR BANK						Total	
	SBI		CANARA		Total		ICICI		HDFC		Total		F	%
	F	%	F	%	F	%	F	%	F	%	F	%		
<b>Saving A/c</b>	90	94.7	88	97.8	178	<b>96.20</b>	79	84.9	88	97.8	167	<b>91.25</b>	345	<b>93.75</b>
<b>Term Deposit</b>	23	24.2	16	17.8	39	<b>21.08</b>	16	17.2	35	38.9	51	<b>27.87</b>	90	<b>24.45</b>
<b>Loan</b>	11	11.6	07	7	18	<b>9.73</b>	11	11	31	31	42	<b>22.95</b>	60	<b>16.30</b>
<b>Mutual Fund</b>	06	6.3	01	1.1	7	<b>3.78</b>	06	6.5	13	14.4	19	<b>10.38</b>	26	<b>7.06</b>
<b>Current A/c</b>	09	9.5	06	6.7	15	<b>8.10</b>	13	14	09	10	22	<b>12.02</b>	37	<b>10.05</b>
<b>RD</b>	03	3.2	07	7.8	10	<b>5.40</b>	14	15.1	21	23.3	35	<b>19.12</b>	45	<b>12.22</b>
<b>Insurance</b>	07	7.4	05	5.6	12	<b>6.49</b>	14	15.1	27	30	41	<b>22.40</b>	53	<b>14.40</b>
<b>Total</b>	95		90		185		93		90		183		368	

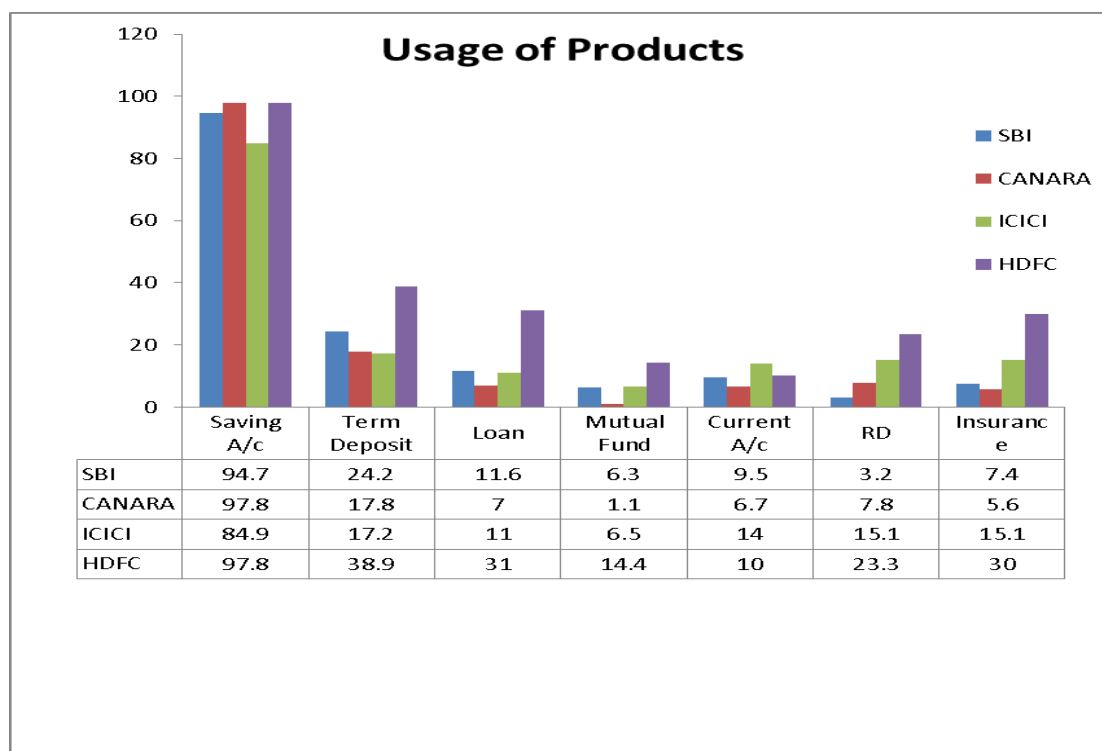


Table 2 indicates that in public sector banks users of saving account are more in comparison to private sector banks, whereas the usage of other products like mutual fund, current account, recurring deposit, loan, term deposits and insurance is more in private sector banks. The public sector banks should promote their products.

Table 3 4.2 Usage of Banking Services by customers

Products	PUBLIC SECTOR BANK						PRIVATE SECTOR BANK						Total	
	SBI		CANARA		Total		ICICI		HDFC		Total		F	%
	F	%	F	%	F	%	F	%	F	%				
ATM	66	69.5	64	71.1	130	70.27	81	87.1	76	84.4	157	85.79	287	77.99
Internet Banking	27	18.4	17	11.6	44	23.78	51	34.7	52	35.4	103	56.28	147	39.94
Debit Card	41	43.2	37	41.1	78	42.16	69	74.2	64	71.1	133	72.68	211	57.34
Locker	13	13.7	13	14.4	26	14.05	04	4.3	22	24.4	26	14.21	52	14.13
Passbook	77	81.1	74	82.2	151	81.62	45	48.4	58	64.4	103	56.28	254	69.02
Mobile Banking	14	14.7	13	14.4	27	14.59	44	47.3	32	35.6	76	41.53	103	27.99
Credit Card	13	13.7	06	6.7	19	10.27	22	23.7	40	44.4	62	33.88	81	22.01
Cheque	72	75.8	59	65.6	131	70.81	51	54.8	73	81.1	124	67.76	255	69.29
UPS	08	8.4	02	2.2	10	5.40	06	6.5	15	16.7	21	11.47	31	8.42
CCS	17	17.9	02	2.2	19	10.27	14	15.1	15	16.7	29	15.85	48	13.04
FES	00	00	02	15.4	02	1.08	02	15.4	09	69.2	11	6.01	13	3.53
SMS Alert	39	41.1	30	33.3	69	37.30	53	57	60	66.7	113	61.75	182	49.45
Total Respondents	95		90		185		93		90		183		368	

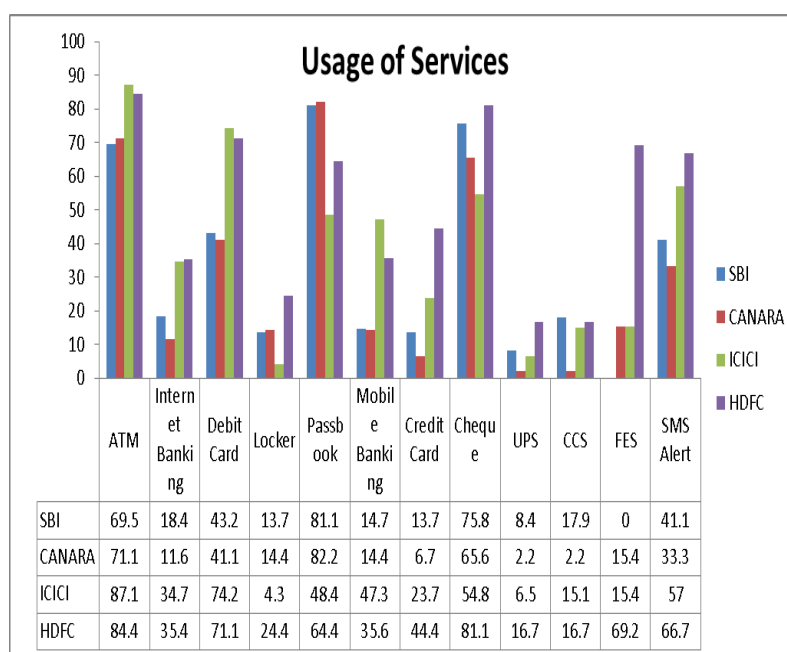


Table 3 indicates that only passbook users are more in public sector banks in comparison to private sector banks. The users of all other services like ATM, Internet banking, Debit card, mobile banking, credit card, UPS, foreign exchange services and SMS Alert are more in private sector banks than public sector banks. The public sector banks should make more efforts to promote their technological services.

#### 4.3 Mean Score of Satisfaction/Dissatisfaction level of customers for various products of commercial banks

The mean scores have been calculated by using SPSS 23 version.

**Table 4**

Product Satisfaction						
	Type of Bank					
	Public Sector Bank		Private Sector Bank		Total	
	Mean	Std. Deviation	Mean	Std. Deviation	Mean	Std. Deviation
Saving Account	3.90	.904	<b>4.21</b>	.814	4.06	.873
Term Deposit	3.22	.521	3.34	.722	3.28	.631
Loan	3.09	.451	3.22	.652	3.15	.563
Mutual Fund	3.02	.127	3.15	.463	3.08	.344
Current Account	3.04	.292	3.14	.532	3.09	.431
Recurring Deposit	3.09	.351	3.27	.620	3.18	.510
Insurance	3.03	.264	3.23	.691	3.13	.532

Table 4 indicates the mean score of satisfaction/ dissatisfaction of customers for various products of the banks. The mean score less than 3 indicates that the customers are dissatisfied with the products. The mean score 3-4 indicates that the customers are satisfied with the products. The mean score 4-5 indicates that the customers are highly satisfied with the products. The table indicates that the customers are satisfied with all the products. In public sector banks the mean satisfaction score ranges between 3.02 to 3.90, it can be interpreted that the customers are satisfied with all the products. In private sector banks the mean satisfaction score ranges between 3.14 to 3.34 for all products except saving account, it can be interpreted that the customers are satisfied with all the products. The mean score 4.21 for saving account indicates that the customers are highly satisfied with the saving account.

**4.4 Mean Score of Satisfaction/Dissatisfaction level of customers for various services of commercial banks**

The mean scores have been calculated by using SPSS 23 version.

**Table 5**

Service Satisfaction						
	Type of Bank					
	Public Sector Bank		Private Sector Bank		Total	
	Mean	Std. Deviation	Mean	Std. Deviation	Mean	Std. Deviation
ATM	3.76	.889	3.83	.927	3.79	.908
Internet Banking	3.29	.625	3.64	.812	3.46	.745
Debit Card	3.52	.781	3.84	.891	3.68	.851
Locker	3.18	.499	3.20	.579	3.19	.539
Passbook	3.94	.673	3.74	.782	3.84	.735
Mobile Banking	3.17	.469	3.54	.830	3.35	.697
Credit Card	3.07	.346	3.32	.770	3.20	.609
Cheque Book	3.83	.744	3.84	.772	3.84	.757
Utility Payment Services	3.05	.261	3.17	.512	3.11	.410
Customer Care Services	3.05	.439	3.27	.595	3.16	.533
Foreign Exchange Services	3.01	.074	3.09	.374	3.05	.272
SMS Alert	3.46	.787	3.80	.923	3.63	.873

Table 5 indicates the mean score of satisfaction/ dissatisfaction of customers for various services of the banks. The mean score less than 3 indicates that the customers are dissatisfied with the services. The mean score 3-4 indicates that the customers are satisfied with the services. The mean score 4-5 indicates that the customers are highly satisfied with the services. The table indicates that the customers are satisfied with all the services.

In both public and private sector banks the mean score ranges from 3.01 to 3.94, it can be interpreted that the customers are satisfied with all the services of public and private sector banks. The satisfaction level of the customers of private sector banks is more than the public sector banks for all services than the passbook and cheque book.

## **V. FINDINGS AND SUGGESTIONS**

Public sector banks lag behind the private sector banks for their products and services. The usage of insurance, loans, current account, recurring deposits and mutual funds is more in private sector banks than public sector banks. The users of technological services like ATM, Debit card, credit card, UPS, FES and customer care services is more in private sector banks than the public sector banks. The customers of both public and private sector banks are satisfied with their products and services but only customers of saving account are highly satisfied in private sector banks. The banks should make extra efforts to increase the satisfaction level of their customers. The public sector banks should promote their products as well as technological services.

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