

---

**THE ROLE AND PERFORMANCE OF PRIVATE AND PUBLIC SECTOR BANKS  
ON CUSTOMER SATISFACTION**

**Dr. Manju Shree Raman (Corresponding Author)**

Professor-Department of Management,  
College of Business & Economics,  
Debre Tabor University, Ethiopia, Africa

**Dr. Indrajit Goswami**

Professor-HR & OB Areas, Director-QAA, Universal Business School, Karjat, Maharashtra

**Dr. Joseph Varghese**

Assistant Professor, Department of Management, Yuvakshetra Institute of Management  
Studies, Mundur, Palakkad, Kerala

**Dr.D.Venkatesh**

Assistant Professor of Commerce, Dept. of B S & H, Sree Vidyaniketan Engineering College,  
Tirupati

**Dr.N.Alamelu Sathyabama**

Assistant Professor, Department of Accounting Finance, Dwaraka Doss Goverdhan Doss  
Vaishnav college ( Autonomous), Arumbakkam, Chennai

**Dr.Saira Khatoon**

Assistant Professor, Department of Management Studies, Madanapalle Institute of  
Technology & Science, Madanapalle, Andhra Pradesh

**Abstract**

In order to assess customer satisfaction with banking services provided by private and public sector banks in Bangalore urban district, the study looks at the customer's expectations for service quality. It also assesses how satisfied customers are with the level of service they receive from these institutions and makes a distinction between their expectations and their satisfaction. South Indian bank, Karnataka bank, ICICI customer are selected, simple convenient random sampling was used as the sampling technique. Descriptive research was incorporated into the study, and dimensions were applied to examine the relationship between service quality and customer satisfaction in government and private sector banks.

**Key Words:** Private Banks, Public Banks, Governments, Growth, Banking, Customer Satisfaction.

## **Introduction**

The banking industry is successfully operating and contributing significantly to the nation's rapid expansion. In India, banking institutions are essential to the process of mobilising savings into the economy's productive sector. In terms of asset value, public sector banks predominated the banking industry after the nationalisation of commercial banks. The establishment of new private sector banks in India is what caused the public sector to change. Banks have updated their technological capabilities to become more proficient in order to increase consumer satisfaction (Amir et al., 2017, Bhayani, 2006).

It implies that Bangalore is a city with public sector banks that are comparable to private sector banks, with private sector banks holding the bulk of Bangalore citizens' minimum savings and accounts. One of the concerns the current study has focused on is why people in Bangalore Urban District don't prioritise private sector banks. What elements of the experience a consumer has in Bangalore Urban District are the most satisfying? Does the customer's level of enjoyment and choice for public and private banks depend on demographic profiles consistently? (Madvan and Vethirajan, 2020)

## **Services for Banks**

In this competitive industry, where quality is stressed for the public from both public and private sector banks, few services are listed by banks. Online ATM, debit card, and credit card services for money transfer Accounts including current and savings, Currency exchanges, overdrafts, and cash credit advances are examples of foreign services (Pooya et al., 2020, Parasuraman, 1985)

## **Review of Literature**

According to Doddaraju (2013), banks should enhance their standards for customer service since it helps build relationships with customers and boosts customer satisfaction, both of which are essential for starting and expanding a business in a competitive market. The study's major objective is to ascertain whether private sector banks are more adept at meeting consumer needs than public sector banks are. The study makes heavy use of analytical techniques, and banks there heavily rely on client demographic profiles to enhance their marketing plans.

According to the Selvakumar (2015) idea to satisfy bank customers, if service quality is offered, the client will exhibit their loyalty to the bank. In order to evaluate these characteristics, the study effectively uses six criteria: customer satisfaction, responsiveness, empathy, tangibility, reliability, and assurance. The paper's conclusion is that banks may boost customer satisfaction by employing the following models aggressively. Scale is established through the use of service quality measurement.

Aggrawal and Goodell (2016) A study that compares the banking services and customer satisfaction provided by commercial and government banks in the nation looks at how long banks can retain clients by providing great services. According to the survey, there is a gap between bank services and customer satisfaction. Private banks have a smaller service gap than government banks, but there is no real difference between government and private banks in terms of reliability or assurance.

Ganapathi (2016) recommended to compare the levels of customer satisfaction offered by different banks, including Government, Private, and Foreign Banks, utilising information acquired using a carefully designed questionnaire, according to the report. The study employed convenient sampling, and the chi-square test was employed as a statistical technique.

### Statement of the Study

The majority of Indians depend on banks, and the banking sector is largely service-oriented. Because banks are becoming a vital part of the economy, this article attempts to explain why people perceive banks to be occupying space in Bangalore's urban district. choosing outstanding bank services that are relevant to value, satisfaction, availability, and general aspects like the bank's renewal and the customer service team's thoroughness.

### Objectives of the Study

- To better understand how banking customers' expectations for service quality might be raised.
- To assess the degree to which customers are satisfied with the services provided by financial institutions
- To Recognize the disparity between what customers, expect from financial services and how they are actually satisfied with them.

### Methodology of the Study

The secondary data: to gather accurate information, consult periodicals, websites, journals, and textbooks. The study's responses were gathered using a convenient sampling technique. The demographic profile of the respondents was studied and Cronbach alpha was used to test the reliability or internal consistency of the questionnaire.

### Results and Discussions

The study examines consumer perception and service quality expectations in to this end, it makes extensive use of structured preparation by own effort to gather responses from database demographic profiles, which are then used by manufacturers to improve their marketing strategies.

**Table-1. Demographic Profile of the Sample Respondents**

Profile in Demographic		Banking Sectors						
Variables	Types		SBI	ICICI	UCO	SIB	KNT	CNR
			100	30	20	30	40	30
<b>Data Sets</b>	<b>Occupation</b>	Student	28	06	05	08	11	10
		Salary Person	36	10	10	12	13	15
		Business	20	08	02	06	10	03
		Below 2 L	35	4	03	04	06	02
		2-5 L	25	15	4	12	10	16
		5-8 L	3	6	8	18	20	15

		More than 8 L	4	5	4	12	5	8
--	--	---------------	---	---	---	----	---	---

The preceding table led to the conclusion that, of the respondents, about 55% have accounts with government banks and 45% have accounts with commercial banks. SBI has the most customers at the government bank when compared to other banks. Since its founding in 1951, SBI has improved rural development initiatives to satisfy the demands of Indian economic development and the most reliable bank.

According to the study above, government banks like SBI have more business clients than Canara Bank and UCO Bank. The priorities from the corporate class are the same as those of the salaried, students. Students prefer SIB, and ICICI in private banks' business classes. The three companies that receive the most responses from salaried responders are SIB, and ICICI.

According to the graph above, people with incomes under 2 lakhs favoured SBI over other banks. The income between 2-5 lakhs preferred ICICI, income between 5-8 lakhs preferred ICICI & UCO bank more than 8 lakhs preferred SIBI.

**Table-2. Cronbach's a value of each construct**

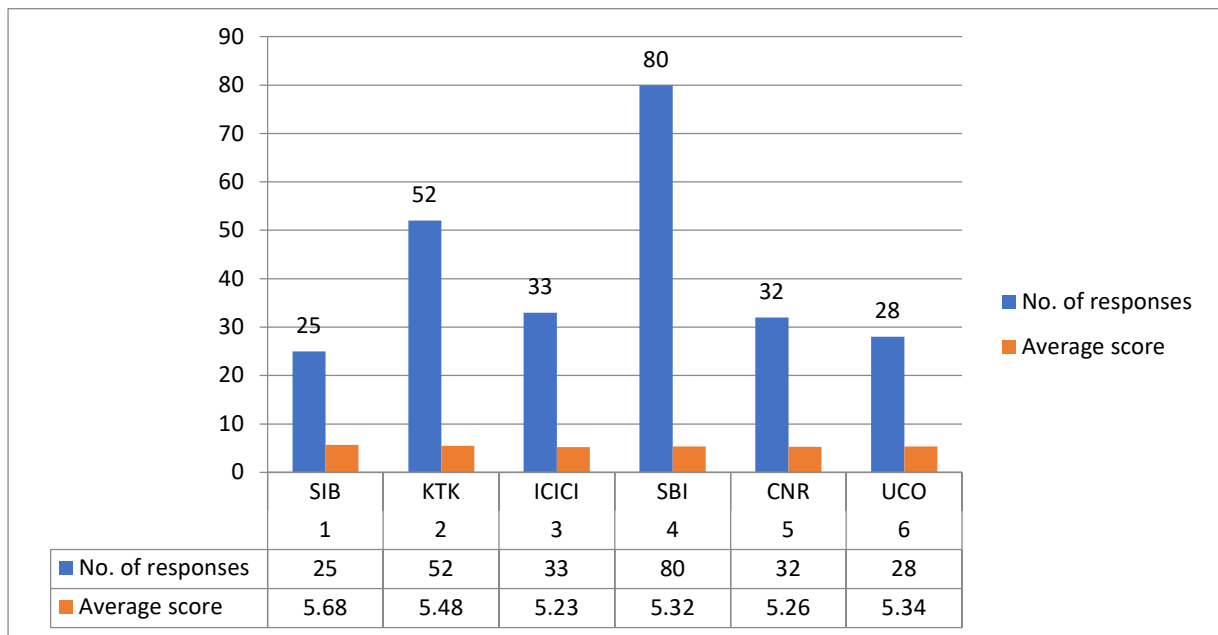
Device	Elements	Aspect	Cronbach's a
Service quality	Trustworthiness	5	0.628
	Confidence	4	0.690
	Physical	5	0.715
	Compassion	5	0.689
	Sensitivity	3	0.700
Customer satisfaction	Overall customer satisfaction	3	0.776

All scales are higher than the recommended values, 0.70, according to the Cronbach's method used to test the consistency of all elements. every component Despite having a moderate value of 0.738, trustworthiness is significantly taken into account in research because composite values for all elements taken into consideration for the study, including trustworthiness, are higher than CPS in all categories, indicating the effectiveness of the study. Confidence, physical health, compassion, sensitivity, and customer satisfaction also have adequate standard integrated values. The Alpha values continue to rise at a rate that is unmatched.

**Table 3 Average of Satisfaction Level of Different Banks**

S No.	Banks	Attendees	AVG Score
1	SBI	80	5.32
2	ICICI	33	5.23
3	UCO	28	5.34
4	SIB	25	5.68
5	KNT	52	5.48
6	CNR	32	5.26

**Figure-1. Level of Service Quality and Satisfaction**



The preceding chart led us to the conclusion that Karnataka Bank has an excessive result, which indicates that respondents are very satisfied with Karnataka Bank's overall service quality. Respondents are only slightly persuaded by South Indian Bank and ICICI Bank. Customers are extremely satisfied with SBI's service quality when compared to other government banks, which is highlighted by SBI's excess results in public banks. Comparing UCO to other banks, the level of satisfaction with the quality of the services is the lowest.

### Findings

- Customers at public sector banks SBI, CNR, and UCO are dissatisfied with how staff members interact with them.
- The majority of respondents in the public sector commented on employees' linguistic challenges.
- Customers in banks, both public and private, are dissatisfied with the hours of operation.
- We concluded from our investigation that SBI Bank established a standard for deposits but encountered difficulties with physical proportion.
- Karnataka Bank respondents expressed great satisfaction with other banks like ICICI AND SIB and said that their clients found the bank's space and material offers to be very persuasive in both the physical and compassionate realms. Customer dissatisfaction with the dimensions demonstrates that the bank is gradually making improvements in its employment practises.
- Customers of ICICI Bank are pleased with the sensitivity dimension, which demonstrates ICICI Bank's readiness to assist clients in many contexts.

- Confidence, empathy, physical ability, and sensitivity are four factors that influence how satisfied six banks are.

### Conclusion

Since Indian banks are more capable and provide customers with comparable types of products, excellent service quality is seen to play a major part in differentiating the banks and providing unique services to customers. Many individuals in city area are literate enough to use banks for many types of services, and banks are committed to consistently delivering high-quality services. Banks relevant to these services are marginally more widely used by customers than ICICI banks (Keerthe and Vijayalakshmi, 2009, Sudesh, 2007, Sudhahar, 2007). Public sector banks SBI are greatly preferred by customers because they control customer trustworthiness. South Indian banks are preferably smaller and clients are extremely limited. Due to faulty deposit maintenance and higher consumer fines even for little amounts of deficit, UCO Bank receives the lowest customer satisfaction ratings. Additionally, it emphasises the service dimensions, which will help UCO Bank function better in the future.

### References

- Aggarwal, R., & Goodell, J. (2016). National preferences for bank or market financing. *Economic Commentary*, (16-04).
- Amir, K. Bin, & Sheykh, H. (2017). Analysis of Customer Satisfaction on Online Banking: *A Case Study on "One Bank Limited*, 19(12), 36–42.
- Bhayani, S. J., 2006. Performance of the New Indian Private Sector Banks: A Comparative Study, *ICFAIAN Journal of Management Research*, Vol. 5, No. 11, pp. 53-70.
- Doddaraju, M. E. (2013). A Study on Customer Satisfaction towards Public and Private Sector Banking Services [with Special Reference to Anantapur District of Andra Pradesh]. *Global Journal of Management and Business Studies*, 3(3), 287-294.
- Ganapathi, S. (2016). A Study On Customer Satisfaction Towards CRM Practices In State Bank Of India With Reference To Chinnasalem Taluk, *A Journal Of Composition Theory*,12(9), 1540-1550.
- Keerthe P and Vijayalakshmi (2009) A Comparative study on the perception level of the device offered by banks, *Indian journal of marketing* Vol 39, No. 8 p 40-41.
- Madavan, K., & Vethirajan, C. (2020): Customer Satisfaction on E-Banking Services of Public and Private Sector Banks in Puducherry Region-An Empirical Analysis. *International Journal of Management (IJM)*, Vol. 11 No. 6, pp. 649-664.
- Parasuraman (1985) SERVQUAL: a multiple item scale for measuring consumer perception of service quality, *journal of retailing* vol 64 No 1 pp 12-40.
- Pooya, A., Khorasani, M. A., & Ghouzhdhi, S. G. (2020): Investigating the effect of perceived quality of selfservice banking on customer satisfaction. *International Journal of Islamic and Middle Eastern Finance and Management*, Vol. 13 No. 2, pp. 263-280.

- Selvakumar, J. J. (2015). Impact of service quality on customer satisfaction in public sector and private sector banks. *PURUSHARTHA-A journal of Management, Ethics and Spirituality*, 8(1), 1-12
- Sudesh (2007) Service Quality in Banks \_ a Study in Haryana and Chandigarh NICE Journal of Business 2(1) 55-65.
- Sudhahar J.C (2007) service quality scale development in India retail banking sector. An empirical investigation Journal of Applied Science 7(5) 766-771.