

Businessmen's Perception and Satisfaction towards Services of Public Banks, Private Banks and Co-Operative Banks

Amruta Anant Hegde

IV Sem. M. Com, K. H. Srinivasa Institute of P.G. Studies, Sagar, Shivamogga, Karnataka.

Abstract

Banking is to be considered as pure financial service industry and responsible for the economic development of an economy up to great extent. In India, Private Banks, Public banks and co-operative banks are rendering financial services. Indian Banking sector has gone tremendous changes over time and the entry of private sector banks has transformed the Indian banking system both structurally and functionally. In this competitive banking environment, customer satisfaction is considered as most imperative factor for the success of banks. To attain the high level of customer satisfaction, to retain the customer base and attracting prospective customers in future it is important for the banks to deliver quality services to its customers. The Policies and Strategies of Private Banks, Public banks and co-operative banks are different that leads variation in the businessmen satisfaction level. This paper tries to measure satisfaction level of businessmen to Public banks, Private Banks and co-operative banks and factors responsible for variation in businessmen satisfaction between Private banks, Public banks and co-operative banks in Sagar.

Keywords: Banking services, Private Banks, public banks, co-operative banks, businessmen satisfaction.

INTRODUCTION

Banks play a very important role in the Indian financial market as they are the biggest purveyors of credit and attract most of the savings from the population. Banking is necessary for the economic development of all the nations of the world because a developed banking system holds the key as well as serves as a barometer for the economic health of a country. Banking Industry is one of the most successful and strong industry of our country. Traditionally, banking had been restricted from private participation in India and public sector banks had been enjoying complete protection. This scenario has changed since 1990. The decade of 90s witnessed a sea change in the working of banking in India. Technology made tremendous impact by introducing "anywhere banking" and "anytime banking". The financial sector now operates in a more competitive environment than before and involves relatively large volume of international financial flows. In the wake of greater financial deregulation and global financial integration, the biggest challenge before the public sector banks and co-operative banks is to match the market requirement rather than being promoted by Government or regulator. Foreign banks and the new private banks, have embraced technology right from the inception of their operations and therefore, they have adapted themselves to the changes in the technology easily. Deregulation, liberalization and globalization have produced intense competition in banking industry resulting into declining margins in traditional businesses, increased cost pressures and greater risks. Market positioning, cost of intermediation and service delivery are likely to be determinants of the efficiency of banks with respect to their competitiveness. In the changed environment creating new customers and retaining the existing ones have become difficult tasks for banks. To meet the competition, creating satisfaction of customers has become primary objective of each bank.

REVIEW OF LITERATURE

Debashis and Mishra (2005) measured customer satisfaction in branch services provided by public sector banks in northern India. About 1200 customers were surveyed and it was found out that computerization, accuracy in transactions, attitude of staff and availability of staff mostly influence customer satisfaction. Least important factor was promotion of the products and various schemes.

Mishra and Jain (2007) conducted a study of nationalized and private sector banks to know the constituent dimensions of customer satisfaction. Two stage factor analyses technique was used to arrive at the dimensions of customer satisfaction. On analysing it was found that vigilance, competence, advancement in services, reliability, vision, responsiveness, reach, cost effectiveness and efficient process were the constituent factors of customer satisfaction for nationalized banks, whereas service quality, reliability, competence, efficient process, customization, ATM facility, vision, vigilance, simplicity of system and brand image were the essential factors for private sector banks.

Bilamge (2011) in “A Comparative Study of Customer Perception Towards Services Rendered by Public Sector and Private Sector Banks”, evaluated and compared the customer satisfaction level in ICICI bank and State Bank of India. The results of the study revealed that behaviour of the ICICI Bank staff was friendlier than that of State Bank of India. As compared to SBI, token system and upholding of ATMs in ICICI Bank was highly treasured by all the customers. It was concluded that vital services were lacking in both the banks.

Virk and Mahal (2012) analysed the customer satisfaction level of Public and Private Sector Banks by conducting a comparative study in Chandigarh City. The study revealed that branch facilities were positively correlated with teller services, relationship with managers, mutual fund services and telephone enquiry which contribute in large extent towards customer satisfaction. Further it was concluded that private sector banks emphasize more upon building their clients and are better equipped with modern infrastructure as compared to public sector banks.

Gill and Arora (2013) conducted a comparative analysis of level of customer satisfaction towards services provided by public and private sector banks. Two public sector banks selected for the study include Punjab and Sind Bank and Union Bank of India and the private banks include HDFC bank and IDBI bank. Primary survey of 200 customers was conducted using convenient sampling method in three major cities of Punjab namely Amritsar, Jalandhar and Ludhiana. It was analysed that private banks need to work on gaining faith of customers as customers still don't feel secured while dealing with terms and conditions given by private banks whereas public banks enjoy the hierarchical trust as they are older in Indian financial system. Further study revealed that public banks need to work more on technology and overall décor to survive in the market.

Anita (2014) in her research article presented the customer satisfaction level between public and private sector banks to get a bird's eye view of customer satisfaction practices being adopted by selected banks. It was also analysed that customers were more satisfied with the private sector banks than public sector banks and customer satisfaction is largely dependent upon products availability in the banks rather than locations of the bank.

STATEMENT OF THE PROBLEM

Financial sector reforms assisted to establish more number of banks both in private sector as well as public sector. Today, public sector banks and co-operative sector banks in India face tough competition from private banker. In order to survive in competitive scenario, public sector banks and co-operative banks have to introduce new innovative services as introduced by the private banks and should increase the satisfaction level of customers. Thus, the study has been carried out to compare the level of satisfaction of private, public bank and co-operative bank's customers relating to business organisation and the factors influences on their satisfaction.

RESEARCH OBJECTIVES

Following are the objectives of the study

- To compare the public sector banks, private sector banks and co-operative banks in terms of businessmen satisfaction.

- To know the difference between the satisfaction levels of Private, Public sector banks and co-operative banks' customers relating to business house by considering various aspects of satisfaction.
- To know the factors responsible for the low satisfaction level among the banking customers.

HYPOTHESES

H0: There is an association between type of business and frequency of transaction made by the businessmen.

H1: There is no association between type of business and frequency of transaction made by the businessmen.

RESEARCH METHODOLOGY

- **Sampling Area:** Sagar Taluk
- **Sampling Size:** 50 respondents from public, private banks and co-operative bank's customers relating to business house.
- **Sampling technique:** Convenient sampling, percentage, rating and chi-square techniques are used for data analysis.
- **Sources of information:** This research is conducted on the basis of primary as well as Secondary data. Following have been the main sources of information:
 - **Primary sources:** Survey is conducted among public, private bank and co-operative bank's customers relating to business house.
 - **Secondary sources:** The Secondary data obtained through number of research journals, dissertation, project report, Academic Books, hand books, government reports, newspaper, internet and websites.

DATA ANALYSIS

The collected data has been analysed and interpreted with various statistical tools like percentage and rating method conclusion is drawn at the end on the basis of data analysed

Table 1

Age and Business Experience of Respondents

Business Experience	Age	1-5 years	5-10 years	10-15 years	15-20 years	Total	
						Frequency	Percentage
	Below 30years	6	4	0	0	10	20
	30-40 years	4	9	5	0	19	38
	40-50 years	3	4	3	3	12	24
	Above 50 years	0	1	3	5	9	18
Total	Frequency	13	17	12	8	50	100
	Percentage	26	34	24	16	100	-

Source: Primary Data

Table 1 shows that age of respondents and experience of businessmen. 38 per cent of the respondents are having age of 30 to 40 years and 34 per cent respondents are having 5 to 10 year experience in their business.

Table 2 - Type of business

Type of business	Frequency	Percentage
Agriculture	9	18
Partnership	6	12
Finance	4	8
Manufacturing	5	10
Real estate	6	12
Transportation	7	14
Retailers	8	16
Utilities	5	10
Total	50	100

Source: Primary Data

Table 2 confines, type of the business of the respondents. 18 per cent of the respondents doing the agricultural business.

Table 3 - Frequency of transaction in bank accounts

Frequency of Transaction	Daily	Weekly	Fortnightly	Monthly	Total		
					Frequency	Percentage	
Type of account							
Current account	4	3	2	1	10	20	
Savings account	8	12	4	6	30	60	
Time Deposit	3	5	2	0	10	20	
Total	Frequency	15	20	8	7	50	100
	Percentage	30	40	16	14	100	-

Source: Primary Data

Table 3 reveals, frequency of transaction and type of account of the respondents. 60 percent respondents are having savings bank account and 40 per cents respondents made weekly transactions in their accounts.

Table 4 - Reasons for selecting banks

Type of bank	Private banks		Nationalised banks		Co-operative banks	
	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
Reasons for choosing						
Quality of service	10	20	10	20	10	20
Modern Technology	11	22	6	12	4	8
Trust	8	16	12	24	8	16
Location	5	10	9	18	14	28
Security	7	14	8	16	7	14
Interest rate	6	12	5	10	11	22
Total	50	100	50	100	50	100

Source: Primary Data

Table 4 deficits, type of bank and reasons for selecting the different types of banks. 22 per cent respondents select private banks because of modern technology used by the banks, 24 per cent respondents select nationalised banks because of trust, 22 per cent respondents select co-operative banks because of location.

Table 5 - Type of service rendered by banks

Type of bank	Private banks	Nationalised banks	Co-operative banks
Overdrafts	08	07	05
ATM	25	20	00
Cheque books	30	30	18
Net banking	25	40	05
Mobile banking	20	19	00
SMS alerts	50	50	00

Source: Primary Data

Table 5 shows, type of banks and types of services rendered by the banks. The banks provide Overdrafts, ATM, Cheque books, Net banking, Mobile banking, SMS alerts services to their customers.

Table 6 - Quality of service rendered by the banks

Type of bank	Private banks	Nationalised banks	Co-operative banks
Reliability	18	10	12
Tangibility	14	8	14
Responsiveness	13	6	18
Recovery	12	9	6
Accuracy	23	16	8
Quick actions	29	5	15

Source: Primary Data

Table 6 confines, type of banks and quality of service rendered by the banks. 29 businessmen opinion that private banks provides quick services, 16 businessmen opinion that nationalised banks gives accuracy in their services, 18 businessmen opinion that co-operative banks gives responsiveness to their customers.

Table 7 - Businessmen satisfaction towards services given by banks

Type of bank Expectation	Private Banks	Nationalised Banks	Co-operative Banks
Modern equipment used by bank (computer, cash counting machine, ATM etc..)	Excellent	Moderate	Bad
Physical facilities at the bank (building, furniture, counter, water facility, space etc..)	Excellent	Good	Moderate
Employees neatness and appearances	Good	Moderate	Good
Material quality and appearances (pamphlets, challans, pass book, cheque book etc..)	Good	Good	Moderate
Time schedule for the operations(standard time)	Excellent	Bad	Good
Employees interest in solving customers problems	Good	Bad	Good
Consistency of service provided by the employees	Moderate	Good	Good
Time taken for operation against standard time	Good	Bad	Moderate
Quality of record maintained by the employees (neatness, error, accuracy etc..)	Excellent	Good	Moderate
Information and guidance to the employees	Good	Moderate	Good
Promptness of service rendered by the employees (clarity, speed, softness etc..)	Good	Bad	Good
Employees willingness to help the customers	Excellent	Moderate	Good
Employees attitude to hear the customers problem	Excellent	Moderate	Moderate

Employees behavior to increase the confidence of customers	Good	Moderate	Good
Confidence of safety of funds with the bank	Good	Excellent	Moderate
Employees courtesy with customers	Good	Bad	Good
Employees knowledge to answer the questions of customers	Good	Good	Bad
Employees individual attention to the customers	Excellent	Bad	Good
Convenience of bank operating hours	Good	Worst	Excellent
Employees personal relation with customers	Good	Bad	Good
Employees aim to promote the customer interest	Moderate	Bad	Good
Employees interest to understand the specified needs of customers	Good	Worst	Good

Source: Primary Data

Table 7 shows, types of banks and satisfaction level of businessmen towards facilities provided by the private banks, nationalised banks and co-operative banks.

Table 8 - Type of business and Frequency of transaction

Frequency of transaction Type of business	Daily		Weekly		Fortnightly		Monthly		Σx ²
	O	x ²	O	x ²	O	x ²	O	x ²	
Agriculture	3	0.033	4	0.044	1	0.134	1	0.054	0.266
Partnership	3	0.800	2	0.067	1	0.002	0	0.840	1.708
Finance	2	0.533	1	0.225	0	0.640	1	0.346	1.744
Manufacturing	1	0.167	2	0.000	2	1.800	0	0.700	2.667
Real estate	0	1.800	2	0.067	3	4.335	1	0.030	6.232
Transportation	3	0.386	1	1.157	0	1.120	3	4.164	6.827
Retailers	2	0.067	5	1.013	1	0.061	0	1.120	2.260
Utilities	1	0.167	3	0.500	0	0.800	1	0.129	1.595
Σx²		3.952		3.072		8.892		7.382	23.299

Source: Primary Data

x² = 23.299

Chi Square (x²) = {O - E}² / E

O = Observed frequency

E = Expected frequency

Calculated value of Chi Square (**x²**) = 23.299

Table value = (C-1) (R-1) = (4-1) (8-1) = 3 * 7 = 21

Degree of freedom = 21

Level of significance = 5 %

Table value at 5% level of significance is 32.67

Since the calculated **x²** value (23.299) is lesser than the table value (32.67) at 5 per cent level of significance, it can be inferred that **‘There is an association between type of business and frequency of transaction made by the businessmen’** is accepted.

FINDINGS

1. It is found that 38 per cent of the respondents are having the age of 30 to 40 years.
2. The analysis revealed that 34 per cent of the respondents are having 5 to 10year experience in their business.
3. It is found that 18 per cent respondents belong to the agricultural sector.
4. It is revealed that 60 per cent of the respondents are having savings accounts for their transaction.
5. The analysis revealed that 40 per cent of the respondents were made weekly

transactions.

6. The analysis revealed that 22 per cent of the respondents are choose private banks because of modern technologies used in their banks.

7. The analysis revealed that 24 per cent of the respondents are choose public banks because of trust.

8. It is found that 28 per cent of the respondents are choose co-operative banks because of location of the bank.

9. The analysis revealed that on the view point of businessmen private banks provides more qualitative and quantitative services to their customers compare to public banks and co-operative banks.

10. It is found that out of 50 respondents 29 respondents said that private banks provide quick action services to their customers.

11. It is found that out of 50 respondents 10 respondents said that public banks give reliability services to their customers.

12. It is found that out of 50 respondents 18 respondents said that public banks provide quick response to their customers.

13. Majority of the businessmen choose private banks and co- operative banks because of their service quality.

14. There is an association between type of business and frequency of transaction made by the businessmen.

SUGGESTIONS

If the following suggestions are followed by nationalized banks, it can increase customers' satisfaction and ultimately it will be a boost for the Indian banking industry.

- Staff should be knowledgeable about the services offered.
- Staff should be more courteous towards their customers.
- Staff members should apologies for mistakes.
- Account should be handled carefully.
- Customers' instructions should be carried out carefully.
- Operation time should be reduced.
- Complaint should be handled then and there.
- Regarding complaint customers should receive follow up contact.
- Name and address of customers should be handled carefully.
- There should be a personal touch between the customers and staff.
- Disagreements with the customers should be avoided

CONCLUSION

Banks are the pillars of financial systems. The role of banks is very important in the economic development of the country. Banks provide valuable services to the general public and also to the industry. The penetration of private sector banks is increasing rapidly. Since 1990 the Indian banking has entered into new era and its expansion is affected by entry of private banks and foreign banks. Tough competition, development of financial markets, relaxation in government control and awareness among customer will require more changes in approach of banks. Not only variety of services and profit are important, but simultaneously the quality of services, the cost of services and safety of public money is also important. Both the private and public sector banks have been empathetic towards their customers because it is the need of the hour in today's competitive world.

REFERENCES

- Parasuraman, A., Zeithanl, V. A. and Berry, L.L. A Conceptual Model of Service Quality and its Implications for Future Research. *Journal of Marketing* 49, 1985, pp. 49-50.
- Kanojia, D., and Yadav, D. R. Customer Satisfaction in Commercial Banks- A Case Study of Punjab National Bank. *International Journal of Trade and Commerce* 1(1), 2012, pp. 90-99.
- Aurora, S., and Malhotra, M. Customer Satisfaction: A Comparative Analysis of Public and Private Sector Banks. *Decision* 24(1-4), IIM Calcutta, 1997, pp. 109-130.
- Mishra, J. K., and Jain, M. Constituent Dimensions of Customer Satisfaction: A Study of Nationalized and Private Banks. *Prajnan-NIBM Pune* 35(4), 2007.
- Mengi, P. Customer satisfaction with Service quality: An empirical study of public and private sector banks. *The IUP Journal of Management Research* 8(9), 2009, pp.7-17.
- Rao, K. R. M, and Lakew, T. B. Service Quality Perceptions of Customers: A Study of the Customers of Public Sector and Private Sector Commercial Banks in India. *International Journal of Research in Commerce & Management* 2(11), 2011.
- Dharma lingam, S., and Kannan, K. V. Customer Perception on Service Quality of New Private Sector Banks in Tamilnadu - an Empirical Study. *Journal on Banking Financial Services and Insurance Research (JBFSIR)* 1(5), 2011.
- Bilange, P. C. A Comparative Study of Customer Perception Towards Services Rendered by Public Sector and Private Sector Banks. *Indian Journal of Commerce & Management Studies* 2(2), 2011, pp.110-113.
- R. Ramachandran and Dr. S. Sekar, “A Study on Customer Relationship Management (CRM) Effectiveness in Private Banks, Tiruchirappalli”. *International Journal of Management (IJM)*, 5(12), 2014, pp. 12–23.
- Virk, N. and Mahal, P. K. Customer Satisfaction: A Comparative Analysis of Public and Private Sector Banks in India. *Information and Knowledge Management* 2, 2012, pp. 1-8.
- Gupta, P., Mishra, C. M. and Rahman, T. A Comparative Study on Customer Satisfaction in Indian Public Sector and Privet Sector Banks (With Special Reference to Delhi and NCR Region). *International Journal of Social Science & Interdisciplinary Research* 2(8), 2013.
- Gill, H. S., and Arora, S. Study of Customer Satisfaction: A Comparison of Public and Private Banks.
- M. Narmada, A Study on Customer Awareness on Green Banking In Selected Public and Private Sector Banks in Chennai. *International Journal of Management (IJM)*, 7(2), 2016, pp. 24–35.
- Anita. A Comparative Study of Public and Private Sector Banks of India in Regards to Customer Satisfaction. *International Journal of Reviews, Surveys and Research (IJRSR)* 3(2), 2014.
- Debashish, S. S., and Mishra, B. Indian Banking System (Development, Performance and Services). New Delhi: Mahamaya Publishing house, 2005, pp. 175-195.