

## Service provided by public and private banks to the customer

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### Abstract

Service Quality in banking sector is the most important criteria and asset for evaluating and satisfying customers and there by increases the customer loyalty and average retention rate of customers. Among the service quality determinants, reliability, assurance and empathy have always played a pivotal role. While in the demonetisation the banks play a major role to serve the customers through various modes of transactions. The Prior research suggests that customer perceptions and expectations are more likely to be different across service sectors. Hence, this paper examines the effect of service quality determinants on the degree of customer satisfaction in public and private banks in Coimbatore. By realizing the gap between the perceived and actual service quality, customer satisfaction can be extremely improved.

**Keywords:** service quality, satisfying customers, public banks, private banks, Coimbatore

### Introduction

India has a well-developed banking system. Most of the banks in India were founded by Indian entrepreneurs and visionaries in the pre-independence era to provide financial assistance to traders, agriculturists and budding Indian industrialists. Indian banks have played a significant role in the development of Indian economy by inculcating the habit of saving in Indians and by lending finance to Indian industry. The commercial banking structure in India consists of: Scheduled Commercial Banks and Unscheduled Banks. Scheduled commercial Banks constitute those banks, which have been included in the Second Schedule of Reserve Bank of India (RBI) Act, 1934. RBI includes only those banks in this schedule, which satisfy the criteria laid down vide section 42 (6) (a) of the Act.

Indian banks can be broadly classified into nationalised banks/public sector banks, private banks and foreign banks.

### Nationalised Banks in India

Banking System in India is dominated by nationalized banks. The nationalisation of banks in India took place in 1969 by Mrs. Indira Gandhi the prime minister. The major objective behind nationalisation was to spread banking infrastructure in rural areas and make available cheap finance to Indian farmers. Fourteen banks were nationalised in 1969. These Banks were before 1969, State Bank of India (SBI) was the only public sector bank in India. SBI was nationalised in 1955 under the SBI Act of 1955. The second phase of nationalisation of Indian banks took place in the year 1980. Seven more banks were nationalised with deposits over 200 cores.

### Private Banks in India

All the banks in India were earlier private banks. They were founded in the pre-independence era to cater to the banking needs of the people. But after nationalisation of banks in 1969 public sector banks came to occupy dominant role in the banking structure. Private sector banking in India received a filip in 1994 when Reserve Bank of India encouraged setting up of private banks as part of its policy of liberalisation of the

Indian Banking Industry. Housing Development Finance Corporation Limited (HDFC) was amongst the first to receive an 'in principle' approval from the Reserve Bank of India (RBI) to set up a bank in the private sector. Private Banks have played a major role in the development of Indian banking industry. They have made banking more efficient and customer friendly. In the process they have jolted public sector banks out of complacency and forced them to become more competitive.

### Public and Private Sectors Bank

#### Fixed Deposits

Bank offers you simple reinvestment Fixed Deposits (at very competitive interest rates), which can be opened with a minimum investment of Rs 10,000. You can make additions to your deposit in multiples of Rs 1,000 each. The tenure of your deposit must be a minimum of 6 months.

#### Debit cards & Credit cards

Customer can avail a free personalised photo signature international debit card with enhanced cash withdrawal and point of sales limits. In addition, customer can also apply for the Bank Gold Credit Card, which comes with pre-approved limits.

#### Home loans

Customer can enjoy attractive interest rates and the convenience of doorstep service form enquiry to disbursement. The facility to transfer customers existing higher interest rate loan to Bank is also available personal loans. Personal Loans are given without any collateral, security, and guarantor and without reasons for the end use of funds. The public sectors banks provide this facility to the various customers on the rate attractive interest rates. A balance and transfer facility is also available.

#### Demat / web trade

The Private sector Bank offers the best value for money through competitively priced service charges for online share

trading services from Axis Bank Direct, ICICI.com with a 3 in 1 account consisting of a demat, brokerage and Bank account.

**Exclusive phone banking**

A call from customers registered mobile to Bank Customer Care centre would directly connect them to the Private Banking Through phone banking officer. No further authentication would be required for customers’ non-financial transactions. It also provides customers with a dedicated toll-free number.

**Internet Banking & Mobile Banking**

The Internal banking service is a convenient remote banking facility that uses sophisticated multilayered security architecture the entire range of products and services. This is delivered through a single point contact and a separate interaction area in the branch to ensure the highest quality service. with digital certification, to prevent unauthorized access Mobile banking keeps customers informed through regular mobile alerts.

**Objectives of the Study**

1. To study the awareness and usage level of all the products and services provided to Public and private banking customers.
2. To study the satisfaction level of public and private banking customers.
3. To study the problems faced by the customers while transacting with public and private banks.
4. To study the factors that influences the customers to use the Public and Private banks.

**Scope of the Study**

The study would help in identifying the usage patterns, awareness and satisfaction levels of Public and Private Banking customers. The study would help Banks, in understandings the effectiveness of various facilities provided to Public and Private Banking customers and would help them in improving these services.

**Review of Literature**

Luiz Moutinho and Anne Smith, in their research introduced a model which posits a crucial role for the evaluation of bank customers’ attitudes towards both human tellers and automated banking in mediating the ease of banking factor/perceived satisfaction linkage. The model’s explicit consideration of the effects of bank customer attitudes towards human tellers and automation provides additional explanatory power regarding how the perceived trend towards ease of banking influences bank overall satisfaction, switching and loyalty behaviour.

Luis Moutinho, Douglas T. Brownie November 24, 2008 State that the nature and direction of the satisfactions that are delivered to customers of bank services are explored, and the criteria used to evaluate these services are highlighted. The non-metric multidimensional scaling technique enabled respondents' perceptions to be represented spatially. It is revealed that respondents had high levels of satisfaction with regard to the location and accessibility of branches and ATMs, and acceptance of the current levels of banking fees; but expressed some caution in their evaluation of new and improved services.

U.S. Bank June 2 -2008 State that the Minneapolis - (Business Wire) U.S. Bank customers are increasingly loyal and satisfied,

and they consider U.S. Banks services to be of high quality and value according to the American Customer Satisfaction Index (ACSI) research conducted in the fourth quarter of 2009.U.S. Bank surpassed industry averages and topped the four largest banks in the country in customer satisfaction, customer expectations, perceived quality, perceived value and customer loyalty. U.S. Bank scored 77 in overall ACSI customer satisfaction, compared to the next highest reported score of 73 and the industry average of 75. U.S. Bank exceeded reported industry averages in the important categories of loyalty, quality and value by seven or more points. We have experienced a flight to quality for many months, and now these results are evidence of our success," said Richard.

**Analysis and Interpretation**

**Percentage Analysis**

**Table 1:** Age Group of the Respondents

S. No	Age	Number of Respondent	Percentage
1	Below 20 years	10	10
2	21 to 40years	32	32
3	41 to 60 years	23	23
4	Above 60years	35	35
	Total	100	100

**Interpretation**

From the above table it is clear that 35% of the respondents are in the age group of above 60 years, 32% of the respondents are in the age group of 21 to 40 years, 23% of the respondents are in the age group of 41 to 60 years and only 9 % of the respondents are in the age group of below 20 years. Majority of the respondents are between the age group of Above 60 years

**Table 2:** Educational Qualification of the Respondent

S. No	Educational Qualification	Number of Respondent	Percentage
1	No formal education	9	9
2	School level	28	28
3	Graduation level	36	36
4	Post Graduation level	15	15
5	Others	12	12
	Total	100	100

**Interpretation**

From the above table it is clear that 36% of the respondents are in Graduation level, 28% of the respondents are in School level, 15% of the respondents are in Post-graduation level, 12% of the respondents are in others and 9% of the respondents are in No formal education. Majority of the respondents are educated up to Graduation Level.

**Table 3:** Reasons of Encourage by the Bank

Encourage	Frequency	Valid Percent
Cheaper (reducing fees and charge)	33	26.4
Incentives	28	22.4
Intensives ad	18	14.06
Contacting every Customers	18	14.06
Written communication	28	22.4
Total	125	100.0

From the above table shows 26.4% of the respondents are response for cheaper by reducing fees and charges, 22.4% of respondents are giving incentives and written communication, and 14.06% of the respondents are contacting every customer.

II Descriptive Analysis

Table 4

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
E-Banking provided by bank	100	1.00	5.00	2.9600	1.43492
Encourage	100	1.00	5.00	2.8800	1.56528
N (list wise)	100				

From the above table descriptive analysis is 1.43492. It is more than to compare from the Chi-square table value 5.3569. So

here Banking provided services for customers to Encourage to utilize.

Table 5

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Often	125	1.00	4.00	2.3200	1.05294
Any services	125	1.00	4.00	2.1600	.97151
Valid N (list wise)	100				

From the above table descriptive analysis is 1.56528. It is more than to compare the table value of Chi-square is 6.3256. So

here from the banking any services through online the customers often to use.

Rank Analysis

Table 6: Awareness of the respondent’s services provided by Public and Private Banks

S. No	Factors	Fully aware		Partially aware		Not aware		Total
		No	%	No	%	No	%	
1	Enhanced withdrawal facility	66	66	24	24	-	-	100
2	Foreign exchange facility	18	18	30	30	52	52	100
3	Gold credit card facility	50	50	40	40	10	10	100
4	Investment - opportunity	28	28	72	72	-	-	100
5	Loan facility	32	32	56	56	12	12	100
6	Locker facility	40	40	36	36	24	24	100

Interpretation

From the above table it is understood that 66% of the respondents are fully aware of the enhanced withdrawal facility, 52% of the respondents are not aware of the foreign exchange facility, 50% of the respondents are fully aware of the gold credit card facility, 72% of the respondents are

partially aware of the investment facility, 56% of the respondents are partially aware of the loan facility and 40% of the respondents are fully aware of the locker facility provided by the Axis bank. Majority of the respondents are fully aware of the services.

Table 7: Utilized facilities of the respondents

S. No	Facility	Number of Respondent	Percentage
1	ATM facility	54	54
2	Online banking facility	6	6
3	Mobile banking facility	12	12
4	Branch transactions	28	28
Total		100	100

Interpretation

From the above table it is understood that 54% of the respondents are using ATM facility, 28% of the respondents are using Branch transactions, 12% of the respondents are

using Mobile banking facility and 6% of the respondents are using Online banking facility. Majority of the respondents are using ATM facility.

Table 8: Frequently used channels of the respondents

S. No	Channels	Very often		Often		Rarely		Very rarely		Total
		No	%	No	%	No	%	No	%	
1	ATM	63	63	28	28	9	9	-	-	100
2	Online banking	-	-	45	45	30	30	25	25	100
3	Mobile banking	57	57	21	21	22	22	-	-	100
4	Branch Transactions	65	65	20	20	10	10	5	5	100

### **Interpretation**

From the above table it is understood that 63% of the respondents are Very often used the ATM facility, 45% of the respondents are Often used the Online banking facility, 57% of the respondents are Very often used the Mobile banking facility and 65% of the respondents are Very often used the Branch transactions. Majority of the respondents are using Branch transactions Very often.

### **Conclusion**

From the survey it is understood that the awareness, usage and satisfaction level of Public and Private Banking customers is quite low. It is also clear that customers have different needs, so they are adhered to limited facilities provided to them. Also the area such as increasing the effectiveness of privileges provided to Private Banking customers is to be adhered. Services to the public and private banking customers are vital for an organization. If the customer satisfaction in an organization is in higher level, it will increase the customer base and brand name of the organization. Otherwise, it will adversely affect the customer base of the branch and also the brand name. Impact on service of the Public and private banking services provided to customers revealed that customers were satisfied on majority of factors. The factors are promptness of services, overall efficiency of the bank and Friendliness and courtesy of the managers. In some areas the satisfaction level is poor. Suitable suggestions are also provided to increase the satisfaction level in those areas. Hence, the findings and suggestions provided by this analysis will help to increase the satisfaction level of customers. It will also improve the quality of the product and services provided by the bank.

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