



# A Study On Customer Satisfaction With Financial Performance Towards Public And Private Sector Banking Services In Madurai City

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## ARTICLE INFO

## ABSTRACT

Banks play a vital role in leveraging economic development. In the present scenario, there is a healthy competition between public sector banks and private sector banks. To attract and retain the customers, both public and private sector banks offer various products and services. Customer satisfaction is a key factor which helps to win the race. The present study analyses the customer satisfaction towards public and private sector banking services in Madurai city. For this study, 100 samples each are taken from public sector banks and private sector banks. The level of customer satisfaction has been analyzed, based on various factors using statistical tools percentage, Likert scale, chi-square test and T test.

**Key words:** Public sector bank, Private sector bank, Customer satisfaction

## INTRODUCTION

Customer satisfaction is a measurement which helps to know how the products and services meet customer's need and expectation. It is a key factor which determines the growth of the company. In banking company there is a rivalry between public sector and private sector banks. Most of the private banks concentrate on satisfying the needs of their customers. It could be achieved by increasing the quality of products and services. Now it is essential to analyse the customer satisfaction and present the result. There are several banks branches in Madurai city including public and private banks. Present study analyses the customer satisfaction considering both public and private sector banks in Madurai city.

## REVIEW OF LITERATURE

**M.E. Doddaraju (2013)** in his article "A Study on Customer Satisfaction towards Public and Private Sector Banking Services [with Special Reference to Anantapur District of Andhra Pradesh]" revealed that the demographic profile also seems that most of the customers do have graduate degrees with them, and post graduate degree holder numbers are not less. Because 91 respondents from 300 are post graduate which indicate that most of them are at least graduate do they are having good education background and also may have good analytical skill. The majority of the respondents are having account with Public sector banks and they are satisfied with their services like minimum balance and are less compared to private sector banks.

**S. Anthony Rahul Golden & S.Bulomine Regi (2015)** in his article "Satisfaction of Customers towards User Friendly Technological Services offered by Public and Private Sector banks at Palayamkottai, Tirunelveli District" revealed that most of the respondents are highly satisfied about the services provided in technological banking services due to convenience and more facilities available in the technological banking, they are highly satisfied. At the same time, they are highly dissatisfied about the employees' behaviour. It signifies that, due to this dissatisfaction of the employees' behaviour they prefer technological banking services. There is a significant association between type of bank and overall satisfaction towards user friendly services.

**R. Ganapathi (2016)** in his article titled "Customer satisfaction of private sector banks in Madurai city, Tamil Nadu" revealed that there is an association between the opinion of the respondents on the interest rate

on the deposits offered by the banks and their level of satisfaction is significant. There is an association between the opinion of the respondents on the loan sanctioning procedures of the banks and their level of satisfaction is significant. There is an association between the opinion of the respondents on the customer relationship maintained by the banks and their level of satisfaction is significant.

**S.Thazhkuzhali, Dr. G. Ramu (2018)** in his article "A Study on Customer Satisfaction with Service of Banks" revealed that the nationalized banks have received almost equal satisfactory response when compared with the private and public sector banks. Bank of India and State Bank of Hyderabad are the two banks competing equally with axis bank to provide a high end customer satisfaction in all aspects which are considered in the study.

## RESERCH DESIGN

This study is purely based on both primary data and secondary data. For collecting primary data the researcher has used structured questionnaire. Based on the responses of the respondents, "Customer satisfaction towards public and private sector banking services" has been measured.

### Sampling Design

Samples for this study have been selected using convenient sampling technique. Due to time constraint the researcher has taken 100 samples from public sector bank and 100 samples from private sector bank for collecting primary data.

### Collection of Data

Primary data have been collected using structured questionnaire from samples. Secondary data have been collected from websites, journals, magazines, newspapers and annual report.

### Tools for data analysis

The researcher has used simple statistical methods to analyse the data. The researcher has used the simple tools like percentage, Likert scale, chi-square test, and T test to analyse and interpret the collected data and finally the researcher has given the report.

### Area coverage

The researcher has conducted the study only in Madurai city. The researcher collected the data from the customers of the public and private sector branches of Madurai city.

## OBJECTIVES OF THE STUDY

- To analyse the customer satisfaction based on products & services of public and private sector banks.
- To analyse the customer satisfaction based on E-Banking services of public and private sector banks.
- To analyse the customer satisfaction based on the service quality of public and private sector banks.
- To analyse the overall customer satisfaction level of public and private sector banks.

## LIMITATIONS OF THE STUDY

- This study has concentrated only in customer satisfaction level of public and private sector banking services.
- This study has been conducted only in Madurai city.

## ANALYSIS AND INTERPRETATION OF DATA

This study deals with the analysis of customer satisfaction towards public and private sector banks in Madurai city. For that the researcher has collected the data, analysed and presented the report. For easy understanding, some of the tools like percentage, Likert scale analysis, chi-square test analysis and T test analysis are given below.

### I. Preference of Banks

**Table 1: Preference towards Banks**

S. No	Public Sector Banks			Private sector bank		
	Name	N	%	Name	N	%
1.	State Bank of India	36	36	ICICI Bank	26	26
2.	Canara Bank	17	17	Karur Vysya Bank	31	31
3.	Indian Overseas Bank	28	28	Axis Bank	10	10
4.	Indian Bank	11	11	City Union Bank	16	16
5.	Bank of Baroda	8	8	Tamilnadu Mercantile Bank	17	17
	Total	100	100	Total	100	100

Source: primary data

Table 1 reveals the respondent's preference towards banks. Majority (36%) of the respondents from public sector banks prefers State Bank of India customers and Majority (31%) of the respondents from private sector bank prefers Karur Vysya bank.

## II. Account holding period of public and private sector banks

**Table 2: Account holding period**

S. No	Holding period	Public banks		Private banks	
		No of Respondents	Percentage (%)	No of Respondents	Percentage (%)
1.	Within Two years	20	20	24	24
2.	2 – 4 years	23	23	26	26
3.	5 – 7 years	25	25	21	21
4.	8 – 10 years	18	18	17	17
5.	Above 10 years	14	14	12	12
	Total	100	100	100	100

Source: primary data

Table 2 reveals the account holding period of public and private sector banks. Majority (25%) of the respondents of public sector banks are holding account for 5 to 7 years and Majority of (26%) of respondents of private sector banks holding account for 2 to 4 years.

## III. Customer satisfaction based on products & services of public and private sector banks

The customer satisfaction based on products & services of public and private sector banks are analysed using Likert scale and shown in the following table.

**Table 3: Customer satisfaction based on products & Services**

S. No	Product & services	Public Banks			Private Banks		
		Score	Mean	Rank	Score	Mean	Rank
1.	Checking a/c	349	3.49	II	363	3.63	II
2.	Savings a/c	361	3.61	I	376	3.76	I
3.	Certificates of Deposits	338	3.38	IV	352	3.52	III
4.	Mortgages & Loan	347	3.47	III	341	3.41	IV
5.	Locker facilities	301	3.01	V	309	3.09	V
6.	Wealth & Management services	291	2.91	VI	299	2.99	VI
7.	Travelers cheque	274	2.74	VII	266	2.66	VII

Source: primary data

Table 3 reveals the customer satisfaction based on products & services offered by public and private sector bank.

**Public sector banks:** Using Likert scaling technique, the researcher interpreted the collected data. It was observed that the product & services 'Savings a/c' has secured 361 score and got first rank, 'Checking a/c' has secured 349 score and got second rank, 'Mortgages & Loan' has secured 347 score and got third rank, 'Certificates of Deposits' has secured 338 score and got fourth rank, 'Locker facilities' has secured 301 score and got fifth rank, 'Wealth & Management services' has secured 291 score and got sixth rank and 'Travelers cheque' has secured 274 score and got seventh rank.

**Private sector banks:** Using Likert scaling technique, the researcher interpreted the collected data. It was observed that the product & services 'Savings a/c' has secured 376 score and got first rank, 'Checking a/c' has secured 363 score and got second rank, 'Certificates of Deposits' has secured 352 score and got third rank, 'Mortgages & Loan' has secured 341 score and got fourth rank, 'Locker facilities' has secured 309 score and got fifth rank, 'Wealth & Management services' has secured 299 score and got sixth rank and 'Travelers cheque' has secured 266 score and got seventh rank.

**Inference:** It was inferred that the public sector bank customers are highly satisfied with their 'Savings a/c' and got first rank with the score of 361 and private sector bank customers are also highly satisfied with their 'Savings a/c' and got first rank with the score of 376.

## IV. Customer satisfaction based on E-Banking Services of public and private sector banks

The customer satisfaction based on E-Banking services of public and private sector banks are analysed using Likert scale and shown in the following table.

**Table 4: Customer satisfaction based on E-Banking Services**

S. No	E-Banking services	Public Banks			Private Banks		
		Score	Mean	Rank	Score	Mean	Rank
1.	Online Banking	303	3.03	II	355	3.55	I
2.	ATM/Debit card services	296	2.96	III	344	3.44	II
3.	Credit card services	322	3.22	I	324	3.24	V
4.	Payment of bill Services	291	2.91	IV	341	3.41	III
5.	Fund Transfer Facilities	283	2.83	VI	339	3.39	IV
6.	Electronic alert	281	2.81	VII	323	3.23	VI
7.	E-Statement facilities	286	2.86	V	318	3.18	VIII
8.	Balance Enquiry Services	275	2.75	VIII	322	3.22	VII
9.	Account opening Services	271	2.71	IX	277	2.77	IX
10.	Investment Services	258	2.58	X	253	2.53	X

Source: primary data

Table 4 reveals that the customer satisfaction based on the E-Banking services of public and private sector banks.

**Public sector banks:** Using Likert scaling technique, the researcher interpreted the collected data. It was observed that the E-banking services 'Credit card services' has secured 322 score and got first rank, 'Online Banking' has secured 303 score and got second rank, 'ATM/Debit card services' has secured 296 score and got third rank, 'Payment of bill Services' has secured 291 score and got fourth rank, 'E-Statement facilities' has secured 286 score and got fifth rank, 'Fund Transfer Facilities' has secured 283 score and got sixth rank, 'Electronic alert' has secured 281 score and got seventh rank, 'Balance Enquiry Services' has secured 275 score and got eighth rank, 'Account opening Services' has secured 271 score and got ninth rank and 'Investment Services' has secured 258 score and got tenth rank.

**Private sector banks:** Using Likert scaling technique, the researcher interpreted the collected data. It was observed that the E-banking services 'Online Banking' has secured 355 score and got first rank, 'ATM/Debit card services' has secured 344 score and got second rank, 'Payment of bill Services' has secured 341 score and got third rank, 'Fund Transfer Facilities' has secured 339 score and got fourth rank, 'Credit card services' has secured 324 score and got fifth rank, 'Electronic alert' has secured 323 score and got sixth rank, 'Balance Enquiry Services' has secured 322 score and got seventh rank, 'E-Statement facilities' has secured 318 score and got eighth rank, 'Account opening Services' has secured 277 score and got ninth rank and 'Investment Services' has secured 253 score and got tenth rank.

**Inference:** It was inferred that the public sector bank customers are highly satisfied with their 'Credit card services' and got first rank with the score of 322 and private sector bank customers are highly satisfied with their 'Online Banking' and got first rank with the score of 355.

#### V. Customer satisfaction based on the service quality of public and private sector banks

The customer satisfaction towards the service quality of public and private sector banks are analysed using Chi-square test based on the following hypothesis and presented on the following table.

**H<sub>0</sub>** = There is no difference between the customer satisfaction level of public and private banks based on 5 dimension of service quality.

**H<sub>1</sub>** = There is a difference between the customer satisfaction level of public and private banks based on 5 dimension of service quality.

**Table 5: Customer satisfaction based on 5 dimensions of service quality of the banks**

S. No	Service Quality	Public banks	Private banks	χ <sup>2</sup> value	Critical value	Result
		Mean	Mean			
1.	Tangibility	2.60	3.66	24.6093	9.488 Df=4	<b>H<sub>0</sub> Rejected</b>
2.	Reliability	2.46	3.74	37.3489		<b>H<sub>0</sub> Rejected</b>
3.	Responsiveness	2.54	3.56	24.9319		<b>H<sub>0</sub> Rejected</b>
4.	Assurance	2.50	3.48	23.2527		<b>H<sub>0</sub> Rejected</b>
5.	Empathy	2.53	3.24	12.8257		<b>H<sub>0</sub> Rejected</b>

Source: primary data

Table 5 reveals that the customer satisfaction is based on the service quality of public and private sector banks. As compared with Public sector banks, Private sector banks got higher mean value of 3.66, 3.74, 3.56, 3.48 and 3.24 for the dimensions "Tangibility", "Reliability", "Responsiveness", "Assurance" and "Empathy" respectively. It was inferred that the customers of private banks are highly satisfied based on 5 dimension of service quality.

**Chi-square Test Result:**

**Tangibility:** As per the results of chi-square test the table value for degrees of freedom 4 at 5% level of significant is 9.488 and the calculated value is 24.6093. The calculated value is greater than the table value of Chi-square distribution. Hence the null hypothesis is rejected. It was concluded that there is a difference between customer satisfaction level of public and private banks based on tangibility of service quality.

**Reliability:** As per the results of chi-square test the table value for degrees of freedom 4 at 5% level of significant is 9.488 and the calculated value is 37.3489. The calculated value is greater than the table value of Chi-square distribution. Hence the null hypothesis is rejected. It was concluded that there is a difference between customer satisfaction level of public and private banks based on Reliability of service quality.

**Responsiveness:** As per the results of chi-square test the table value for degrees of freedom 4 at 5% level of significant is 9.488 and the calculated value is 24.9319. The calculated value is greater than the table value of Chi-square distribution. Hence the null hypothesis is rejected. It was concluded that there is a difference between customer satisfaction level of public and private banks based on Responsiveness of service quality.

**Assurance:** As per the results of chi-square test the table value for degrees of freedom 4 at 5% level of significant is 9.488 and the calculated value is 23.2527. The calculated value is greater than the table value of Chi-square distribution. Hence the null hypothesis is rejected. It was concluded that there is a difference between customer satisfaction level of public and private banks based on Assurance of service quality.

**Empathy:** As per the results of chi-square test the table value for degrees of freedom 4 at 5% level of significant is 9.488 and the calculated value is 12.8257. The calculated value is greater than the table value of Chi-square distribution. Hence the null hypothesis is rejected. It was concluded that there is a difference between customer satisfaction level of public and private banks based on Empathy of service quality.

**VI. Overall customer satisfaction level of Public and Private sector banks**

Overall customer satisfaction level of public and private sector banks are analysed using T test based on the following hypothesis and presented in the following table.

**H<sub>0</sub>** = There is no difference between Overall customer satisfaction level of public and private sector banks.

**H<sub>1</sub>** = There is a difference between Overall customer satisfaction level of public and private sector banks.

**Table 6: Overall Customer Satisfaction level of Public and Private sector banks**

S. No	Particulars	Public banks		Private banks		t value	p value
		Mean	SD	Mean	SD		
1.	Easy Access	3.38	1.237	3.02	1.537	1.951	0.02694
2.	Simple account opening procedure	3.04	1.348	3.52	1.259	-2.002	0.02400
3.	Effective online banking services	2.54	1.267	3.29	1.351	-3.794	0.00013*
4.	Various loan facilities & interest rates	3.28	1.393	2.58	1.394	2.880	0.00244*
5.	Good employees assistance	3.30	1.439	3.89	1.205	-2.824	0.00287*
6.	Speed and Prompt service	3.04	1.205	3.62	1.221	-3.633	0.00022*
7.	Quick response to complaints	2.83	1.415	3.46	1.520	-3.004	0.00169*
8.	Safety and security	2.67	1.422	3.33	1.341	-3.341	0.00059*
9.	Privacy	3.59	1.319	2.94	1.413	3.578	0.00027*
10.	Overall customer satisfaction level	2.99	1.494	3.42	1.408	-1.758	0.04095*

Source: primary data p value < 0.05\*

Table 6 reveals the overall customer satisfaction level of public and private sector banks. As compared with public sector banks, private sector banks got higher mean value of 3.52, 3.29, 3.89, 3.62, 3.46, 3.33 and 3.42 for customer satisfaction based on "Simple account opening procedure", "Effective online banking services", "Good employees assistance", "Speed and Prompt service", "Quick response to complaints", "Safety and security" and "Overall customer satisfaction level" respectively. It was inferred that on these basis, customers are highly satisfied with private bank. Public sector banks got higher mean value of 3.38, 3.28 and 3.59 for customer satisfaction based on "Easy Access", "Various loan facilities & interest rates" and "Privacy". It was inferred that on these basis customers are highly satisfied with public bank.

**T Test Result:**

The t value for "Easy Access", "Simple account opening procedure", "Effective online banking services", "Various loan facilities & interest rates", "Good employees assistance", "Speed and Prompt service", "Quick response to complaints", "Safety and security", "Privacy" and "Overall customer satisfaction level" are greater than its critical value and its p value is also less than the significant level 0.05. Hence the null hypothesis is rejected. It was inferred that there is a difference between customer satisfaction level of public sector banks and private sector banks.



## FINDINGS

The researcher has interpreted the data and summarized the findings. They are listed below.

- Majority (36%) of the respondents is State Bank of India customers and Majority (31%) of the respondents is Karur Vysya bank customers.
- Majority (25%) of the respondents of public sector banks are holding account for 5 to 7 years and Majority of (26%) of respondents of private sector banks are holding account for 2 to 4 years.
- Customers of Public sector banks are highly satisfied with their 'Savings a/c' and got first rank with the score of 361 and private sector bank customers are also highly satisfied with their 'Savings a/c' and got first rank with the score of 376.
- Public sector bank customers are highly satisfied with their 'Credit card services' and got first rank with the score of 322 and private sector bank customers are highly satisfied with their 'Online Banking' and got first rank with the score of 355.
- Customers of private banks are highly satisfied based on 5 dimensions of service quality.
- Based on the chi-square test, the Null hypothesis is rejected. Hence, it was concluded that there is a difference between the customer satisfaction level of public and private banks based on 5 dimension of service quality.
- As per the result of T test, null hypothesis formed to evaluate the customer satisfaction level is rejected. It was inferred that there is a difference between customer satisfaction level of public sector banks and private sector banks.
- Private sector bank customers are highly satisfied based on "Simple account opening procedure", "Effective online banking services", "Good employees assistance", "Speed and Prompt service", "Quick response to complaints", "Safety and security" and "Overall customer satisfaction level".
- Public sector bank customers are highly satisfied based on "Easy Access", "Various loan facilities & interest rates" and "Privacy".

## CONCLUSION

In this study, customer satisfaction towards public and private sector banking services in Madurai city has been analysed based on 'Products & services', 'E-Banking services', 'Service quality' and 'overall customer satisfaction level'. This study also helps to know the services preferred greatly by the customers of public and private sector banks. This study also helps to improve the quality of products and services offered by public and private sector banks.

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