



Article : Consumer Perception and Satisfaction of Banking Products and Services – A Comparative Study of Select Indian Public and Private Sector Banks

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INTRODUCTION

The Indian banking sector has played a stellar role in channelising savings of the household and the industry to productive investment avenues in an efficient manner and has been instrumental in the economic development of the country. The liberalization of the banking sector since 1991, has been a key contributory factor in the improved efficiency and competitiveness of the Indian banking sector. One of the key developments in the banking sector is the increased adoption of technology to better meet customer requirements, improve efficiencies, reduce costs and ensure customer delight. Though it was the private sector and foreign banks which pioneered the technological revolution in Indian banking, the public sector banks have also begun to implement technological solutions in a rapid scale in order to attract and retain customers. Net banking, phone banking, self service ATM's, NEFT, RTGS etc., are not merely buzzwords but have become ubiquitous. With the emergence of alternative investment avenues and the growing number of institutions offering savings and investment advice, banks have come to understand that it is customer satisfaction and delight which would ultimately decide their success and profitability and are therefore taking steps to understand and satisfy needs of the customers by designing processes, systems in tune with changing customer requirements. Innovative strategies to attract and retain customers have become a key focus area of the top management and this trend is set to continue. Considering the fact that in the new economy, mind share leads to market share and mind share is influenced not only by the promotions and advertisements but more importantly on favourable customer perception which in turn is based on satisfaction with regard to products, services and interaction, this paper is an attempt to study the levels of customer satisfaction in the public and private sector banks.

1.1 Need for the Study: The banking sector in India in the earlier days was the prime destination for savings and investment. That situation has undergone a dramatic change in the modern age. Today, there are various avenues for savings and investment and banks have also diversified their range of operations to merchant banking, investment advisory services, wealth management, marketing of insurance products, export finance and the like. With the liberalization of the banking sector and the growing number of banking institutions, the competitive intensity in the Indian banking sector is of a magnitude never witnessed before. In this highly competitive environment, meeting customer expectations and ensuring customer satisfaction is extremely important for the survival and sustenance of banking institutions. Therefore this study was undertaken to ascertain the level of customer satisfaction with regard to products and services offered by public and private sector banks. The findings of the study would help the banking sector to shore up their strengths and remedy their shortcomings.

1.2 Objectives of the Study: The research paper has the following objectives:

- (i) To ascertain the factor influencing customer satisfaction.
- (ii) To find out the extent of customer satisfaction.
- (iii) To identify the strategies that would enable banks to satisfy customers as well as improve their market share.

1.3 Research Methodology: The study is descriptive in nature and was conducted in Chennai city during January 14 2011 to March 10, 2011. The sample consisted to three public sector banks and three private sector banks. Information was collected from the customers of the banks through a structured undisguised questionnaire. The questionnaire contained Likert scale questions with weights assigned based on the importance of the respective factors.

The public sector banks chosen for the study were:

- (i) State Bank of India
- (ii) Indian Bank
- (iii) Canara Bank

The private sector banks chosen for the study were:

- (i) ICICI Bank
- (ii) HDFC Bank
- (iii) Axis Bank

The total sample size was 250 respondents and information was collected from 125 customers of private sector banks and 125 respondents from public sector banks.

Factor analysis was used to identify the satisfying factors and the factors causing dissatisfaction among customers of private sector and public sector banks. The initial step was preparation of the correlation matrix to find out the inter correlation among the variables considered for the study. The factor model was then chosen and Principal Component Analysis was used. In order to ensure that each factor is independent of other factors, orthogonal factors were used.

Factors Considered for Factor Analysis:

The factor considered for factor analysis to ascertain satisfaction or dissatisfaction were:

- (i) Ambience of the branch
- (ii) Accessibility of the branch
- (iii) Parking Facility
- (iv) Time taken for opening an account
- (v) Time taken for withdrawal
- (vi) Time taken for deposit of money
- (vii) Level of computerization
- (viii) Range of products and services
- (ix) Brochures and other publications
- (x) Interaction in terms of customer meets
- (xi) General atmosphere in the branch
- (xii) Advertising and promotional measures
- (xiii) Seating facility
- (xiv) Layout of facilities
- (xv) Courtesy of staff
- (xvi) Manning of counters
- (xvii) Efficiency of staff
- (xviii) Quality of interaction of staff with customers
- (xix) Service charges
- (xx) Interest offered on savings and charged on loans

The rotation of factors was done through varimax rotation and the results are shown in Tables 1 and 3 for public sector bank customers and Tables 2 and 4 for private sector bank customers

Table 1 Eigen and Percentage Value for Public Sector Bank Customers

Variable	Eigen Value	Percentage of Variance	Cumulative Percentage
1	4.60604	25.9	25.9
2	3.34560	14.7	40.6
3	1.74516	11.4	52.0
4	1.37637	8.9	60.9
5	1.32138	7.7	68.6
6	1.24784	5.2	73.8
7	0.94358	4.1	77.9
8	0.84738	3.7	81.6
9	0.76425	3.3	84.9
10	0.72624	2.8	87.7
11	0.62731	2.5	90.2
12	0.52353	1.9	92.1
13	0.43723	1.6	93.7
14	0.36823	1.4	95.1
15	0.35363	1.3	96.4
16	0.22753	1	97.4
17	0.25875	0.9	98.3
18	0.21677	0.7	99.0
19	0.16437	0.6	99.6
20	0.11621	0.1	100

Table 2 Eigen and Percentage Value for Private Sector Bank Customers

Variable	Eigen Value	Percentage of Variance	Cumulative Percentage
1	4.01362	21.5	21.5
2	2.48462	14.7	36.2
3	1.84534	9.9	46.1
4	1.67145	8.8	54.9
5	1.38124	6.9	61.8
6	1.28753	5.8	67.6
7	0.95654	5.5	73.1
8	0.84334	4.8	77.9
9	0.78653	3.9	81.8
10	0.77624	3.5	85.3
11	0.72131	2.9	88.2
12	0.68353	2.6	90.8
13	0.63654	2.1	92.9
14	0.58454	1.8	94.7
15	0.51535	1.6	96.3
16	0.48565	1.2	97.5
17	0.38567	0.9	98.4
18	0.21677	0.7	99.1
19	0.15856	0.6	99.7
20	0.11364	0.3	100

Table 3 Rotated Factor Matrix (Public Sector Bank's Customers)

	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	Factor 6
1	0.16483	0.81723	0.07216	0.21634	0.01706	-0.24763
2	0.70382	0.12867	0.36882	0.02610	-0.05893	0.00424
3	0.80363	0.09014	0.11163	-0.11856	0.23465	0.09742
4	0.88026	0.09156	0.01904	0.02243	0.18384	0.07423
5	0.26234	0.40165	-0.17421	0.16582	0.46328	0.01583
6	0.54376	0.04503	-0.12726	0.37893	0.03123	0.48234

7	0.24372	0.08346	-0.02932	0.01664	0.78326	-0.07234
8	0.04267	0.00642	0.27242	0.04969	0.73472	0.18328
9	0.00289	-0.03451	0.22537	0.76783	0.14382	0.02874
10	0.07254	0.35672	0.20126	0.62742	-0.32936	0.03763
11	-0.14562	0.20352	0.01657	0.54264	0.26149	0.07345
12	0.08939	0.08326	0.07553	0.19563	0.01846	0.74390
13	0.07625	0.24668	0.48274	0.49243	-0.03274	0.06239
14	0.15634	0.25534	0.79261	0.34965	-0.01037	-0.15743
15	0.04362	0.05432	0.65347	0.26135	0.17463	0.09932
16	0.27685	0.19172	0.70121	-0.00186	0.07026	0.23012
17	0.20654	0.60362	0.32541	-0.09483	0.14723	0.38564
18	0.06476	0.75367	0.19843	-0.04567	0.01493	0.11423
19	-0.16253	0.71219	0.17825	0.35876	-0.12103	0.10432
20	-0.05345	0.33925	0.49003	-0.02543	0.47284	-0.36429

Note: Columns = Factors

Rows = Variables

Table 4 Rotated Factor Matrix (Private Sector Bank's Customers)

	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	Factor 6
1	0.25830	0.05358	0.24657	-0.57252	0.46782	0.24781
2	0.68422	0.16386	-0.73221	-0.14273	0.28364	-0.14582
3	0.89236	0.13954	0.00833	0.10234	-0.2906	-0.09372
4	0.85375	0.04837	0.12928	0.02163	-0.45983	0.06387
5	0.09363	0.05122	0.72636	-0.16632	0.08367	0.26583
6	0.23491	-0.05780	0.58392	0.17353	0.35329	0.15487
7	-0.28314	0.19437	0.73246	0.22763	-0.05673	-0.53939
8	0.03142	0.12745	0.42711	0.53762	0.14376	-0.04938
9	-0.12646	0.00328	0.13274	-0.13273	0.16347	0.64693
10	0.09523	0.13487	0.17453	0.05372	0.63537	0.16484
11	-0.06598	0.08944	0.02364	0.26463	0.74526	-0.4094

12	0.14247	-0.00873	-0.25438	0.67326	0.37262	0.45902
13	0.13753	0.15393	0.04272	-0.06732	0.32659	0.03483
14	0.03115	0.30264	0.26382	0.15379	-0.16734	0.60289
15	0.15974	0.10458	-0.0148	-0.04732	0.0376	0.05838
16	0.37284	0.49272	-0.14284	-0.03762	0.12658	0.10430
17	0.15327	0.74532	0.01845	-0.00426	-0.06489	0.08392
18	0.24768	0.58382	0.13135	0.15972	0.15347	-0.00532
19	-0.10443	0.83232	0.03765	0.09456	0.17865	0.00184
20	-0.00357	0.20487	0.16365	0.70267	0.16032	-0.11432

Note: Columns = Factors

Rows = Variables

To ascertain as to which of the parameters are ranked the most satisfying and dissatisfying the factor wise average scores from the five point Likert scale was calculated . The satisfaction level of the public sector bank customers on various parameters is shown in Table 5 and the satisfaction level of private sector bank customers is shown in Table 6

Table 5 Satisfaction Level of Customers of Public Sector Banks

Sl.No.	Activity	Average Satisfaction Score
1	Time taken for opening an account	3.85
2	Time taken for withdrawal	3.62
3	Time taken for deposit of money	3.34

4	Service Charges	3.21
5	Ambience of the Branch	2.69
6	Interest offered on savings and charged on loans	2.58
7	Level of computerisation	2.41
8	General atmosphere in the branch	2.37
9	Quality of interaction of staff with customers	2.31
10	Accessibility of the branch	2.27
11	Courtesy of staff	2.24
12	Efficiency of staff	2.19
13	Manning of counters	2.14
14	Layout of facilities	2.05
15	Seating facility	2.01
16	Range of Products and Services	1.92
17	Brochures and other publications	1.85
18	Interaction in terms of customer meets	1.63
19	Parking Facility	1.41
20	Advertising and promotional measures	1.29

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Considering the score of 4 and above as high satisfaction, we can infer that in none of the parameters, customers of public sector banks have expressed high satisfaction. Considering the score of 3 and above as moderate satisfaction, it is apparent that in the following four parameters customers have expressed moderate satisfaction:

- (i) Time taken for opening an account
- (ii) Time taken for withdrawal
- (iii) Time taken for deposit of money
- (iv) Service charges