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"CUSTOMER PERCEPTION TOWARDS VALUE-ADDED SERVICES OF SELECTED COMMERCIAL BANKS: A COMPARATIVE STUDY OF SBI AND ICICI BANK IN CUDDALORE DISTRICT"

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ABSTRACT

The banking industry has undergone substantial transformation with the growth of information technology, electronic delivery channels and customer-oriented financial services. In the contemporary banking environment, customers evaluate banks not only on the basis of conventional deposit and credit facilities but also on the availability, accessibility, reliability and security of value-added services. The present study examines customer perception towards value-added services offered by selected commercial banks, with specific reference to State Bank of India (SBI) and ICICI Bank in Cuddalore district. The study was undertaken during January 2025 to March 2025.

KEYWORDS : *Customer perception, value-added services, commercial banks, SBI, ICICI Bank, service quality, information quality, responsiveness, assurance, reliability.*

1. INTRODUCTION

Banking is fundamentally a service-oriented activity in which the quality of interaction between the institution and its customers has a direct influence on customer perceptions and the continuing relationship between the two parties. Commercial banks provide a broad range of financial services through branches, automated channels and electronic platforms. The growth of technology has changed the traditional structure of banking by allowing customers to conduct transactions without depending exclusively on physical branches. The project on which this paper is based observes that conventional branch-based banking is declining in relative importance as customers increasingly use electronic delivery channels from their homes and other convenient locations. Information technology has also enabled banks to expand their product ranges and market their services more effectively.

Value-added services have become an important component of banking differentiation. Services such as insurance, mutual funds, electronic payments, fund transfers, e-ticketing, quick shopping, online tax payments, demat-related services and electronic transfer mechanisms provide customers with facilities beyond traditional deposit and lending activities. The questionnaire used in the study specifically included insurance, mutual funds, RTGS, e-payment, fund transfer, demand transfer, e-ticketing, demat account statements, quick shopping and online tax payment.

The growth of value-added services has also increased the importance of perceived service quality. Customers may accept a service only when they believe that it is useful, accessible, secure, dependable and appropriately communicated. A technologically sophisticated service may fail to create customer value if customers do not understand how to use it, do not trust its security, or experience delays and service failures. Thus, banks must address both technological and human aspects of service delivery.

The present study focuses on two major commercial banks operating in the study area: State Bank of India (SBI), representing the public sector, and ICICI Bank, representing the private sector. The Study that these banks were selected because of their branch presence and customer base in Cuddalore district.

The study is significant because it provides an empirical assessment of how customers perceive value-added banking services and identifies areas where banks need to improve. In a competitive banking environment, understanding customer perceptions can help banks design appropriate communication strategies, develop relevant products, strengthen employee capabilities and improve service delivery.

BACKGROUND OF THE STUDY

Changing Nature of Banking Services

Traditional banking was predominantly branch-centred, with customers visiting bank premises to deposit money, withdraw funds, transfer money and obtain information. The development of information technology has changed this pattern. Customers can increasingly access services through ATMs, internet banking, mobile banking and other electronic channels.

The project recognizes this transformation and argues that the traditional branch network is increasingly being supplemented by electronic delivery mechanisms. Banks can deliver certain products and services more efficiently through technology, while customers benefit from convenience and accessibility. However, the project also emphasizes that technology alone does not automatically create competitive advantage. Technology has to be integrated with organisational strategy, employee capabilities and appropriate management systems.

This observation is particularly relevant to value-added services. A bank may offer a wide portfolio of electronic and ancillary services, but customers must be aware of those services and perceive them as reliable and useful.

Value-Added Services in Banking

Value-added services represent additional services and facilities designed to enhance the customer's overall banking experience. In the study questionnaire, the service portfolio included:

- Insurance, Mutual funds, RTGS, E-payment, Fund transfer, Demand transfe, E-ticketing
- Demat account statements
- Quick shopping
- Online tax payment

The Study describes value-added services as activities performed to satisfy customer demands and indicates that convenience and comfort are important factors in customer evaluation of such services.

REVIEW OF LITERATURE

Previous studies reviewed in the project provide a foundation for examining customer perceptions of banking services.

Teas and Wong (2006), in their study of customer perceptions of retail bank service delivery systems, identified convenience and accessibility as important elements of retail banking service. Their discussion included bank statements, communication, ATMs, range of services and branch-related characteristics. The study therefore provides a basis for considering both physical and electronic dimensions of customer service.

Bejon and Palmer (2006), while studying service failure and loyalty, highlighted service failures, pricing issues and desired services as factors influencing customer switching behaviour. The project notes that service failures may involve inaccessibility, mistakes, inflexibility and unprofessional behaviour. This is relevant to banking because reliability and responsiveness are central to maintaining customer confidence.

Mohanty (2007), in examining customer service in banks, identified inefficiency, discourtesy, poor punctuality and inappropriate employee behaviour as customer-service problems and emphasized the importance of effective grievance redressal.

Aktan, Teker and Errosy (2008) examined the development of internet usage in financial services and reported increasing use of internet-based financial transactions. Their work supports the broader argument that technology has become an important component of modern banking services.

Perpreya (2008) emphasized the usefulness of internet banking for prompt payments and 24-hour access while also recognizing concerns related to security. The study's emphasis on affordability and security is closely related to the assurance dimension used in the present research.

Arora (2008) examined bank-selection criteria across public, private and foreign banks and found that convenience, speed of service, reputation, mechanisation and personalized service were relevant to customer choice. Private-sector bank customers were particularly influenced by efficient and speedy services.

Kumar (2009) discussed the development of computerisation in banking and the transition towards inter-bank connectivity and RTGS. The study highlighted the need for continued improvement and stabilisation of technological processes in Indian banking.

Hasanbanu (2009) examined customer service in rural banks and reported that customers expected speed, courtesy and concern. Prompt service, accuracy and courteous service were highly ranked, while promotion of new schemes and certain other services were perceived less favourably.

Sultan Singh (2009) examined customer service in public-sector banks and identified branch characteristics, variety of services, rates and charges, systems and procedures, computerisation, complaint redressal and employee skills as factors influencing customer service and satisfaction.

Mohammed Al-Hawari and colleagues (2010) examined automated banking service quality using confirmatory factor analysis and highlighted the importance of considering multiple automated delivery channels when assessing banking service quality.

Sharad Kumar (2010) emphasized innovation in customer service and argued that customer satisfaction contributes to stability and growth. The study identified e-banking, ATMs and anywhere banking as examples of innovations that support customer-oriented banking.

Venkatesh et al. (2011) discussed the changing competitive environment of Indian banking and emphasized innovative banking services supported by technology.

Sai Krishna (2011) argued that increasing competition and technological development require banks to maintain efficient operating standards and that information about customer needs and preferences is important for success.

Saji, Biju and Alena (2018) used the SERVQUAL framework to examine service quality and customer satisfaction in banking, employing dimensions such as tangibility, reliability, responsiveness, assurance and empathy.

Sindwani and Goel (2019) reviewed electronic banking service-quality measurement and identified a lack of consensus regarding appropriate scales for measuring e-banking service quality. Their observation supports the need for context-specific assessment of customer perceptions.

Raijajarvinen, Vocevi and Lehtinen (2020) discussed services, e-services and e-service innovations and considered banking, insurance and financial-advice services among modern electronic services.

Narendra Kumar and Mohan Kumar (2020) examined bank computerisation and customer service and emphasized that customer education is necessary to realise the benefits of computerisation.

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OBJECTIVES OF THE STUDY

1. To study the various services rendered by commercial banks in India.
2. To analyse customers' perceptions towards the services of selected commercial banks in Cuddalore district.
3. To identify the major value-added services used by customers of SBI and ICICI Bank.

RESEARCH METHODOLOGY

Research Design

The study follows a descriptive and analytical research design. It describes customer characteristics and usage patterns and subsequently analyses differences in perceptions across demographic and banking-related variables.

Study Area

The project identifies **Cuddalore district** as the study area. SBI was selected as the public-sector bank and ICICI Bank as the private-sector bank.

There is, however, a terminology inconsistency in the source project: its original chapter title and questionnaire refer to "Chidambaram Town," while the objectives, methodology, scope and conclusion refer to "Cuddalore district." This journal version follows the methodology and conclusion sections and therefore uses **Cuddalore district** as the study area.

Period of the Study

The study covers the period from **January 2025 to March 2025**

Data Sources

Both primary and secondary data were used.

Primary data were collected through an interview schedule administered to bank customers. Secondary information was obtained from books, journals, periodicals and websites, as reported in the original project.

Sampling

The Pilot states that 100 respondents were intended to be selected, with 83 respondents from each bank.

However, the analytical tables in the project report **83 valid respondents**, consisting of 50 ICICI Bank customers and 33 SBI customers. Therefore, the present paper reports the statistical findings on the basis of the **83 respondents actually represented in the analysis**.

Statistical Tools

The project reports the use of:

- Independent-samples *t*-test
- One-way ANOVA
- Factor analysis

These tools were used to identify differences in customer perceptions and examine the dimensions of value-added service quality.

RESULTS AND ANALYSIS

Bank-wise Distribution

Among the 83 respondents represented in the analytical tables, 50 customers, or 60.2%, were ICICI Bank customers, while 33 customers, or 39.8%, were SBI customers.

Bank	Respondents	Percentage
ICICI Bank	50	60.2
SBI	33	39.8
Total	**83**	**100.0**

The sample therefore contains a larger proportion of ICICI customers. This should be considered when interpreting bank-wise comparisons.

Type of Bank Account

Savings accounts represented the largest category, with 47 respondents or 56.6%. Recurring deposits accounted for 16.9%, fixed deposits 14.5%, current accounts 8.4% and loan accounts 3.6%.

Table 2. Type of Account

Account Type	Respondents	Percentage
Savings account	47	56.6
Recurring deposit	14	16.9
Fixed deposit	12	14.5
Current account	7	8.4
Loan	3	3.6
Total	**83**	**100.0**

The dominance of savings accounts indicates that the study primarily reflects the perceptions of retail banking customers.

Length of Banking Relationship

The largest group of respondents had maintained their bank accounts for five to ten years, accounting for 57.8%. Customers with less than five years of relationship accounted for 39.8%, while only 2.4% had been customers for more than ten years.

This indicates that a substantial proportion of respondents had sufficient experience with their banks to form perceptions of value-added services.

Usage of Value-Added Services

The reported usage of individual value-added services is presented below.

Table 3. Value-Added Services Availed

Value-Added Service	Respondents	Percentage
Insurance	70	84.3
Mutual fund	11	3
RTGS	2	2.4
E-payment	25	30.1
Fund transfer	24	28.9
Demand transfer	4	4.8
E-ticketing	56	67.5
Demat account statement	4	4.8
Quick shopping	58	69.9
Online tax payment	5	6.0

Source: Primary data as reported in the project.

Insurance was the most widely availed service, used by 84.3% of respondents. Quick shopping was used by 69.9%, while e-ticketing was used by 67.5%. E-payment and fund transfer were used by 30.1% and 28.9%, respectively. Mutual funds were used by 3%. RTGS recorded the lowest usage at 2.4%.

The pattern suggests that customers were more likely to use services that provide direct and easily understood benefits, while specialised financial and transfer services recorded comparatively lower usage. However, the data show usage only and should not be interpreted as evidence of causal factors.

Summary of Major Statistical Findings

Table 4. Selected Significant Differences

Variable	Comparison	Test statistic	Significance	Interpretation
Information quality	Education	F = 3.981	.011	Significant
Information quality	Monthly income	F = 11.234	<.001	Significant
Reliability	Age	F = 6.903	<.001	Significant
Reliability	Education	F = 3.983	.011	Significant
Reliability	Gender	t = 2.072	.041	Significant
Product portfolio	Marital status	t = −2.125	.037	Significant
Assurance	Gender	t = −2.972	.004	Significant
Assurance	Bank	t = −3.398	.001	Significant

Source: Statistical tables reported in the project.

The findings show that customer perception is not uniform across all demographic groups. Certain dimensions are sensitive to education, income, gender, marital status and age. At the same time, several bank-level comparisons are statistically similar, suggesting that customers of SBI and ICICI share broadly comparable perceptions in several areas.

DISCUSSION

The findings of the study indicate that the adoption and perception of value-added services are multidimensional. Customers do not evaluate these services solely on the basis of availability. Their perceptions are shaped by the quality of information provided, the responsiveness of employees and systems, the breadth of the service portfolio, the level of assurance and the reliability of service delivery..

Managerial Implications

The findings have several practical implications for commercial banks.

Strengthen Customer Awareness, Provide Timely Information on New Services, Expand the Product Portfolio, Improve Employee Training, Establish Dedicated Service Support, Improve Electronic Fund Transfer Accessibility, Build Customer Trust and Security

CONCLUSION

The study's overall conclusion is that information quality, assurance and responsiveness deserve particular attention from commercial banks. Banks should not assume that simply offering technologically enabled services will automatically generate customer satisfaction. Effective value creation requires a combination of technology, communication, employee competence, security, reliability and customer education.

The study therefore recommends stronger awareness campaigns, regular SMS and other customer communications, introduction of customer-oriented products, staff training, dedicated value-added service counters and improved access to electronic fund-transfer services.

LIMITATIONS OF THE STUDY

The sample is limited to selected customers in the study area. The findings may therefore differ in other districts, states or banking markets,

The study covers a relatively short period, January to March 2025. Customer perceptions may change over time as banks introduce new services and technologies.

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