

A Comparative Study on Consumer Attitude Towards Services of Public & Private Sector Banks: A Survey

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Abstract: The banking sector mirrors the larger economy, its linkages to all sectors make it a proxy for what is happening in the economy as a whole. To analyze the difference in the attitude of the respondents towards the convenience of the services with respect to age, gender and significant role of financial services on the choice of the banks among the respondents with respect to income a survey study was conducted in 5 cities (Delhi, Mumbai, Indore, Bhopal & Rewa). A sample of 300 respondents was selected on the basis of convenience sampling. The same numbers of questionnaires were distributed among them, data analysis and statistical testing was based on the responses. Public sector banks included in the study were SBI, Central Bank of India, Union Bank, whereas HDFC, AXIS bank, ICICI Bank were the private sector banks included in the study. Criteria of Analysis and Interpretation was based on the services such as easy terms and conditions, fully automated/computerized, courteous and friendly people, use of local language by the employee, maintenance of error free records, suitable timing, ATM services in multiple locations, Net banking facilities etc. Data was tabulated and analyzed using frequency, mean and percentage and other statistical tools. On the basis of observations and results it can be concluded that people prefer easy terms and conditions, courteous and friendly employees who are well versed with local language. Suitable timing, ATMs at multiple locations & Net banking were important factors for the success of the bank. On the basis of age majority of respondents have preferred public sector banks but it was slightly higher than private sector banks. Males have shown high preference for private sector banks and females have shown high preference for both kinds of bank. The people in the income group above 80000 have shown high preference for the public sector banks.

Keywords: Banking, Economy, Private sector bank, Fully Automated/Computerized services.

Introduction

The ongoing developments in Indian industry and government and the integration of India with the global markets offer myriad opportunities to the banking sector. Companies and governments are increasingly seeking high-quality banking services to improve their own operating efficiency. Companies seek to offer better customer service and maximize shareholder returns and governments seek to improve the quality of public services. The internationalization of India offers banks the opportunity to service cross-border needs of Indian companies and India-linked needs of multinationals.

Demographic shifts in terms of income levels and cultural shifts in terms of lifestyle aspirations are changing the profile of the Indian consumer. This is and will be a key driver of economic growth going forward. The Indian consumer now seeks to fulfill his lifestyle aspirations at a younger age with an optimal combination of equity and debt to finance consumption and asset creation. This is leading to a growing demand for competitive, sophisticated retail banking services. The consumer represents a market for a wide range of products and services he needs a mortgage to finance his house; an auto loan for his car; a credit card for ongoing purchases; a bank account; a long-term investment plan to finance his child's higher education; a pension plan for his retirement; a life insurance policy the possibilities are endless.

The current emphasis is on providing alternative channels of delivery like ATMs, tele-banking, internet banking, etc. The banker as known till now will have to transform into a versatile, marketing-savvy professional with sufficient knowledge about the products and services (e.g., mutual funds, insurance products, pension funds, smart cards, loans, private banking, etc) competitor charges, customer preferences, and modes of delivery.

Literature review:- Customer evaluation services as poor if it does not meet their expectations (oliver,1980). Mark Arend (1991) conducted the study on—High-tech branches streamline customer service and found that the banks are automating the delivery of information at the branches with customer-friendly technology. As per him technology is the factor that can enhance customer service through 24-hour banking and customer will have its advantages only.^{1,2} James L. Walker (1995) said that by identifying and separating the peripheral and core dimensions of services, by explicitly considering the evaluation process over time, by implementing the concept of active and passive expectations within a service encounter, and by incorporating a consumer's zone of indifference, a more realistic decision process for consumer evaluations of services comes forth.³ Richard A. Spreng, Gilbert D. Harrell, Robert D. Meckoy (1995) observed across a variety of service industries, and said that customers who have experienced problems with service suppliers are often dissatisfied with the ways in which the problems are resolved. Martin Fojt (1995) in his study said that an effective system enables companies to travel a virtuous circle; an image of efficiency creating customer satisfaction and generating additional business.⁴ As per Colin Beasty(2005) satisfaction rate in customers of private banks is much higher than public sector banks and people will continue the mortgage with private banks then public because they're impressed by the level of honesty of private banks.⁵

Aims & Objectives:

- To analyze the difference in the attitude of the respondents towards the convenience of the services with respect to age.
- To analyze the difference in the attitude of the respondents towards the Bank staff with respect to gender.
- To study the role of financial services on the choice of the banks among the respondents with respect to income.

Hypothesis:

Hypothesis 1:- There is no significant difference in the attitude of the respondents towards the convenience of the services with respect to age.

Hypothesis 2:- There is no significant difference in the attitude of the respondents towards the convenience of the services with respect to gender.

Hypothesis 3:- There is no significant role of financial services on the choice of the banks among the respondents with respect to income.

Research methodology:

Research is imperative to collect data. Descriptive and analytical research methods are used to conduct this study. This study was conducted in various areas of Delhi, Mumbai, Indore, Bhopal and Rewa.

Data Collection-

Primary sources:-The primary source for data collection was questionnaire which contained likert type scale and it was used to elicit the response from the consumers to facilitate better analysis of data.

Secondary sources:- The secondary sources of data were Books, Magazines, Newspapers, and previous researches, and journals.

Sample design-

Two stage sampling was adopted for the study. In the first stage 5 cities were selected on judgement basis and respondents were categorized on the basis of age, gender, occupation, income and location. In second stage a sample of 300 respondents were selected on the basis of convenience sampling. The same numbers of questionnaires were distributed among them, data analysis and statistical testing was based on the responses. First of all the filled up questionnaires were coded and the master data sheet was prepared. Final data was tabulated and analyzed using frequency, mean and percentage and other statistical tools. Public sector banks included in the study were SBI, Central Bank of India, Union Bank, whereas HDFC, AXIS bank, ICICI Bank were the private sector banks included in the study.

Criteria of Analysis and Interpretation was based on the following services :-

- 1) Easy terms and conditions.
- 2) Fully automated/computerized.
- 3) Courteous and friendly people.
- 4) Use of local language by the employee.
- 5) Maintenance of error free records.
- 6) Suitable timing.
- 7) ATM services in multiple locations.
- 8) Net banking facility.
- 9) No charge for not maintaining minimum balance.

Observations & Results:**Table No. 1: Demographic Profile of the Respondents**

A)Age of Participants	Frequency	Percent
Upto 19 years	89	29.7
20-25 years	56	18.7
26-31 years	72	24
32- 37 years and above	83	27.7
Total	300	100
B) Gender of Participants	Frequency	Percent
Male	152	50.7
Female	148	49.3
Total	300	100
C) Income of Participants	Frequency	Percent
Upto 20000	87	29
21000 to 40000	55	18.3
40000 to 60000	29	9.7
60000 to 80000	35	11.7
Above 80000	94	31.3
Total	300	100
4) Occupation of Participants	Frequency	Percent
Business	29	9.7
Service	105	35
Self- employed	16	5.3
Housewives	59	19.7
Student	91	30.3
Total	300	100

5) Location of Participants	Frequency	Percent
Delhi	58	19.3
Mumbai	70	23.3
Indore	55	18.3
Bhopal	56	18.7
Rewa	61	20.3
Total	300	100

Source: Personal Survey work

Table no. 2: Participants responses towards 1. Easy Terms and conditions of bank:

Choice of the bank	Terms and conditions of banks are easy for me to understand.					Total
	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	
Private sector bank	11	9	7	40	33	100
Public sector bank	17	18	5	28	32	100
Both	13	19	3	41	24	100
Total	41	46	15	109	89	300

Table no. 3: Participants responses towards 2. Fully automatized operations.

Choice of banks	Its operations are fully automatic and computerized.					Total
	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	
Private sector bank	14	16	6	58	6	100
Public sector bank	27	14	5	42	12	100
Both	28	14	6	40	12	100
Total	69	44	17	140	30	300

Table no. 4: Participants responses towards 3. Courteous and friendly people.

Choice of the banks	It has courteous and friendly people.					Total
	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	
Private sector bank	13	23	15	41	8	100
Public sector bank	22	24	10	31	13	100
Both	20	28	13	25	14	100
Total	55	75	38	97	35	300

Table no. 5: Participants responses towards 4. Use of local language by the employee.

Choice of the bank	Use of local language makes me comfortable.					Total
	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	
Private sector bank	13	6	5	57	19	100
Public sector bank	20	14	7	40	19	100
Both	16	17	2	47	18	100
Total	49	37	14	144	56	300

Table no. 6: Participants responses towards 5. Maintenance error free records.

Choice of the bank	Its employees maintain error free records.					Total
	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	
Private sector bank	6	6	31	50	7	100
Public sector bank	8	8	41	30	13	100
Both	4	4	42	42	8	100
Total	18	18	114	122	28	300

Table no. 7: Participants responses towards 6. suitable timing.

Choice of the bank	I prefer this bank because its timing suits my routine.					Total
	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	
Private sector bank	3	11	13	54	19	100
Public sector bank	4	13	20	31	32	100
Both	2	8	16	42	32	100
Total	9	32	49	127	83	300

Table no. 8: Participants responses towards 7. ATM services in multiple locations.

Choice of the bank	I prefer this bank because it provides ATM services in multiple locations.					Total
	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	
Private sector bank	13	6	4	54	23	100
Public sector bank	12	4	0	49	35	100
Both	6	3	1	58	32	100
Total	31	13	5	161	90	300

Table no. 9: Participants responses towards 8. Net banking facility.

Choice of the bank	I prefer this bank because of its net banking facility.				Total
	Disagree	Neutral	Agree	Strongly agree	
Private sector bank	12	10	67	11	100
Public sector bank	12	12	63	13	100
Both	7	9	75	9	100
Total	31	31	205	33	300

Table no. 10: Participants responses towards 9. No charge for not maintaining minimum balance.

Choice of the bank	I prefer this bank as it does not charge for not maintaining minimum balance.					Total
	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	
Private sector bank	6	23	28	34	9	100
Public sector bank	8	35	20	29	8	100
Both	4	35	23	37	1	100
Total	18	93	71	100	18	300

Hypothesis Testing:**Table no. 11:- Hypothesis 1- There is no significant difference in the attitude of the respondents towards the convenience of the services with respect to age.**

Responses		Convenience					Total		
		Very Convenient	Conven-ient	Neutral	In- convenient	Very In-convenient			
Age	Up to 19 years	Count	10	7	38	27	7	89	
		Expected Count	8.0	6.8	38.0	26.7	9.5	89.0	
	20-25 years	Count	3	5	16	25	7	56	
		Expected Count	5.0	4.3	23.9	16.8	6.0	56.0	
	26-31 years	Count	8	1	38	14	11	72	
		Expected Count	6.5	5.5	30.7	21.6	7.7	72.0	
	32- 37 years and above	Count	6	10	36	24	7	83	
		Expected Count	7.5	6.4	35.4	24.9	8.9	83.0	
	Total		Count	27	23	128	90	32	300

Table no. 12:- Chi-Square Tests of above table.

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	21.576 ^a	12	.043
Continuity Correction			
Likelihood Ratio	23.280	12	.025
Linear-by-Linear Association	.003	1	.954
N of Valid Cases	300		

a. 1 cells (5.0%) have expected count less than 5. The minimum expected count is 4.29.

Table no. 13- Hypothesis 2-There is no significant difference in the attitude of the respondents towards the Bank staff with respect to gender.

Responses		Staff					Total	
		Very Poor	Poor	Average	Good	Very Good		
Gender	Male	Count	27	36	29	40	20	152
		Expected Count	27.9	33.4	33.9	37.5	19.3	152.0
	Female	Count	28	30	38	34	18	148
		Expected Count	27.1	32.6	33.1	36.5	18.7	148.0
Total		Count	55	66	67	74	38	300

Table no. 14- Chi-Square Tests of above table.

Chi-Square Tests			
	Value	df	Asymp. Sig.(2-sided)
Pearson Chi-Square	2.311 ^a	4	.679
Continuity Correction			
Likelihood Ratio	2.316	4	.678
Linear-by-Linear Association	.079	1	.779
N of Valid Cases	300		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 18.75.

Table no. 15:- Hypothesis 3- There is no significant role of financial services on the choice of the banks among the respondents with respect to income.

It is observed that expected frequency in some cases is less than 5. so categories have been merged by combining 'highly dissatisfied and dissatisfied' and 'highly satisfied and satisfied' category and the new table is formed as follows.

Responses		Financial Services			Total		
		Highly dissatisfied	Neither satisfied or dissatisfied	Satisfied			
Family income	Up to 20000	Count	19	33	35	87	
		Expected Count	21.2	34.5	31.3	87.0	
	21000 to 40000	Count	19	20	16	55	
		Expected Count	13.4	21.8	19.8	55.0	
	40000 to 60000	Count	6	8	15	29	
		Expected Count	7.1	11.5	10.4	29.0	
	60000 to 80000	Count	6	17	12	35	
		Expected Count	8.5	13.9	12.6	35.0	
	Above 80000	Count	23	41	30	94	
		Expected Count	22.9	37.3	33.8	94.0	
	Total		Count	73	119	108	300

Table no. 16- Chi-Square Tests of above table.

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	9.454 ^a	8	.305
Continuity Correction			
Likelihood Ratio	9.172	8	.328
Linear-by-Linear Association	.021	1	.885
N of Valid Cases	300		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 7.06.

Discussion:

Most of the participants belongs to age group up to 19 years and the age group 32 year and above (29.7% & 27.7% respectively). Gender wise there were 50.7% male respondents and 49.3% female respondents. On the basis of income participants were divided into five groups (as shown in table no. 1) and maximum number of participants (31.3%) had income above 80,000/- per month. Major number of participants belongs to service class(35%). On the basis of location, it was proposed to have 90 respondents from all the five cities. Two big and two small cities were surveyed for the study apart from hometown Rewa. There were 19.3%, 23.3%, 18.3%, 18.7% and 20.3% participants had been registered from Delhi, Mumbai, Indore, Bhopal and Rewa respectively (Table no.1).

More Respondents were in favour of the statement that the Terms and conditions of banks are easy for them to understand. Hence bank should have easy and understandable terms and conditions so that more customers will be attracted to the banks. (Table no.2).More than 50% of the respondents were agreeing that operation of their banks are automatic and computerized. Here also people were more satisfied with private sector banks as compared to other banks. (Table no.3) About 43% respondents disagreed and 44% respondents agreed that their bank has courteous and friendly people. About 49% from the private sector banks said the bank has courteous and friendly people. (Table no.4)

Number of respondents from private, public and the combination of the banks, were agreeing that if employees use language in which customers feel comfortable then it comes out to be an important factor of success of the bank. (Table no.5) 57% respondents from the private sector banks were saying that the employees in private banks focus more upon maintenance of error free records than the public sector banks. Hence it is one of the reason for the choice of private sector banks by them. (Table no.6) Timing of the private sector bank was more suitable as compared to public sector banks. 74% respondents who were having account in both the banks also supported the view. (Table no.7)

Respondents from public sector banks were more satisfied as 84% of them agree that the banks provide ATM services in multiple location. Here it can be said that people do not have time to wait for their turn in long queues for withdrawing money. They prefer

to do so through ATMs. (Table no.8) There is not too much difference in the agreement of the respondents for the statement that they prefer their respective banks because of its net banking facility. As 78% respondents from private sector banks and 76% respondents from public sector bank had chosen their banks on the basis of its net banking facility. It can be said that online banking transactions have more importance these days. (Table no.9) Mostly respondents were disagreeing with the statement that no charge for not maintaining minimum balance is reason for their choice of the bank. Their percent was 29% from private, 43% from public sector and 39% from both the banks disagreed with the statement. (Table no.10)

From the chi square testing it is observed that the p value comes out to be .043 which is less than the significant value 0.05. Hence the hypothesis "There is no significant difference in the attitude of the respondents towards the convenience of the services with respect to age." is rejected and alternatively it can be said that there is significant difference in the attitude of the respondents towards the convenience of the services with respect to age. From all the age categories, respondents have rated the services of the banks as convenient. Hence it can be said that convenience is one of important factor for the success of the banking services.(Table no.11 & 12)

From the chi square testing it is observed that the p value comes out to be .679 which is more than the significant value 0.05. Hence the hypothesis i.e. "There is no significant difference in the attitude of the respondents towards the Bank staff with respect to gender." As 39% males and 35% females were rating the staff as good. Attitude of male respondents towards the staff was more favourable than those of females. It can be said that whether it be males or females both have some expectations from the bank staff and if banks provide same to its customers then it proves to be an important factor for the success of the bank.(Table no. 13 &14) During data collection of the role of financial services on the choice of the banks among the respondents with respect to income it is observed that expected frequency in some cases was less than 5. so categories have been merged by combining 'highly dissatisfied and dissatisfied' and 'highly satisfied and satisfied' category and the new table is formed. From the chi square testing it is observed that the p value comes out to be .305 which is more than the significant value 0.05. Hence the hypothesis i.e. "There is no significant role of financial services on the choice of the banks among the respondents with respect to income." is accepted. Various other reasons may be responsible for the choice of the bank among the respondents. 36% respondents were satisfied with the financial services of the banks and this percentage was greater than the percentage of dissatisfied respondents. About 40% respondents were undecided about the respondents which may have contained hidden satisfaction among the respondents. So, it can be interpreted that the respondents were satisfied with the financial services of the banks and it also plays significant role in selecting the bank. (Table no. 15 &16)

Findings

From the above data the main points which came out as a result of the study are :-

- The terms and conditions of private sector banks are difficult for the respondents to understand.
- People prefer courteous and friendly people more.
- Employers prefer those employees who are well versed with local language.
- Maintenance of error free records is important for the success of the bank.
- Suitable timing of the bank is of prime importance.
- Banks do not charge anything for maintaining minimum balance so people prefer to have their account in these banks.
- Having ATMs at multiple locations may prove to be beneficial for the people.
- Net banking it is one of the important factors for the success of the bank.
- On the basis of age majority of respondents have preferred public sector banks but it was slightly higher than the preference was private sector banks . There were significant respondents to have their account in the age group upto 19 year and in the age group 32-37 years and above have shown high preference for public sector bank. Males have shown high preference for private sector banks and females have shown high preference for both kinds of bank. The people in the income group above 80000 have shown high preference for the public sector banks. When it came to both kind of banks majority of respondents preferred to have their account in both kinds of banks. On the basis of occupation service class people have shown high preference for private sector banks and among the business people , their preference was for both the banks. On the basis of location people from different location have preferred to have their account in both kinds of banks but people from Mumbai have high preference for private sector banks.

Conclusion:

Almost all Indian Banks have recorded a phenomenal growth with time because of various Economic Reforms. Besides playing developmental role they have emerged out as profitable business and have contributed a lot in the development of society as well as nation. Unlike other businesses these have not remained only a government entity. Many private sector banks have also entered the market making the things complicated for government but convenient for people. They have become competitive and more customer focussed. The Private Sector Banks have been more innovative in understanding their customers and in building good relations with them. The banks are now under tremendous pressure to retain the older customers because of the competition in the Banking Sector. Banks have started acknowledging the importance of the customers in developing their business. They have recognized that it is essential to protect and grow its customer base and ultimately its profitability. The banks can do this by building a strong relationship with the customers.

Suggestions:

Still Private Banks need to go a long way to become customer's first preference. In an economy of innovative technologies and changing markets, each and every service quality variable has become important. New financial products and services have to be continuously introduced in order to stay competent and Private Banks need to concentrate more on their credit facilities and insurance services since customers do not have a very good opinion about these facilities being offered by Private Banks.

Proper communication skills should be developed among the employees by giving them proper soft skill trainings. Increased adoption of technology to better meet customer requirements should be encouraged.

Banks are now aiming at achieving more connectivity between branches, setting up of Central Data Repository, generation of MIS, prevention of frauds, evolving value-added products, reducing transaction costs, and new initiatives like cross-selling, CRM, etc. It should be continued. Banks have to profile their customers and segment them based on age/life cycle stage, income and occupation, needs and preferences based on customer feedback and market research.

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