

# A study of Consumer Satisfaction with the services provided by Public and Private Banks

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## Abstract

In the current world, the banking industry has been growing due to different services such as internet banking and mobile banking being offered. And, this is effective as well as viable tools used to create customer value. On the other hand, consumer satisfaction is a critical factor to assist banks in sustaining competitive advantage. For that reason, the essential purpose of this study is to examine what influences Customer satisfaction concerning services provided by public and private banks. Some of the factors that improve Customer satisfaction while using banking services i.e internet banking and mobile banking include its Quality, Security and Privacy issues. Primary data has been used mainly in this research, which was collected from a well structured questionnaire prepared for this purpose. This study concludes that quality of services like delivery, convenience, and security together with privacy are critical factors that contribute towards Customer satisfaction in both private and public sector banks.

**Keywords:** Public sector bank, Private sector bank, Customer satisfaction

## Introduction

Banks play a critical role in terms of economic development particularly as the intermediaries in mobilizing the public savings as well as channelizing the movement of funds. However, Customer satisfaction is defined as a general psychological condition which reflects the assessment of the relationship between consumers, company and product or services (Linga et al., 2016)[1]. Furthermore, it comprises of the following three psychological components: affective, cognitive and behavioral. According to Vasudevan (2018) in the 1990s, the banking industry has taken a different initiative towards privatization and liberalization, exposing them to some unprecedented competition [2]. However, some banks have rediscovered consumers through the cutting edge referred to as association banking has been able to conduct good business.

## Customer Satisfaction

Khare (2011) states that customer satisfaction is the cap-stone of relationship in marketing. For contemporary customers, product satisfaction is related to issues such as life satisfaction and firms must attend to both these situations if they want to win their customers [3]. He further argues that the relationship in any marketing can only work if effective services are delivered. On the other hand, low customer satisfaction can result in behavioral change among customers. In addition, satisfaction varies in most cases depending on how service delivery is being implemented. In this way, customer satisfaction is considered as key to success for many businesses in banking sectors (Al-Hawary and Aldaihani, 2016)[4].

Both private and public banks seem to be more satisfied with how they deliver services to their customers. In this way, both have been successful, especially in retaining most of the consumers by offering better services in comparison to public sector banks (Lau et al., 2013)[5].

However, then again, private banks are required to consider their customers first before focusing on profit-making. In an economy which embraces innovative technologies together with changing market, every service quality is critical to any business. New financial product as well as services such as online banking has become essential for most banks. Banks are required to focus on credit facilities and insurance services in order to compete effectively in the banking industry (Ali and Bisht, 2018)[6].

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### Quality Service Delivery

Service delivery is an essential aspect of customer satisfaction. Quality services delivery is interlinked to factors such as time. In this way, customers in both private and public banks can be served on time by the banking employees. Little time is taken to ensure the majority of customers received better services (George, 2016)[7]. Secondly, quality service delivery involves the adoption of the latest technology to serve diverse customers. For instance, round the clock facility and home facility have been an essential aspect in the banking adopted by many banks to ensure customers can obtain services at their convenient time and where they need them. Low prices of service and high quality are some of the issues which satisfy customers in the banking industry. As a result, there is a link between customer satisfaction with the kind of service delivery in both the private and public sector in banking (Bahaa et al., 2018)[8].

### Security and Privacy

Security and privacy are critical factors that increase customer satisfaction. Security is explained as a type of protection to ensure customer's information is secure and to prevent any hacker from invading consumer's privacy. Security issues have had a significant influence on customer satisfaction in banking. Security involves protecting the information of every customer from being used by a third party. On the other hand, privacy is a critical component which mostly concerns many customers (Lenka et al., 2009)[9]. Majority of customers hope that each bank will be in a position to protect their financial information mainly when they carry out internet banking. Security and privacy have strong influences on customer satisfaction since many people consider this factor before deciding which bank to invest.

### Convenience of Services

A large number of customers are mainly attracted by the convenience of goods and services being provided by banks. Customers who prefer mobile banking are considered to enjoy many facilities which are convenient for them to access at any point (Al-Hawary., 2013)[10]. Also, customers who mostly use internet banking regard it as the most convenient means of conducting a banking transaction. As a result, when services are convenient, it improves customer satisfaction and ensures every customer can get services they need at a given time.

### Result & Discussion

A convenience sampling of roughly 100 dispersed banking customers within the six selected banks branch from public and private banking sectors of India from the two metro cities were considered for this study purpose. A well structured questionnaire was prepared for this purpose, where questions were based on Likert's five point scale. This survey is based on the main attributes of customer satisfaction as described by the ISO 9001:2000 standard.

Analysis of Factors Contributing Customer Satisfaction in Public & Private Sector bank

Factors	Total Number of Respondents	Mean	Standard deviation
Quality of services delivered	77	5.7012	1.44245
Security and privacy	76	5.6000	1.32023
Convenience of services	73	5.8082	1.02276

Therefore, the above information can be analyzed using SSPS as follows

	Levene's Test for Equality of Variances		t-test for Equality of Means
	F	Sig	T
Equal variances that are assumed	3.1	.80	.486
Equal variances not assumed			.498

Levene's Test for Equality of Variances (Homogeneity) outcome indicates that significant value which is 0.080 indicates that both groups are heterogeneous. As a result, the t-test for the equal variance assumed can be considered. In this way mean value of quality services offered is 5.70 while convenience of services is 5.8 and security and privacy mean is 5.6 in this way the key difference is 0.01 which can be considered to be insignificant. On regard to the result which have been generated by SPSS the significant value is .486 hence less than 0.05 therefore the null hypothesis is rejected. In this way, there is relationship between customer satisfaction and above mentioned three factors viz. security & privacy, quality & convenience of service.

#### Conclusions & Recommendations

Conclusively, quality services delivery, the convenience of services and security and privacy issues are important factors that increase customer satisfaction. In most cases, customers prefer banks that take into consideration the above factors in ensuring high-quality services is offered to customers.

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