A Comparative Study of Customers' Satisfaction with Quality of Services in Public and Private Sector Banks

PROJECT REPORT

BY

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DEPARTMENT OF BUSINESS MANAGEMENT
COLLEGE OF HORTICULTURE

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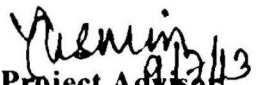2013**

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CERTIFICATE-I

This is to certify that the project entitled "**A Comparative Study of Customers'
Satisfaction with Quality of Services in Public and Private Banks**" has been submitted to
Department of Business Management, College of Horticulture, Dr. Y.S. Parmar University of
Horticulture and Forestry, Nauni, Solan (H.P.) by Garima Bhardwaj (H-2011-MBA-11) in
the partial fulfilment of the requirements for the degree of Master of Business Administration
of this University. To the best of my knowledge, no part of this project has been submitted
for any degree or diploma elsewhere and the help received during the course of investigation
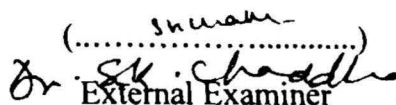and sources of literature have been duly acknowledged.
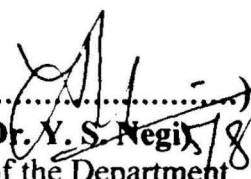
Place: Nauni, Solan (H.P)

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CERTIFICATE-II

This is to certify that the project entitled "**A Comparative Study of Customers' Satisfaction with Quality of Services in Public and Private Banks**" has been submitted to Department of Business Management, College of Horticulture, Dr. Y.S. Parmar University of Horticulture and Forestry, Nauni, Solan (H.P.) by Garima Bhardwaj (H-2011-MBA-11) in the partial fulfilment of the requirements for the degree of Master of Business Administration of this University. The project has been approved by the Examination Committee after conducting an oral examination in collaboration with the external examiner.

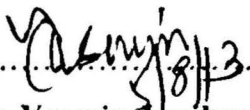(.....................)
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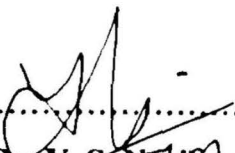
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CERTIFICATE-III

This is to certify that all the corrections/modifications as has been incorporated in the project entitled "**A Comparative Study of Customers' Satisfaction with Quality of Services in Public and Private Banks**" that has been submitted to Dr. Y. S. Parmar University of Horticulture and Forestry, Solan (H.P.) by Garima Bhardwaj (H-2011-MBA-11) in the partial fulfillment of the requirements for the degree of Master of Business Administration of this University.

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Needless to say the errors and omissions are mine.

Date: 9/7/2013

Place: Nauni, Solan

Garima Bhardwaj

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CHAPTER-1

INTRODUCTION

Businesses need to attract and establish a customer market and would need to retain it through satisfaction. That is the key to its business performance (Johnson et al.,2000). In order to attain this goal, a company should have a high satisfaction rate from its clients. The increasing competition, whether for profit and non-profit purposes, is forcing the business sectors to pay much and more attention to satisfying customers (Management library, 2008). Measurement of the rate of customer satisfaction is also a measurement of how products and services supplied by a company meet or surpass customer expectation. It is seen as a key performance indicator. This is due to the fact that one of the factors needed in order to attain high competency and also high competitiveness is a high market share through an increased, established and well-sustained customer or client population. Industries are beginning to understand the concept that their customers, the ones who purchase their products and use their services, are the primary drivers of their position on the profitability ladder. Satisfaction is a multidimensional construct which has been conceptualized as a prerequisite for building relationships and is generally described as the full meeting of one's expectations (Oliver, 1980), and is a feeling or attitude of a customer towards a product or service after it has been used (Jhan and Khan, 2008).

Customers are the backbone of the society. As it is said that customer is the king so it's the prime duty of the banks to satisfy and retain its customers by providing them with best of its services and products. Companies then need to align their activities and efforts to satisfy and retain customers, agreeing on the importance of customers in driving performance (Johnson et al., 2000). As markets shrink, companies are scrambling to boost customer satisfaction and keep their current customers rather than devoting additional resources to chase potential new customers. This is because it costs five to eight times as much to get new customers than to hold on to old ones is key to understanding the drive toward benchmarking and tracking customer satisfaction (Cacippo, 2000). Many experts have began to focus more directly on increasing customer satisfaction as an explicit goal. Satisfying and keeping customers is simply less expensive than constantly replacing them. Researchers have also argued that increasing customer loyalty helps to create future revenues (Fornell, 1992), decrease price elasticity (Anderson, 1996) and reduce cost of future interactions (Reicheld and Sasser,1990). Because of this, organizations are increasingly interested in retaining existing customers instead of targeting non-customers, measuring customer satisfaction

provides an indication of how successful the organization is at providing products and/or services to the marketplace. The tireless pursuit of improvement would not only increase efficiency but also increase customer satisfaction in the process, saving enough on costs and bringing in enough new and repeat business to more than cover any expenditures quality (Johnson et.,2000).

Banking is a key industry in the service sector and it will not be an exaggeration to call it the financial nerve centre of the economy. The Indian banking system has the largest branch network spread over a vast area. In the era of cut throat competition, the survival of any bank depends upon the satisfied customers. Customer satisfaction is the state of mind that customers have about a bank when their expectations have been met or exceeded over lifetime of the service. Clearly defining and understanding, customer satisfaction can help any bank to identify opportunities for services innovation and serve as the basis for performance appraisal and reward system. In order to retain customers banks have to provide better quality services. The banking sector is facing enormous challenges of attracting the new customers and retaining the existing ones. The problems commonly encountered by the bankers are shifting of customer loyalty, difficulty in synchronizing demand and supply, controlling the performance quality of human interaction, etc. – need to be articulated and tackled by managers. The attraction, retention, and building strong customer relationships through quality services are at the heart of the modern marketing (Zeithmal & Bitner, 2003). A sound marketing strategy is required to be adopted by the banker to build customer trust and retain them in the business and for competitive advantage across the industry. The strategy should focus on service quality rather than existing marketing mix, understanding of the customer expectations and perceptions and what they imply for the marketer, use of technology, planning for service recovery, customer-defined service standards, value pricing, etc.(Dhananjayan, 2005).

The commercial Banks in India comprise both public sector as well as private sector banks. In an initiative towards bringing about reforms in the financial sector, overall development in the economy along with reforms in industry, trade, taxation, external sector, banking and financial markets have been carried out since mid 1991. It took almost 10 years for the Indian economy to strengthen its footing and bring about a sea change in the way financial institutions in the country work today. It is because of the sustained and gradual pace of reforms that has helped us in avoiding any crisis and has actually fuelled growth. As pointed out in the RBI Annual Report 2001-02, GDP growth in the 10 years after reforms i.e.

1992-93 to 2001-02 averaged 6.0% against 5.8% recorded during 1980-81 to 1989-90 in the pre-reform period. After almost 7% growth in 2008/09 fiscal year, in the first three months of 2010 India's economy expanded 8.6% boosted by industrial production and services. According to a compilation of facts done by India Brand Equity Foundation, the RBI has the tenth largest gold reserves in the world after spending US$ 6.7 billion towards the purchase of 200 metric tonnes of gold from the International Monetary Fund (IMF) in November 2009. The purchase has increased the country's share of gold holdings in its foreign exchange reserves from approximately 4 per cent to about 6 per cent. In the annual international ranking conducted by UK-based Brand Finance Plc, 20 Indian banks have been included in the Brand Finance® Global Banking 500. In fact, the State Bank of India (SBI) has become the first Indian bank to be ranked among the Top 50 banks in the world, capturing the 36th rank, as per the Brand Finance study. ICICI Bank also made it to the Top 100 list with a brand value of US$ 2.2 billion. Following the financial crisis, new deposits have gravitated towards public sector banks. According to RBI's 'Quarterly Statistics on Deposits and Credit of Scheduled Commercial Banks: September 2009', nationalized banks, as a group, accounted for 50.5 per cent of the aggregate deposits, while State Bank of India (SBI) and its associates accounted for 23.8 per cent. The share of other scheduled commercial banks, foreign banks and regional rural banks in aggregate deposits were 17.8 per cent, 5.6 per cent and 3.0 per cent, respectively. Foreign exchange reserves were up by US$ 1.69 billion to US$ 272.783 billion, for the week ending June 11, on account of revaluation gains. In this era of mature and intense competitive pressures, it is imperative that banks maintain a loyal customer base.

Currently, overall banking in India is considered as fairly mature in terms of supply, product range and reach even though reach in rural India still remains a challenge for the private sector and foreign banks. Well- computerized foreign' banks are beginning to compete seriously with the nationalized banks. They aim at a profitable and wealthy part of the market and, in contrast to the nationalized banks, do not recognize and social responsibilities to small account holders or to a rural and semi urban clientele. Almost 80% of the businesses are still controlled by Public Sector Banks (PSBs). PSB's are still dominating the commercial banking system. The bank system is facing the challenges with stiff competition and advancement of technology, the services provided by banks have become more easy and convenient. The competitive character has been promoted by facilitating the entry of foreign banks. The country is flooded with foreign banks and their ATM stations. Efforts are being put to give a satisfactory service to customers. Phone banking and net banking are introduced.

The entire system has become more convenient and swift. Time is given more importance than money. With years, banks are adding services to their customers. The Indian banking industry is passing through a phase of customers market. The customers have more choices in choosing their banks. A competition has been established within the banks operating in India. The new age IT (Information Technology) is bringing about sweeping changes in the banking industry, forcing them to re-engineer many of their basic processes and systems. Few of the technology-driven electronic banking services being offered are viz. Automated Teller Machines ATM, Electronic Clearing Service (ECS), internet banking etc. New technological capabilities could be effectively used to create value and to better manage customer relationship. The foreign banks are ahead in offering better banking services and products, coupled with smart use of IT adoption and have considerably achieved high operational efficiency (RBI 2001). Vyas, P (2004) concluded that there was effective implementation of e-banking services in case of private banks and foreign banks, whereas, nationalized banks were found to have lesser degree of computerization. Dr. Rangarajan, the former Deputy Governor, Reserve Bank of India, says "Indian banks have to conform to international accounting standards, if Indian banks are to get their due place and recognition in the global financial market" (Jankiraman, 1994).

Much of the research on service quality has been in the developed countries (Herbig & Genestre, 1996), even though services are among the fastest growing sectors in emerging countries (Malhotra et al., 1993). In fact, the bulk of the research on service quality in banks has been in the context of US and European banking institutions. However with India now at the path of growth and aiming global integration has become a source of learning for many other economies. In fact, there exists a significant gap in the service marketing literature on how consumers evaluate service quality in contexts and cultures very different from the developed countries, even though research has begun to explore this area (Bolton and Myers, 2003). Most of the studies by Vyas and Dhade (2006), Raman and Srinviasan (2005), Ganesan P. (2001), Rayapati Vijaya Sree (2003), Gupta V. and Jain P. K. (2003) compared the performance of public, private and foreign banks by using measures of profitability, productivity and financial management. They found that public sector banks fared poorly on all measures when compared with the private and foreign banks. Better performance from commercial banks is possible only if it incorporates profit making as one of the responsibilities. Kantawala Amita S. (2004), Ketkar W Kusum et al., (2004) analyze the performance of banks from a profitability point of view by using various financial parameters. These studies mainly reveal the declining trends of public sector banks and

increasing prominence of new private sector banks and foreign banks. Sathye (2003) measured the productive efficiency of banks in India. . All commercial banks in the market try to sell mere products (Cross-selling), adopt new dynamic marketing strategies, to develop new innovative products and to place greater emphasis on both the tangible and intangible aspects of their service (Petridon and Glaveli, 2003). As a result of this heightened competition, bank service quality has become an increasingly important factor in determining market shares and profitability in the banking sector (Anderson et al., 1994; Spathis et al., 2002). Perceived service quality results from a comparison of consumer's expectation with their perceptions of the service actually delivered by the supplier (Kangis and Voukelatos, 1997). Groonross defined service quality as a mixture of three elements the quality of the consumption process itself; the quality of the outcomes of the process; and image of the provider of the service. Public sector banks are also making efforts to stay in the league of modern tech savvy banks.

There are online transactions, ATMs, host of products like special savings account and sweep-in-account, no frills accounts and easy receive account. Private sector banks may have appeared to be winning the race, but public sector banks, with their vast client base and unparalleled treasury of trust, are evolving their own brand of customer-friendliness. Public sector banks have also understood that in the era of competition, customer satisfaction is the key to success. Because satisfaction is basically a psychological state, care should be taken in the effort of quantitative measurement, although a large quantity of research in this area has recently been developed. Work done by Berry (Bart Allen) and Brodeur between 1990 and 1998 defined ten 'Quality Values' which influence satisfaction behavior, further expanded by Berry in 2002 and known as ten domains of satisfaction. These ten domains of satisfaction include: Quality, Value, Timeliness, Efficiency, Ease of Access, Environment, Inter-departmental Teamwork, Front line Service Behaviors, Commitment to the Customer and Innovation. These factors are emphasized for continuous improvement and organizational change measurement and are most often utilized to develop the architecture for satisfaction measurement as an integrated model. Deirdre O'Loughlin et al (2004) studied the functional and emotional values that went into branding of retail financial services. The functional values included competitiveness, size, advice and expertise, customer service, flexibility, accessibility, efficiency and innovativeness. The emotional values included security and stability, familiarity, friendliness, caring and helpful, courtesy, comfort feeling and understanding. Singh (2004) identified that the level of customer service and satisfaction is determined by the branch location and design, variety of services, rates and changes, systems

and procedures, delegation and decentralization, mechanization and computerization, competitive efficiency, complaint redressal and very importantly the staff's attitudes and skills in banks. . Work done by Parasuraman, Zeithaml and Berry (Leonard L) between 1985 and 1988 provides the basis for the measurement of customer satisfaction with a service by using the gap between the customer's expectation of performance and their perceived experience of performance. This provides the measurer with a satisfaction "gap" which is objective and quantitative in nature. Work done by Cronin and Taylor propose the "confirmation/disconfirmation" theory of combining the "gap" described by Parasuraman, Zeithaml and Berry as two different measures (perception and expectation of performance) into a single measurement of performance according to expectation. According to Garbrand, customer satisfaction equals perception of performance divided by expectation of performance. Bahia and Nantel (2000) developed a specific new scale for perceived service quality in retail banking.

The bank service quality model (BSQ) was an extension of the original ten dimensions of the model of Parasuraman et al., (1985). In addition, Bahia and Nantel (2000) incorporated additional items for courtesy and access, as proposed by Carman (1990). Females have emerged as an important target segment for retail bankers because of their empowerment as well as recently acquired social role. Gender is the critical segmentation variable due to a number of reasons. There has been a dramatic increase in women investors in recent years (Philips et al., 1992). Significant difference among male and female consumption pattern was identified in financial goods and services (Burton, 1992). Variables leading to investment among the women have also been changing considerable in recent years (Kover, 1999). Although there is a strong body of research focused on measuring preferred service quality in services, and in banks particular (Alfred and Adams, 2000; urban and Pratt, 2000; Zillur Rehman, 2005; Bhat,2005; Elango and Gudep, 2006; Gani and Bhat, 2003; Sharma and Mehta, 2004), only little attention has been paid to the role of gender bias in measurement of service quality of banks (Webster, 1989; Staffird, 1996; and Sapathis et al., 2004. Service quality has been found to be important to women than to men when transacting business with a bank (Staffird, 1996). These differences result from the personality associated with gender (Palmer and Bejon, 1995; Lin et al., 2001).The focus of quality centric researches has been to understand the working of the customer's mind and identify what makes him a satisfied customer. In the context of the banking industry this exercise will give us an insight into the parameters of customer satisfaction and their measurement. The nuances found through the study will help us to build satisfaction amongst

the customers and customer loyalty in the long run which is an integral part of any business. There is a growing demand for banking services; speed, service quality etc. that is why it is imperative for banks to get useful feedback on their actual response time and customer service quality aspects of retail banking if they want to outsmart their competitors.

During the past two decades or so, regulatory, structural and technological factors have significantly changed the banking environment throughout the world (Angur et al., 1999). In a milieu which becomes increasingly competitive, service quality as a critical measure of organizational performance continues to compel the attention of banking institutions and remains at the forefront of services marketing literature and practice (Lasser et al., 2000; Yavas and Yasin, 2001). The interest is largely driven by the realization that higher service quality results in customer"s satisfaction and loyalty, greater willingness to recommend to someone else, reduction in complaints and improved customer retention rates (Danaher, 1997; Magi and Julander, 1996; Levesque and McDongall, 1996). The characteristics of services play a predominant role in determining the degree of service quality, which in turn makes the measurement of service quality difficult. Without prejudice, a service provider and a customer find it difficult to evaluate the service because of its intangibility. The services are considered to be intangible, as the customers perceive them instead of touching and seeing. It is very difficult for a service provider to arrange his service delivery systems to match the customer demand with the supply of services. This is so because the services are perishable in nature and the services cannot be made ready in advance and stored as that of materialistic items. The perish ability of service also means that a service cannot be exactly repeated and it may result in dissatisfaction of the customers if their expectations are not met. The inseparability of services and service provider determine the role of people in service delivery systems. The heterogeneous nature of service means that every service is considered as unique and at all times it differs from other services. Attaining sustainable competitive advantage is practically difficult because the services cannot be easily copied and patented. Services are often produced and consumed simultaneously, indicating that the customer is intimately involved in the process of producing and delivering a service. The involvement of customers in the service delivery process decides the nature of the service delivery process and its effectiveness. In general, the customer's judgment of service quality can be regarded as an appraisal of the service delivery process and the service outcome, by comparing the expectations of the customers and desired benefits. This paves the way to assess quality from a services marketing point of view namely perceived service quality.

1.2 Standard activities

Banks act as payment agents by conducting checking or current accounts for customers, paying cheques drawn by customers on the bank, and collecting cheques deposited to customers' current accounts. Banks also enable customer payments via other payment methods such as Automated Clearing House (ACH), Wire transfers or telegraphic transfer, EFTPOS, and automated teller machine(ATM). Banks borrow money by accepting funds deposited on current accounts, by accepting term deposits, and by issuing debt securities such as banknotes and bonds. Banks lend money by making advances to customers on current accounts, by making installment loans, and by investing in marketable debt securities and other forms of money lending. Banks provide different payment services, and a bank account is considered indispensable by most businesses and individuals. Non-banks that provide payment services such as remittance companies are normally not considered as an adequate substitute for a bank account. Banks can create new money when they make a loan. New loans throughout the banking system generate new deposits elsewhere in the system. The money supply is usually increased by the act of lending, and reduced when loans are repaid faster than new ones are generated. In the United Kingdom between 1997 and 2007, there was a big increase in the money supply, largely caused by much more bank lending, which served to push up property prices and increase private debt. The amount of money in the economy as measured by M4 in the UK went from £750 billion to £1700 billion between 1997 and 2007, much of the increase caused by bank lending. If all the banks increase their lending together, then they can expect new deposits to return to them and the amount of money in the economy will increase. Excessive or risky lending can cause borrowers to default, the banks then become more cautious, so there is less lending and therefore less money so the economy can go from boom to bust as happened in the UK and many other Western economies after 2007.

1.3 Channels

Banks offer many different channels to access their banking and other services: Automated Teller Machines, a branch is a retail location, call centre , Mail: most banks accept cheque deposits via mail and use mail to communicate to their customers, e.g. by sending out statements, Mobile banking is a method of using one's mobile phone to conduct banking transactions, online banking is a term used for performing multiple transactions,

payments etc. over the Internet, relationship managers, mostly for private banking or business banking often visiting customers at their homes or businesses, telephone banking is a service which allows its customers to perform transactions over the telephone with automated attendant or when requested with telephone operator, video banking is a term used for performing banking transactions or professional banking consultations via a remote video and audio connection video banking can be performed via purpose built banking transaction machines (similar to an Automated teller machine), or via a video conference enabled bank branch clarification.

Some of the new services provided by banks these days are:

Mobile Banking

Internet Banking

Some of the old services provided by banks are:

Checking/Current account, Savings accounts, ATM Cards, Check Books, Deposit Accounts, Loans and Credit Cards etc.

The primary operations of banks include:

Keeping money safe while also allowing withdrawals when needed, issuance of check books so that bills can be paid and other kinds of payments can be delivered by post, provide personal loans, commercial loans, and mortgage loans (typically loans to purchase a home, property or business), issuance of credit cards and processing of credit card transactions and billing, issuance of debit cards for use as a substitute for checks, allow financial transactions at branches or by using Automatic Teller Machines (ATMs), provide wire transfers of funds and Electronic fund transfers between banks, facilitation of standing orders and direct debits, so payments for bills can be made automatically, provide overdraft agreements for the temporary advancement of the Bank's own money to meet monthly spending commitments of a customer in their current account, provide internet banking system to facilitate the customers to view and operate their respective accounts through internet, provide charge card advances of the Bank's own money for customers wishing to settle credit advances monthly, provide a check guaranteed by the Bank itself and prepaid by the customer, such as a cashier's check or certified check, notary service for financial and other documents, accepting the deposits from customer and provide the credit facilities to them.
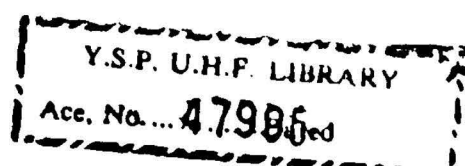
1.4 Services

Private banks provide banking services exclusively to high net worth individuals. Many financial services firms require a person or family to have a certain minimum net worth to qualify for private banking services. Private banks often provide more personal services, such as wealth management and tax planning, than normal retail banks. Capital market bank - bank that underwrite debt and equity, assist company deals (advisory services, underwriting and advisory fees), and restructure debt into structured finance products. Bank cards - include both credit cards and debit cards. Bank Of America is the largest issuer of bank cards. Credit card machine services and networks - Companies which provide credit card machine and payment networks call themselves "merchant card providers".

Foreign exchange services:

Foreign exchange services are provided by many banks around the world. Foreign exchange services include:

Current Exchange – where clients can purchase and sell foreign currency bank notes.

Foreign Currency Banking - banking transactions are done in foreign currency.

Wire Transfer - where clients can send funds to international banks abroad.

Services provided by State Bank of India:

Access to multiple users, account view / statement, funds transfer, third party funds transfer (RTGS/NEFT), demand draft request, utility bill payment, bulk transaction through file upload, direct and indirect tax payment, SMS/Email alerts, user hierarchy with discretionary access/rights to accounts, MIS report, host to host integration and demat view facility.

Services provided by Punjab National Bank:

Financial services, life insurance, merchant banking, mutual fund, non-life insurance, nline trading, real estate investments, retirement planning scheme, T. M. Card, Balika hiksha, Bal Vikas, current account, combo deposit scheme, credit card, debit card, ensioners' overdraft facility scheme, recurring deposit, salary account, term deposits and 'idyarthi S. F. Account.

For customers from on goal Blue-chip manufacturing companies in the Indian corp. to small & mid-sized corporate and agri-based businesses the Bank provides a wide range of commercial and transactional banking services, including working capital finance, trade services, transactional services, cash management, etc. The bank is also a leading provider of the above services to its corporate customers, mutual funds, stock exchange members and banks.

Housing Development Finance Corporation Bank was the first bank in India to launch an International Debit Card in association with VISA (<u>Visa Electron</u>) and issues the Master Card Maestro debit card as well. The Bank launched its credit card business in late 2001. By March 2009, the bank had a total card base (debit and credit cards) of over 13 million. The Bank is also one of the leading players in the "merchant acquiring" business with over 70,000 Point-of-sale (POS) terminals for debit / credit cards acceptance at merchant establishments. The Bank is positioned in various net based B2C opportunities including a wide range of Internet banking services for Fixed Deposits, Loans, Bill Payments, etc. With Finest of Technology and Best of Man power in Banking Industry HDFC Bank's retail services have become by and large the best in India and since the contribution to CASA i.e. total number of current and savings account of more than 50%, HDFC BANK has full potential to become India's No.1 Private Sector Bank.

To conclude with, it is said that adoption of technology in banks is increasing with the growing use of internet, electronic commerce, and various other banking innovations. The computer and the communication age is opening up a flood of new opportunities that are redefining the very concept of traditional banking. It is for the individual banks to improve as it is seen that it is competitive environment and to remain in the competition banks need to provide its customers with best services as customers preferences are changing and growing with the time. There is no way, a bank can remain lukewarm to new technology, products and yet hope to grow because it is a choice of survival or extinction. In such a competitive environment, financial institutions are forced to examine their performance because their survival in the changing economies of the coming years will be dependent upon their overall efficiencies.

CHAPTER-2

RESEARCH DESIGN

2.1 Review of literature

The following studies have been reviewed to know the satisfaction level of customers and the perceptions on the quality of services being provided by the various banks.

Kammath (1979) identified the areas requiring improvement in system, procedures and customer education. The author's findings were that majority of customers of sub-urban and small branches were satisfied with the bank services whereas large and medium size branch customer reported delay in counter service and collection of cheques. It was also seen that 80% of the customers do not know the branch manager and 72% were of the opinion that it is not necessary to know someone in the branch. The study strongly recommended for marketing approach in these branches.

Laurent (1979) studied the perception of customers on five competing banks in a medium size city in UK for private deposits. He observed that these five banks differed from each other as a result of oligopolistic market situation only on seven attributes i.e. friendliness , quality of service , community spirit , modern facilities, convenience , range of services and ownership. The seven attributes accounted for 91% overall differences between the five banks. The study revealed that on the basis of perception of overall image of the five banks relative to each other, there existed three different market segments and there is a chance that two persons with similar perception of the same set of items have similar socio- economic profiles.

Barry et al (1980) studied satisfaction level among the members of the Bank Marketing Association (London) regarding their marketing job. It was observed that the most satisfying part of marketing was the establishment of goals or objectives that are to be accomplished overtime. The study pointed out that the most frustrating in bank marketing was perceived to be lack of top management support for the marketing function.

Mathur (1988) compared the perception of customer services of State Bank of India, State Bank of Bikaner and Jaipur. The study found that majority of the customers were taking advantage of saving bank account. It was seen that 57% respondents were found dis-satisfied

regarding passbook entries. The study was concluded by interviewing customers, the result showed that 80% of the customers held the view that there was need for improvement in bank services.

Ranganathan (1988) analyzed few parameters of customer services such as efficiency or speed of transaction and behaviour of bank staff in Coimbatore district of Tamilnadu. The study revealed that private sector banks were providing better services than public sector banks. The author suggested improvements in certain areas such as collection of local cheques and outstation cheques and issue of demand draft and telegraphic transfer.

Joseph (1990) analyzed mobilization of bank deposits in Kerela by commercial banks since the introduction of lead bank scheme. He observed that competition from co-operative and other institutions was the main obstacle in achieving the deposit mobilization target. The study pointed out the need for adopting adequate marketing techniques to inform the rural masses about the different schemes of the banks.

Gupta (1991) observed the attitude of branch managers towards the changing bank environment and their approach towards credit business. His study highlighted that 76% of the respondents felt the need of marketing orientation of which 30% perceived the importance of personalised customer service as the major criteria for tapping credit business and 46% favoured aggressive salesmanship. The study further revealed that though marketing belief existed in majority of managerial personal, but implementation of strategies were lacking. The study recommended organizational intervention by way of team spirit at the branch level to make the branch a marketing outfit for bank lending.

Satish (1992) evaluated the quality of customer services in public sector banks so as to find out the reason for the deterioration of customer services in these banks. The study used five variables such as employees attitude, basic amenities, speed of transactions, customer redressa and schemes offered by banks to evaluate the customer services. It was found that most of the customers of public sector banks have been treated courteously by bank staff. It was observed that public sector banks were not following RBI time norms. The study recommended strict adherence to time norms, extension of working hours and more representation on customer meetings.

Malhotra and Arora (1999) investigated the level of customer satisfaction in the public sector banks and the private sector, with the purpose of helping bank management to formulate bank strategies to attract customer towards them. The study was done by collecting data from cities of Amritsar, Ludhiana and Chandigarh. Twenty attributes were taken into consideration for measuring the level of satisfaction / dissatisfaction. The study found that there are six factors, in order of their importance i.e. routine operation factor, price factor, situation factor, environmental factor, technology factor and interactive factor. Similarly, for customers of private sector banks, the factors found to be important are staff factors, routine operation factor, service factor, environmental factors, technology factor, interactive factor and promotional factor. Factor wise average score of these factors reveal that there is significant difference between the satisfaction level of customers of public and private sector banks. The latter were found to be more satisfied. A few strategies well suggested by the authors to improve service quality and proper training of the staff, conducting market survey periodically, avoiding long queues, ventilated and clean surroundings.

Athanssopoulous et al (2001) investigated the impact of customer satisfaction on customer behavioural responses. The findings indicate that when customers assessed customer satisfaction to be high, they either decided to stay with the existing service provider or subdue their negative behavioural intentions. Research results confirm prior research and indicate that the customer satisfaction dimensions are not only industry specific, but also country specific.

Suresh et al (2002) examined relationship between service quality and customer satisfaction in Indian banking sector. These were found to be independent but closely related. Both constructs vary significantly in core services, human element, systematization of service delivery, tangibles and social responsibility.

Hummayoun et al (2008) conducted a study on emotional intelligence and its impact on service quality in Pakistani banking sector and revealed that use of emotional intelligence skills is high in case of a foreign bank i.e. Standard Charted Limited. The research findings have also indicated that emotional intelligence is a positive predictor of higher service quality in Pakistani private/ foreign banking sector. Hence they concluded that emotional intelligence

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is strongly related to dimensions of service quality indicating that when employees of the organization practice the skills of emotional intelligence, it enhances service quality.

Khatri and Ahuja (2008) analysed customer satisfaction in public and private sector banks. The findings revealed that the Indian banking sector has witnessed heightened competition with so many banks coming up with all their potential and using their global strength to their advantage in order to establish themselves in market. It was also seen that private sector banks have been able to satisfy its customers with good services and they have been successful in retaining its customers by providing better facilities than public sec'or banks.

Muhameed (2008) analyzed various attributes relating to service quality dimensions through factor analysis. The findings highlighted that efficiency of the banking sector depends upon how best it can deliver services to its target customers. It concluded that in order to survive in this competitive environment and provide continual improvement, the quality of services and technology needs to be updated.

Ghosh et al. (2009) studied the impact of service quality on customer loyalty , commitment and trust in the Indian banking sector. The study examined the strength of the association between the independent variables service quality perception and the dependent variables, namely customer loyalty, commitment and trust. The results showed that customer value five dimensions i.e. perceived service quality, assurance- empathy, tangibles, security and reliability. The dimensions empathy emerged to be the most valued.

Haghtalbam & Koteshwaramm (2009) analyzed service quality in the Iran Islamic Banks and compared service quality between the Government Islamic Banks and Private Islamic Banks. It was found that there was a positive and statistically significant relationship between overall service quality. It was also found that tangibility and empathy were the most important dimensions.

Padhy and Swar (2009) compared the three groups of banks in Odisha public, private and foreign sector banks with respect to five factors of service quality. The three groups of banks in Odisha seem to vary significantly in terms of the delivery of the five service quality factors. It was noted from the customer perceptions of service quality that technological

factors appear to contribute more in differentiating the three sectors while the people-oriented factor appears to contribute less to the discrimination. The results of the study indicated that private banks seem to be performing well followed by public sector banks. Thus, the study has established that the technological factors seem to be the differentiating factor among the three groups of banks as far as customer perceptions of service quality are concerned.

Popli and Rao (2009) studied relationship Marketing in Indian banks and revealed that Private Sector Banks have been able to implement the Relationship Marketing practices more effectively as compared to the Public sector banks. The study found out that Private Sector Banks have been more innovative in understanding their customers and in building good relationship with them. This suggest that in case of the Private Sector Banks, all the five dimensions of service quality have scored higher values when compared to the Public Sector Banks.

Chaudhary and Sharma (2011) studied and attempted to analyze how efficiently private and public sector banks have been managing non – performance assets. The study recommended that the bank staff involved in sanctioning the advances should be trained with proper documentation and charge of securities and motivated to take measures in preventing advances turning non – performance assets. The study concluded that public banks must be aware of their functioning to compete with private banks.

Siddiqi (2011) studied on interrelationships between service quality attributes, customer satisfaction and customer loyalty in the retail banking sector in Bangladesh. The study sought to identify the most important attributes in bank settings, which may be used to review characteristics of the banks as experienced by customers. This study suggests that service quality model is a suitable instrument for measuring the bank service quality in the Bangladeshi context. Therefore, bank managers can use this instrument to assess the bank service quality in Bangladesh.

Agarwal (2012) studied customer satisfaction in banking services in Aligarh district. The author observed that the banking sector in India is undergoing major changes due to competition and the advent of technology. The findings also reveal that the customer is also looking for better quality services which enhance his/her satisfaction. The author suggested

that the banks should build strong relationship which is important for improving customer satisfaction through service quality.

Saranmadevi and Saravrnaraj (2012) analysed the role of information technology (IT) in the Indian Banking Sector. The findings reveal that Indian Banks are investing heavily in the technologies such as automated teller machines (ATM's), net banking, mobile banking, tele-banking, credit cards etc. The authors further findings were that private and Foreign banks were using more IT related banking services than Public sector banks. It was noted that to compete with Foreign banks, Private banks also started to incorporate the technological advancements in their business. In such a hectic competition, Public sector banks also need to satisfy the customers requirements by modifying the business operation in a technological way to meet globalization.

The above mentioned review studies have shown that private banks provide better services than public sector banks. It was also seen that most of the customers of public sector banks have been treated courteously by bank staff. It was observed that public banks were not following RBI time norms. It was noticed that majority of customers of sub-urban and small branches were satisfied with services where as large and medium size branches customers reported delay in counter services and collection of cheque. It was observed that five private banks in U.K. differed from each other as a result of oligopolistic market situation only on seven attributes and these seven attributes accounted for 91% overall difference between the five banks. The studies also found that majority of customers were taking advantage of saving bank account. It was observed that competition from cooperative and other institution was the main obstacle to achieving the deposit mobilization target. The studies also noted that though marketing belief existed in managerial personnel but implementation of strategies were lacking. The studies reveal that there is significant diffeence between the satisfaction level of customers of public and private sector banks. It was also noticed that the relationship between service quality and customer satisfaction are closely related. It was seeri that Private sector banks have been more innovative in understanding their customers and in building good relationship with them. It was observed that the banking sector in India is undergoing major changes due to competition and the advent of technology.

2.2 Need of the Study

Satisfied customers are central to optimal performance and financial results. As we know that customer is the king so the prime duty of the banks is to satisfy and retain its customers by providing them with the best of services and products. Customer satisfaction is quite a complex issue and there is a lot of debate and confusion about it. If the banks provide good service quality the customer will be loyal and show their commitment and trust for the bank. The banks need to know that satisfying and keeping customers is simply less expensive than constantly replacing them. The bank system is facing many challenges with stiff competition and advancement of technology, so the services provided by banks should be easy and convenient. Efforts should be put in to give satisfactory services to its customers. The efficiency of banking sector depends upon how best it can deliver services to its target customers. If the banks need to survive in this competitive environment the providers of banking services are required to continually improve the quality of services. There are various factors which need to be taken into consideration like demographic variables, to provide services to the rural masses, there should not be delay in counter services and collection of cheques, the passbook entries should be properly done. These things should be looked upon to have improvement of banks with in time so that the customers are satisfied with the services provided by the public as well as the private sector banks.

2.3 Objectives of the Study

The present study has been conducted with the following objective:

1) To study the satisfaction level of customers with service quality in private and public sector banks.

2) To study the differences in satisfaction level of customers with respect to demographic variables such as gender, age and marital status.

2.4 Research Methodology

Research is a purposeful investigation. The term 'research' refers to the systematic method of clarifying the problem, formulating a hypothesis, collecting the data, analyzing the data and reaching certain conclusions. Research process starts with defining the research problem, formulating a hypothesis, design research, collecting data and finally interpretation and analyzing the data to form a report. Therefore, research methodology is a way to systematically solve the research problem. Investors need to adopt an appropriate methodology in a systematic way to achieve the objective (Kothari, 2009).

Area of Study

The present study was conducted in Shimla town of Himachal Pradesh. Population for the present study comprised of customers of Punjab National Bank (PNB), State Bank of India (SBI), Housing Development Finance Corporation (HDFC) and ICICI, banks in Shimla.

Sampling

Sample is defined as the segment of population that is representative of whole population. The respondents were selected by convenient sampling depending on availability of the respondents. Convenient sampling (sometimes known as grab or opportunity sampling) is a type of non- probability sampling which involves the sample being drawn from that part of the population which is close to hand. It is based on picking of the individual's elements as per one's needs. Sample size is the number of observations used for calculating estimates of a given population.

Sample Size

The number of individuals in a sample is called a sample size. A sample size of 160 customers is taken for the study, 69 of private sector banks and 91 of public sector banks.

Data Collection

There are two kinds of source of information i.e. primary and secondary. The data for the present study has been collected from both primary and secondary sources.

Primary Data

The primary data means the first hand information which is collected himself/ herself by the respondents. The perception of the customers pertaining to the quality of services provided by banks under study has been collected with the help of questionnaire.

Instrument: The questionnaire was divided into three parts. Part 'A' was designed to seek information on the demographic variables such as name, age, gender, etc. Part 'B' consisted of statements based on 5-point Likert scale to evaluate the satisfaction of customers towards quality of services provided by public and private banks.

Secondary Data

It provides secondary data. It means the data which you don't collect yourself but is already available, already published for example internet, books. Size varies from place to place. Secondary data for the present study has been collected from books, journals, internet and website of the bank etc.

Data Analysis

Analysis of data is a process of inspecting, cleaning, transforming and modelling data with the goal of highlighting useful information, suggesting conclusions and supporting decision making. The method used for simplifying and analyzing the data are known as analytical tools. For analyzing the data simple statistical tools have been used, for satisfying the objectives and with a view of keeping the analysis simple and easily understandable.

A. Statistical Tools

The following statistical tools have been used for analysis of data collected for the present study.

I. Arithmetic Mean

The arithmetic mean has been applied to study the opinion of the sample respondents on 5-point scale for different statements relating to tangibility, reliability, responsiveness and recovery. This tool help the researcher to draw the appropriate inferences from the responses collected from the respondents. The arithmetic mean has been calculated by assigning for

these qualitative statements. These values have been assigned for these qualitative responses as one for highly dissatisfied, two for dissatisfied, three for neither satisfied nor dissatisfied, four for satisfied, and five for, highly satisfied.

$$\bar{X} = \sum X/N$$

Where $\bar{X}$ = Arithmetic Mean

$\sum X$ = Sum of all the values of the variables

N = Number of observations

II. Standard Deviation

The standard deviation concept was introduced by Karl Pearson in 1823. The standard deviation measures the absolute dispersion, the greater the standard deviation, the greater will be the magnitude of the deviation of the values from their mean. A small standard deviation means a high degree of uniformity of the observation as well as homogeneity of the series; a large standard deviation means just the opposite.

The formula used for standard deviation is:

$$\textbf{Standard Deviation} = \sqrt{\frac{\sum x2}{N}}$$

Where x=(x-mean)

N= Number of observation

III. t- Test

Theoretical work on t – distribution was done by W.S. Gosset (1876-1937) in the early 1900. The t-test may be used to test the hypothesis stating that the mean scores on some variable used when the number of observation (sample size) is small and the population standard deviation is unknown. To use the t-test for the difference of means, we assume that two samples are drawn from normal distributions.

IV. Analysis of variance (ANOVA)

When the means of more than two groups or populations are to be compared, one way analysis of variance (ANNOVA) is the appropriate statistical tool. This statistical technique is referred to as "one way" because there is only one independent variable. F-test is also used in the context of analysis of variance for judging the significance of more than two sample means at the same time. The basic principle of ANNOVA is to test for differences among the means of populations by examining the amount of variation within each of these samples relative to the amount of variation between the samples. Thus, while using ANNOVA it is assumed that each of the samples is drawn from a normal population & that each of these populations has the same variance. It is also assumed that all factors other than one or more being tested are effectively controlled.

$$F = \frac{s_1^2}{s_1^2} \; if \; s_1^2 > s_2^2$$

Or

$$F = \frac{s_2^2}{s_1^2} \; if \; s_2^2 > s_1^2$$

Where S^2 is variance of 1st population = Square root of $\frac{\Sigma(X_1 - \bar{x}_1)^2}{n_1 - 1}$

Where S^2 is variance of 2nd population = Square root of $\frac{\Sigma(X_2 - \bar{x}_2)^2}{n_2 - 1}$

CHAPTER-3

DATA ANALYSIS AND INTERPRETATION

In this chapter data collected through questionnaires has been analyzed. The data regarding perceptions of customers on quality of services provided by public and private banks has been collected from sample of 160 customers. The services provided by banks is divided into four variables i.e. tangibility, reliability, responsiveness and recovery. Responses of customers for the statements based on these components have been collected through questionnaires. Further the perceptions of customers on quality of services provided by public and private banks with respect to demographic variables i. e. age, gender, educational qualification etc. has been studied. Analysis of data regarding quality of services provided by public and private banks is as follows:

3.1 Mean Difference analysis of perceptions of customers on quality of services provided by public and private banks

Bank type / Variables	Private		Public		t-value
	M	S.D	M	S.D	
Tangibility	4.03	.51	4.29	.43	-3.52**
Reliability	3.94	.47	4.12	.48	-2.36*
Responsiveness	4.01	.37	4.08	.42	-1.14
Recovery	4.15	.56	4.08	.63	.78

*p<0.05, **p<0.01

Table3.1 depicts mean difference analysis of perceptions of customers on quality of services provided by public and private banks. It is observed from the table that customers of private sector banks have obtained higher mean for the dimensions recovery (M=4.15) in comparison to that obtained by public sector banks. Customers of public sector banks have given higher mean as compared to private sector banks for the variables tangibility (M=4.29),reliability (M=4.12) and responsiveness (M=4.08). The results further reveals that mean difference of satisfaction level pertaining to the services provided by public and private banks has been found to be significant only for tangibility (t=-3.52,p<0.01) and reliability (t=-2.36,p<0.05).

3.2 Mean Difference analysis of perceptions of customers on quality of services provided by banks with respect to gender

Gender / Variables	Male		Female		t-value
	M	S.D	M	S.D	
Tangibility	4.19	.51	4.16	.43	.35
Reliability	4.08	.52	3.98	.42	1.26
Responsiveness	4.07	.43	4.01	.36	.90
Recovery	4.11	.63	4.11	.56	.05

*p<0.05, **p<0.01

Table3.2 presents mean difference analysis of perceptions of customers on quality of services provided by banks with respect to gender. It is observed from the table that male customers have scored higher mean values as compared to females on three components i.e. tangibility, reliability and responsiveness with mean values (M=4.19), (M=4.08) and (M=4.07) whereas both males and female have attained same mean value for recovery (M=4.11) It can be seen that both males and females have given highest score for tangibility whereas responsiveness has been rated lowest by males while reliability lowest by females. However, effect of gender on the mean difference on four components of satisfaction has been found to be customers insignificant.

3.3 Mean Difference analysis of perceptions of customers on quality of services provided by banks with respect to educational qualification.

Qualification / Variables	Graduate		Post-Graduate		ˀ Above		F-value
	M	S.D	M	S.D	M	S.D	
Tangibility	4.30	.40	4.09	.53	4.15	.44	3.84*
Reliability	4.07	.54	4.04	.47	3.93	.30	.37
Responsiveness	4.09	.44	4.04	.35	3.83	.51	2.19
Recovery	4.12	.53	4.12	.59	4.00	1.05	.19

*p<0.05, **p<0.01

Table 3.3 presents mean difference analysis of perceptions of customers on quality of services provided by banks with respect to educational qualification. It is seen that customers who are graduate and have shown highest mean score for tangibility (M=4.30) whereas minimum score for reliability (M=4.07). It is observed that post graduate customers have shown highest mean score for recovery (M=4.12) and lowest and similar mean minimum scores for two components reliability and responsiveness (M=4.04). It is seen customers possessing highest qualification have shown highest score for tangibility with mean square (M=4.15) whereas minimum score for responsiveness (M=3.83). The results further show that the effect of educational qualification on the mean difference on four components of customer satisfaction with quality of services has been found to be significant only for tangibility (F=3.84, p<0.05).

3.4 Mean Difference analysis of perceptions of customers on quality of services provided by banks with respect to different age group

Age in years Variables	(20-30)yrs		(30-40)yrs		(40-50)yrs		(50-60)yrs		F-value
	M	S.D	M	S.D	M	S.D	M	S.D	
Tangibility	4.07	.42	4.19	.46	4.26	.58	4.21	.47	1.05
Reliability	4.02	.54	4.03	.48	4.13	.46	3.92	.41	.77
Responsiveness	3.99	.36	4.03	.41	4.11	.41	4.20	.41	1.50
Recovery	4.04	.59	4.12	.70	4.14	.49	4.19	.48	.33

*p<0.05, **p<0.01

Table3.4 presents mean difference analysis of perceptions of customers on quality of services provided by banks with respect to different age groups, It is seen that the age group (20-30 years) have obtained highest mean value for tangibility (M=4.07) whereas minimum mean score for responsiveness (M=3.99). It is also observed that age group (30-40 years) have shown highest mean score for tangibility (M=4.19) whereas minimum and equal mean score for reliability and responsiveness (M=4.03). It is also seen that customers belonging to age group (40-50 years) have shown highest mean score for tangibility (M=4.26) whereas minimum score for responsiveness (M=4.11) similarly the customers belonging to age group (50-60 years) have obtained highest mean score on tangibility (M=4.21) and lowest score for reliability (M=3.92). The results further show that the effect of age on the mean difference on four components of satisfaction has been found to be insignificant.

3.5 Mean Difference analysis of perceptions of customers on quality of services provided by banks with respect to salary of customers

Income Variables	(Rs20000or less)		(Rs20000-40000)		(Rs40000-60000)		(Above Rs 60000)		F-value
	M	S.D	M	S.D	M	S.D	M	S.D	
Tangibility	4.21	.48	4.29	.44	4.01	.55	4.29	.36	2.32
Reliability	4.07	.52	4.04	.47	3.98	.50	4.19	.39	.53
Responsiveness	4.08	.37	4.09	.46	3.96	.34	4.11	.33	.94
Recovery	4.04	.53	4.11	.73	4.13	.50	4.39	.33	.83

*$p < 0.05$, **$p < 0.01$

Table3.5 presents mean difference analysis of perceptions of customers on quality of services provided by banks with respect to salary of customers. The results show that people belonging to the income group of (Rs 20000 and above) have shown highest mean value for tangibility (M=4.21) whereas minimum score for recovery (M=4.04). It is observed that customers belonging to the income group of (Rs 20000-40000) have shown highest mean value for tangibility (M=4.29) whereas minimum score for reliability (M=4.04). Further customers with salary (Rs 40000-60000) have shown highest mean value for recovery (M=4.13) whereas minimum score for responsiveness (M=3.96). It can also be noted that customers falling in highest income group have obtained highest mean value for recovery (M=4.39) whereas minimum mean score for responsiveness (M=4.11). Further the findings reveal that the effect of salary on the mean difference on four variables of quality of services has been found to be insignificant.

3.6 Mean Difference analysis of perceptions of customers on quality of services provided by public and private banks with respect to gender

Gender Variables	Private					Public				
	Male		Female			Male		Female		
	M	S.D	M	S.D	t-value	M	S.D	M	S.D	t-value
Tangibility	3.95	.56	4.14	.40	-1.64	4.35	.40	4.18	.46	1.91
Reliability	3.93	.50	3.95	.43	-.15	4.18	.51	4.01	.42	1.62
Responsiveness	3.98	.39	4.05	.35	-.80	4.14	.44	3.98	.37	1.72
Recovery	4.13	.57	4.19	.56	-.47	4.10	.67	4.03	.55	.51

*$p < 0.05$, **$p < 0.01$

Table3.6 depicts mean difference analysis of perceptions of customers on quality of services provided by public and private banks with respect to gender. The findings indicate that both male and female customers availing services of private banks have obtained highest mean value for dimension recovery with mean value (M=4.13) and (M=4.19) respectively. The lowest score have been given to reliability by both males and females customers of private banks with mean value (M=3.93) and (M=3.95) respectively. On the other hand both males and females who avail services of public banks have given highest mean to tangibility with mean values being (M=4.35) and (M=4.18) respectively. It can also be noted that males in case of public banks have given lowest mean score for the dimension recovery (M=4.10) while females for the variable reliability (M=4.01). However, effect of gender on the mean difference on four components of satisfaction of quality of services in case of private banks has been found to be insignificant whereas in case of public banks also it is found to be insignificant.

3.7 Mean Difference analysis of perceptions of customers on quality of services provided by public and private banks with respect to educational

Qualification / Variables	Private						F-value	Public						F-value
	Graduate		Post-Graduate		Above			Graduate		Post-Graduate		Above		
	M	S.D	M	S.D	M	S.D		M	S.D	M	S.D	M	S.D	
Tangibility	4.14	.38	3.95	.56	4.14	.51	1.16	4.34	.38	4.21	.47	4.15	.34	2.22
Reliability	3.89	.51	3.97	.47	3.96	.34	.19	4.16	.53	4.10	.45	3.86	.25	.69
Responsive Ness	3.94	.44	4.04	.33	4.02	.39	.51	4.18	.43	4.04	.36	3.50	.57	5.74**
Recovery	4.02	.61	4.18	.56	4.36	.38	1.12	4.17	.48	4.08	.61	3.38	1.60	3.05*

*p<0.05, **p<0.01

Table3.7 depicts mean difference analysis of perceptions of customers on quality of services provided by public and private banks with respect to educational qualification. From the data it is observed that graduate customers of private banks have scored highest on tangibility (M=4.14) and lowest has been given for reliability (M=3.89) whereas post graduate customers have scored highest on recovery (M=4.18) while minimum score for tangibility (M=3.95). It is also seen that highest qualified customers have scored highest on

tangibility (M=4.14) and minimum score for recovery (M=3.36). In comparison the customers availing services of public banks in all qualified groups have given highest mean value for tangibility with mean (M=4.34) by graduates; (M=4.21) by post graduates and (M=4.15) by highest qualified. Further it can be noted that the customers who are post graduates and above post graduates have given lowest score for responsiveness and recovery with means (M=4.04) and (M=3.38). However graduates have been found to score lowest on reliability (M=4.16). However, effect of educational qualification on the mean difference on four components of satisfaction of quality of services in case of private banks has been found to be insignificant whereas in case of public banks is found to be significant only for responsiveness (F=5.74, p<0.01) and recovery (F=3.05, p<0.05).

3.8 depicts mean difference analysis of perceptions of customers on quality of services provided by public and private banks with respect to salary of customers

ncome (Rs)	Private									Public								
	(20000 or less)		(20000-40000)		(40000-60000)		(Above 60000)			(20000 or less)		(20000-40000)		(40000-60000)		(Above 60000)		
ibles	M	S.D	M	S.D	M	S.D	M	S.D	F	M	S.D	M	S.D	M	S.D	M	S.D	F
jbility	3.91	.48	4.15	.42	3.92	.64	4.17	.31	1.25	4.34	.42	4.30	.45	4.11	.39	4.70	.14	1.71
ibility	3.67	.51	3.98	.43	4.00	.45	4.14	.43	.009	4.24	.42	4.08	.49	3.96	.56	4.38	.18	1.64
onsive	4.02	.42	4.00	.44	4.01	.30	4.00	.30	2.43	4.10	.35	4.14	.47	3.90	.38	4.44	.27	1.95
very	4.04	.49	4.15	.67	4.14	.52	4.43	.35	.76	4.05	.54	4.08	.77	4.12	.49	4.25	.35	.09

*p<0.05,**p<0.01

Tabl3.8 depicts mean difference analysis of perceptions of customers on quality of services provided by public and private banks with respect to salary of customers. In comparison of private and public banks it is observed that in private banks the people belonging to lowest income group have shown higher mean value for recovery (M=4.04) and minimum score for reliability (M=3.67). It is observed that customers belonging to income group of (Rs 20000-40000) have shown higher and same mean value for two components out of four components i.e. tangibility and recovery with mean value (M=4.15) and minimum score for reliability (M=3.98). Further customers with salary (Rs 40000-60000) have shown higher mean value for one component out of four components i.e. recovery with mean value (M=4.14) and minimum score for tangibility (M=3.92). The results show that customers

belonging to highest income group have shown higher mean value for recovery (M=4.43) and minimum score for responsiveness (M=4.00). Further it is seen that in public banks the people belonging to lowest income group have shown higher mean value for the dimension tangibility (M=4.34) and minimum score for recovery (M=4.05). Further it is seen that customers belonging to income group of (Rs20000-40000) have shown higher mean value for tangibility (M=4.30) and minimum and same score for two component i.e. reliability and responsiveness with mean value (M=4.08). Further customers with salary (Rs40000-60000) have shown higher mean value for recovery (M=4.12) and minimum score for responsiveness (M=3.90). The results show that customers belonging to highest income group have shown higher mean value for tangibility with mean value (M=4.70) and minimum score for recovery (M=4.25). However, effect of income on the mean difference on four components of satisfaction availed by customers with respect to private banks has been found to be insignificant whereas in case of public banks also it is found to be insignificant.

3.9 Mean Difference analysis of perceptions of customers on quality of services provided by public and private banks with respect to age of customers

Age (years)	Private									Public								
	(20-30)		(30-40)		(40-50)		(50-60)			(20-30)		(30-40)		(40-50)		(50-60)		
ables	M	S.D	M	S.D	M	S.D	M	S.D	F	M	S.D	M	S.D	M	S.D	M	S.D	F
bility	3.92	.34	4.09	.46	4.04	.67	4.00	.59	.35	4.16	.44	4.27	.45	4.47	.39	4.43	.17	2.26
)ility	3.87	.45	3.96	.54	3.97	.44	3.94	.35	.16	4.11	.57	4.09	.43	4.29	.43	3.91	.48	1.36
)nsiven	3.95	.35	4.02	.36	3.95	.41	4.20	.40	.99	4.00	.38	4.03	.45	4.26	.36	4.20	.44	1.93
'ery	4.17	.56	4.23	.56	4.33	.58	4.13	.58	.48	3.97	.60	4.04	.77	4.25	.35	4.08	.63	.99

*p<0.05, **p<0.01

Table3.9 depicts mean difference analysis of perceptions of customers on quality of services provided by public and private banks with respect to age of customers. In comparison of private and public banks it is observed that in private banks people belonging to lowest age group have shown higher mean score for recovery with mean value (M=4.17) and minimum score for tangibility with mean value (M=3.87). It is also observed that people belonging to age group of (30-40years) have shown higher mean score for recovery with

mean value (M=4.23) and minimum mean score for reliability with mean value (M=3.96). Further it is seen that customers belonging to age group of (40-50years) have shown higher score for recovery (M=4.34) and minimum score for responsiveness (M=3.95) whereas customers belonging to highest age group have shown higher score for responsiveness with mean value (M=4.20) and minimum score for reliability (M=3.94). Further it is seen that in public banks the people belonging to lowest age group have shown higher mean score for tangibility (M=4.16) and minimum score for recovery (M=3.97). It is also observed that customers belonging to age group of (30-40years) have shown higher score for tangibility (M=4.27) and minimum score for responsiveness (M=4.03). Further it is seen that customers belonging to age group of (40-50yers) have shown higher score for tangibility with mean value (M=4.47) and minimum score for recovery (M=4.25). It is seen that customers belonging to highest age group have shown higher score for tangibility (M=4.43) and minimum score for reliability (M=3.91). However, effect of age on the mean difference on four components of satisfaction availed by customers with respect to private banks has been found to be insignificant whereas in case of public banks also it is found to be insignificant.

CHAPTER-4

FINDINGS, CONCLUSIONS AND SUGGESTIONS

In the present chapter, on the basis of analysis and interpretation of the data with respect to quality of services provided by public and private banks of District Shimla H.P., important findings are listed and conclusions are drawn and discussed. Further suggestions which have emerged in the present study are given. The findings and conclusions of the study are given and discussed as follows:

1) The findings revealed that the customers of public sector banks are more satisfied with the quality of services provided by the banks in comparison to customers of private sector banks. The customers of public sector banks have shown higher level of satisfaction for three dimensions tangibility, reliability and responsiveness. Thus it can be said that customers are satisfied with the technological up-to-date equipments of the banks, the services of handling customer service problem, behaviour of employees with customers etc. On the other hand the customers of private sector banks are satisfied with the dimension recovery.

2) The findings on the mean difference analysis of perceptions of customers on quality of services provided by banks with respect to gender revealed that male customers are more satisfied in comparison to female customers. The male customers have shown higher level of satisfaction for three components tangibility, reliability and responsiveness. The male customers are satisfied with the clarity of bank statement, the record maintaining procedure of their account etc. But for recovery both male and female respondents have shown same level of satisfaction. It was also noted that the effect of gender on the mean difference on four components of satisfaction has found to be insignificant.

3) The findings also revealed that the graduate customers are more satisfied in comparison to post graduate customers and highly qualified customers. The graduate customers have shown higher level of satisfaction for three components tangibility, reliability and responsiveness. But for recovery both graduate and post graduate customers have same level of satisfaction. It is concluded that the highly qualified customers are least satisfied with the services of the banks.

4) The findings reveal that the customers belonging to highest age group (40-50 years) and (50-60 years) are more satisfied than the customers falling in the lowest age group (20-30 years) and(30-40 years). It is seen that the customers belonging to highest age groups are satisfied on the components tangibility, responsiveness and recovery and least satisfied on the component reliability. On the other hand it is observed that the customers belonging to lowest age group are satisfied on two components tangibility and recovery. It is clearly depicted by the study that the lowest age group is dissatisfied.

5) It was also noted that the customers having average income (Rs20000-400000) and highest income (above 60000) have same and level of satisfaction for the dimension tangibility. The customers falling under the highest income group (above 60000) have shown more satisfaction for the component recovery i.e. they are satisfied with the convenience of operating hours and the quick response of bank employees on the complaints. On the other hand the customers belonging to lowest income group (below 20000) have shown more satisfaction for tangibility. The customers belonging to income group of (Rs40000-60000) are seen to be least satisfied with the services provided by the banks. Overall all customers are satisfied but customers belonging to highest income group are comparatively more satisfied.

6) The study reported that the customers of public banks both male and female were more satisfied with the services in comparison to the customers of private banks. It was seen that the customers of public sector banks both males and females have shown higher level of satisfaction for the dimension tangibility and reliability. On the other hand the customers of private banks both males and females have shown less satisfaction for the dimension reliability i.e. they are not satisfied with the services provided by the bank as promised, the service of handling customer service problems etc.

7) The findings reveal that the mean difference analysis of perception of customers on quality of services provided by public and private sector banks with respect to educational qualification was seen that customers of private banks have shown higher level of satisfaction for the dimension recovery it is also seen that graduate customers and highly qualified customers have shown same level of satisfaction for the dimension tangibility i.e. they are satisfied with the premises of the bank, the clarity of bank statement etc. On the other hand post graduate customers have shown lower level of

satisfaction. It was further seen that the graduate and post graduate customers of public banks are more satisfied with the services provided by the banks in comparison to highly qualified customers. The graduate and post graduate customers have shown higher level of satisfaction for the dimension tangibility on the other hand highly qualified customers have shown lower level of satisfaction for the services provided by the bank.

8) It was also noted that the mean difference analysis of perception of customers on quality of services provided by public and private sector banks with respect to income was seen that the customers of public sector bank are more satisfied in comparison to private sector banks. The customers of public sector banks belonging to highest and lowest income group have shown highest level of satisfaction for the dimension tangibility, reliability and responsiveness. On the other hand the customers belonging to income group of (40000-60000) are less satisfied with the services. The customers of private sector banks belonging to lowest income group have shown lowest level of satisfaction for the dimension tangibility and reliability. Overall it is observed that the customers of private sector banks are less satisfied with the services.

9) The study reported that the mean difference analysis of perception of customers on quality of services provided by public and private sector banks with respect to age was seen the customers of private sector banks with age group of (40-50 years) have shown highest level of satisfaction for the variable recovery and customers belonging to lowest age group (20-30 years) have shown lowest level of satisfaction i.e. they are not satisfied with the record maintaining procedure of their account , the way of handling customer service problem, the convenience of the operating hours etc. On the other hand the customers belonging to public sector banks belonging to middle age groups have shown higher level of satisfaction for the dimension tangibility and reliability and the customers belonging to lowest and highest age groups have shown lowest level of satisfaction.

SUGGESTIONS

1. Customers' grievances should be redressed speedily and customers' satisfaction should always be on the top priority. It is advisable for all the banks under study to keep a separate complaint-cum-suggestion box/book to enable customers to offer suggestions and complaints.

2. The operating hours of banks must be extended depending upon the needs and desires of customers. Public sector banks need to improve the quick response of bank employees on the complaints. Employees should be given training to improve their attitude. Banks should arrange meeting with their customers to promptness in providing the services.

3. Provision for separate inquiry counter at all the banks would be very useful especially to the illiterate customers. The banks must try to find out the specific needs of different customers, so that suitable package of services can be made available to them. As so many customers use ATM cards, so there should be more ATM machines for the convenience of the customers.

4. In order to satisfy customers, the banks should provide specialized services. The services such as the record maintaining procedure of their account, the overall service quality of the bank. The bank staff should be strongly motivated to render whole hearted services to the customers. Service delayed is service denied, the bankers should not forget this fact otherwise the customers will move to other bank.

5. Bank staff should promptly and satisfactorily deal with the problems faced by the customers & they should adopt cooperative attitude with them. Bank should help its customers in filling up various forms and in solving their problems. Motivating bank staff should be more customers oriented.

6. Satisfaction level of customers can be increased by improving the factors such as the services provided by the bank as promised, the clarity of bank statement, the way bank informs about the time when services will be performed, the bank's services of providing customers best interest at heart etc. Needless to say, that the bank who have reputed goodwill in the market, have the maximum clients. So they have to do their best to maintain that goodwill.

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ANNEXURE

ANNEXURE-1

QUESTIONNAIRE

Dear Sir/Madam

I am working on the project entitled "A Comparative Study of Customer Satisfaction with Quality of Services in Public and Private Sector Banks" as a part of MBA curriculum. Please read the following statements carefully and give your response. I assure you that information provided by you will be used for academic and research purposes and will not be divulged. I shall be highly thankful to you for your co-operation.

PART-A

GENERAL INFORMATION

(i) Name (optional): _____   (ii) Name of Bank: _____

(iii) Bank Type: Private / Public   (iv) Type of account: Savings/ Current/Salary

(v) Gender: Male /Female   (vi) Age (In Years): _____

(vii) Qualification: _____   (viii) Income (Monthly): _____

PART- B

Please read the given questions carefully and tick the appropriate box, revealing your level of satisfaction where,   5= Highly satisfied; 4 = Satisfied; 3 = Neither satisfied nor dissatisfied; 2 = Dissatisfied;   1= Highly dissatisfied.

STATMENTS I am satisfied with:	5	4	3	2	1
1. The premises of the bank.					
2. The technological up-to-date equipments of the bank.					
3. The way employees dress.					
4. The information provided in pamphlets distributed by the bank.					
5. The clarity of bank statement.					
6. The services provided by the bank as promised.					

7. The services of handling customer service problem.					
8. The way bank informs about the time when services will be performed.					
9. The record maintaining procedure of my account.					
10. The promptness in providing services to me.					
11. The willingness of employees to help customers.					
12. The bank services of sending timely bank statement.					
13. Behaviour of employees with customers.					
14. The employee's eagerness of installing confidence in customers.					
15. The bank's services of providing customers best interest at heart.					
16. The bank services of providing the product that best suits me.					
17. The overall service quality of the bank.					
18. The convenience of the operating hours.					
19. The quick response of bank employees on the complaints.					

(Signature)

THANK YOU

CURRICULAR VITAE

GARIMA BHARDWAJ

Contact information:-

Address:

Dev Villa Inder Nagar New Dhalli Shimla -12 Himachal Pradesh-171012 Mobile 9418524081

E-Mail

garimabhardwaj2013@gmail.com

Personal Data:

Date of birth: 06-03-1989

Gender: female

Nationality: Indian

Marital status: Unmarried

Languages Known: English, Hindi, Pahari

OBJECTIVES:

To utilise my personal and academic skills in an environment that offers opportunity to learn, grow with and within the organisation to pursue a challenging and rewarding career. My objective is to do task in corporation in effective way through hard work honesty and determination and to enhance my knowledge by working in a professional environment.

Professional qualification

MBA

Dr.Y.S. Parmar University of Horticulture and Forestry Nauni, Solan-173230

Academic Qualification

- **B.Com**
  Govt. College Sanjauli   60%
  Himachal Pradesh University
- **Higher Secondary**
  Central Board of Secondary Education   61%
- **Matriculation**   ,
  ICSE   67%

Skills

- Sincere with a high level of integrity
- Fast learner, adapt well to changes and pressures in Workplace
- Knowledge about the matter

Interests:

Listening to music, Playing football, Cooking, painting and dancing

Preferences:

Location: willing to relocate

Strengths:

Team spirited

Determined

- Good presentation skills
- Work effectively with diverse group of people
- Committed to deadlines and schedules
- Work effectively with diverse group of people

Key Projects

- Summer training at H.P. state co-operative bank For six weeks in Shimla
- Working on project " A comparative study of Customer satisfaction with quality of services in Public and private sector banks".

Project Description

The project is based on customer satisfaction with quality of services provided by the banks.

Extra Curricular Activities

- Participated in cultural activities in school and College

Computer Proficiency

- Microsoft Package
- Proficiency in internet

Declaration

I confirm that the information provided by me is true to the best of my knowledge and belief.

Place: 9|7/2013   Nauni Solan

Date: 9/7/2013   (Signature)