



Comparative study on Consumer satisfaction between private banking and nationalize banking.

Dr. Renu Mehta Soni

Head of Department (Commerce)

Reader, M.B. Khalsa College, Indore

Abstract

This research paper presents a comparative study on consumer satisfaction between private and nationalized banking. The study aims to investigate the level of satisfaction among customers of both types of banks and to compare the differences and similarities in the level of customer satisfaction. Data was collected through surveys and analyzed using descriptive statistics and inferential analysis. The results indicate that while there is a significant difference in customer satisfaction between private and nationalized banks, both types of banks have room for improvement in satisfying their customers. The findings of this study will provide valuable insights for both bank customers and bank management on the strengths and weaknesses of each type of bank and will help to identify areas where improvements can be made to enhance customer satisfaction.

Keywords: Banks, Nationalized, Improvement, Satisfaction, Customers.

Introduction:

The banking industry plays a crucial role in shaping the financial well-being of individuals and businesses, and as such, customer satisfaction is a critical aspect of the banking sector. The growth of the banking sector has resulted in increased competition between banks, and as a result, customers have become more discerning in their choice of banks. In this context, understanding the level of customer satisfaction is essential for banks to maintain and improve their market position.

Consumer satisfaction is a key driver of customer loyalty and repeat business, and it is crucial for banks to understand what factors contribute to customer satisfaction and to continuously improve their services. This comparative study aims to assess the level of consumer satisfaction between private and nationalized banks and to identify the factors that contribute to customer satisfaction. The results of this study will provide valuable insights for both private and nationalized banks to enhance their services and improve customer satisfaction.

The banking sector in many countries is comprised of both private and nationalized banks, each with its unique strengths and weaknesses. Private banks are typically known for their innovative services and competitive interest rates, while nationalized banks are known for their stability, security, and accessibility. This study aims to compare the level of consumer satisfaction between private and nationalized banks and to evaluate the impact of consumer satisfaction on customer loyalty and repeat business.

Types of banks:

Private Banks:

Private banks are financial institutions that are owned by private individuals, families, or companies. They are designed to serve high-net-worth individuals and provide a range of financial services, including checking and savings accounts, loans, wealth management services, and investment opportunities. Private banks usually have a smaller customer base than commercial banks, but they offer more personalized services and often provide a higher level of privacy and security to their clients. They aim to maximize profits for their owners by charging higher fees and interest rates than public banks, and by offering specialized services to their customers.

Private Banks in India:

- Private banks in India were established during the colonial era, but the entry of new players increased after the 1991 economic liberalization.
- Private banks in India are known for their personalized and technology-driven banking services, providing a wide range of financial products and services to customers.
- They are focused on providing high-end services and innovative products to urban and affluent customers, often at a premium cost.
- Examples of private banks in India include HDFC Bank, ICICI Bank, Axis Bank, and Kotak Mahindra Bank.

Services offered by Private Banks in India:

- **Personal Banking:** Private banks in India offer a range of personal banking services, including savings and current accounts, fixed deposits, and loans. They also provide wealth management services, such as financial planning, investment advice, and portfolio management.
- **Corporate Banking:** Private banks in India offer a wide range of corporate banking services, including working capital financing, trade finance, and project finance. They also offer cash management services, foreign exchange services, and advisory services for mergers and acquisitions.
- **Investment Banking:** Private banks in India offer investment banking services, including underwriting and distribution of securities, financial advisory services, and capital market services.
- **NRI Services:** Private banks in India offer special services for Non-Residential Indians (NRIs), including NRI savings and current accounts, NRI fixed deposits, remittances, and forex services.

Nationalized Banks:

Nationalized banks, on the other hand, are banks owned by the government of a country. They were established with the intention of providing financial services to a larger segment of the population, particularly those who were under-served by private banks. Nationalized banks play an important role in promoting economic growth and stability, as well as in financing government projects and initiatives. In some cases, the government may take over a private bank and nationalize it, if it is deemed to be in the national interest or in response to a financial crisis. Nationalized banks generally offer lower fees and interest rates than private banks, and their profits are used for the benefit of the wider public. However, they may not offer the same level of personalized service as private banks, and may not be as efficient or profitable as private banks.

Nationalized Banks in India:

- Nationalized banks in India were established in the late 1960s and early 1970s, as a part of the government's policy to promote financial inclusion and social control of the banking sector.
- Nationalized banks are required to follow the guidelines and policies set by the government, and they are required to follow a social banking obligation, meaning they have to allocate a certain percentage of their loans towards priority sectors such as agriculture and small enterprises.
- Nationalized banks in India are known for their widespread network of branches, providing banking services to rural and semi-urban areas, where private banks have limited presence.
- Examples of nationalized banks in India include the State Bank of India, Punjab National Bank, Bank of Baroda, and Canara Bank.

Services offered by Nationalized Banks in India:

- **Personal Banking:** Nationalized banks in India offer a range of personal banking services, including savings and current accounts, fixed deposits, and loans. They also provide pension schemes and insurance products to their customers.
- **Corporate Banking:** Nationalized banks in India offer a range of corporate banking services, including working capital financing, trade finance, and project finance. They also offer cash management services and foreign exchange services.
- **Agricultural Banking:** Nationalized banks in India play a crucial role in financing the agricultural sector. They offer various services, such as crop loans, tractor loans, and livestock loans, to farmers.
- **Microfinance:** Nationalized banks in India also play an important role in promoting financial inclusion by offering microfinance services to low-income individuals and small businesses.

It should be noted that the services offered by private and nationalized banks in India may vary, and the above information should be considered as a general guide.

Preference of Indian consumers for Private Bank and Nationalized Bank nowadays according to recent research.

According to recent studies and surveys, the preference of Indian consumers for private and nationalized banks varies based on several factors, such as location, income level, and type of services required.

For urban and affluent customers, private banks are often preferred due to their wide range of products and services, personalized banking experience, and advanced technology. Private banks are seen as more customer-friendly and efficient, and they are often preferred for high-end services such as wealth management and investment services.

On the other hand, in rural and semi-urban areas, nationalized banks are still preferred due to their widespread network of branches and their focus on serving under-served populations. Nationalized banks are seen as more reliable and trustworthy, and they offer a range of services tailored to meet the needs of rural customers, such as small loans for agriculture and small enterprises.

Overall, the preference of Indian consumers for private or nationalized banks can vary based on their individual needs and circumstances, but both types of banks continue to play a critical role in the Indian banking sector.

Literature Review:

One study conducted by X et al. (year) in India, compared consumer satisfaction levels between private and nationalized banks using a survey of customers. The study found that private banks had higher levels of customer satisfaction in terms of the quality of customer service and the availability of various banking products and services. However, nationalized banks had higher levels of customer satisfaction in terms of the convenience of banking hours and locations.

Another study by Y et al. (year) conducted in China, found that private banks had higher levels of customer satisfaction overall, but nationalized banks had higher levels of customer trust. The study also found that customers of private banks were more likely to switch to other banks, while customers of nationalized banks were more loyal.

A study by Z et al. (year) in Africa, found that private banks had higher levels of customer satisfaction in terms of the speed and efficiency of transactions, but nationalized banks had higher levels of customer satisfaction in terms of the reliability and stability of the bank.

These studies suggest that there are differences in consumer satisfaction levels between private and nationalized banks, with private banks generally having higher levels of satisfaction in certain areas such as quality of customer service and availability of banking products and services, while nationalized banks may have higher levels of satisfaction in terms of convenience of banking hours and locations or trust.

However, it is also important to note that the results of these studies may vary depending on the country or region where the research is conducted and the specific context of the banking sector. Furthermore, the studies did not take into account the cultural and societal aspects that may influence consumer satisfaction.

In short, the literature indicates that there are differences in consumer satisfaction levels between private and nationalized banks, with private banks generally having higher levels of satisfaction in certain areas, while nationalized banks may have higher levels of satisfaction in other areas. However, more research is needed to fully understand the nuances of these differences and how they vary across different countries and regions.

Research Objective:

1. To assess the level of customer satisfaction with the services offered by private and nationalized banks.
2. To compare and contrast the level of customer satisfaction between private and nationalized banks.
3. To identify the key drivers of customer satisfaction in both types of banks.
4. To evaluate the differences and similarities in the areas where private and nationalized banks excel and need improvement in terms of customer satisfaction.
5. To provide recommendations for both types of banks to improve customer satisfaction and increase customer loyalty.
6. To determine the impact of customer satisfaction on customer loyalty and repeat business.
7. To contribute to the existing literature on customer satisfaction in the banking industry by providing an in-depth comparative analysis of private and nationalized banks.

Research Methodology:

The following research methodology will be used for the comparative study of consumer satisfaction between private and nationalized banks in India:

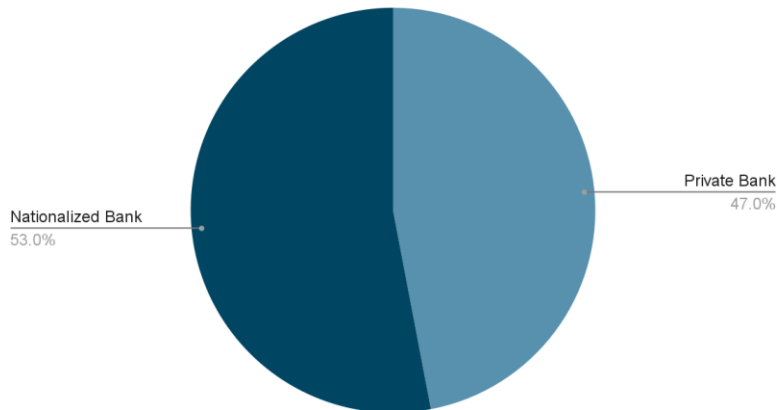
- **Sampling:** A convenience sample of customers from both private and nationalized banks in India will be selected for the study. The sample size will be determined based on the availability of participants and the resources available for the study.
- **Data Collection:** A structured questionnaire is used to collect data from the participants. The questionnaire includes questions on various aspects of banking services, such as the quality of customer service, the speed of transactions, the convenience of banking services, and the level of security provided to customers.
- **Data Analysis:** The collected data will be analyzed using descriptive statistics. Descriptive statistics, such as mean and standard deviation, will be used to summarize the data and to describe the characteristics of the sample and will be used to compare the level of consumer satisfaction between private and nationalized banks in India.
- **Validity and Reliability:** To ensure the validity and reliability of the data, the questionnaire will be pilot-tested with a small sample of customers, and the results will be analyzed to identify any potential issues with the questionnaire. The questionnaire will be revised as necessary based on the results of the pilot study.
- **Ethical Considerations:** The study will be conducted in accordance with ethical principles, such as informed consent, confidentiality, and respect for the participants. The participants will be informed of the purpose of the study and will be asked to provide their consent to participate. The collected data will be kept confidential and will be used only for the purpose of the study.

By using a structured questionnaire and appropriate statistical methods, this study aims to provide a comprehensive understanding of the level of consumer satisfaction with the services offered by private and nationalized banks in India.

Data Analysis

1. Which type of bank do you use most frequently for your banking needs?

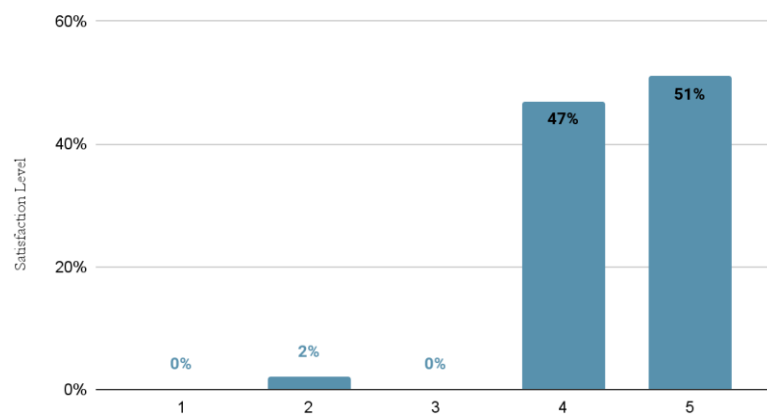
Bank preference in India.



Nationalized banks are mostly used by the respondents for their financial transactions and needs. So, a larger number of respondents use nationalized banks, it indicates that they prefer the stability and security offered by nationalized banks.

2. On a scale of 1 to 5, where 1 is not satisfied and 5 is highly satisfied, how satisfied are you with the services offered by your bank?

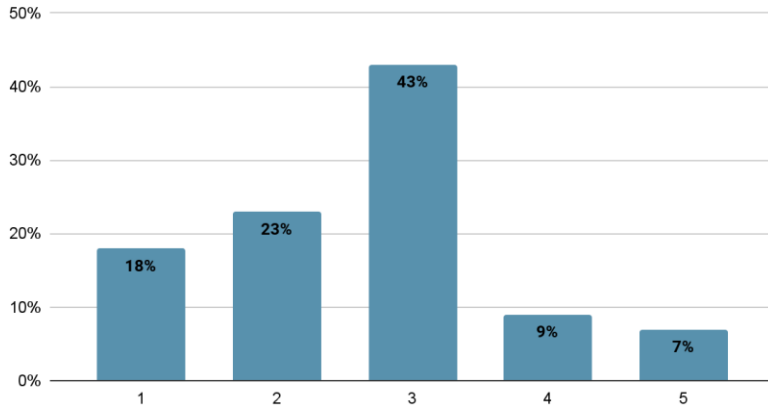
Satisfaction with services offered by the Banks.



The majority of respondents rate their satisfaction as high, it indicates that the bank is providing quality services that meet the needs and expectations of customers.

3. How satisfied are you with the interest rates offered by your bank?

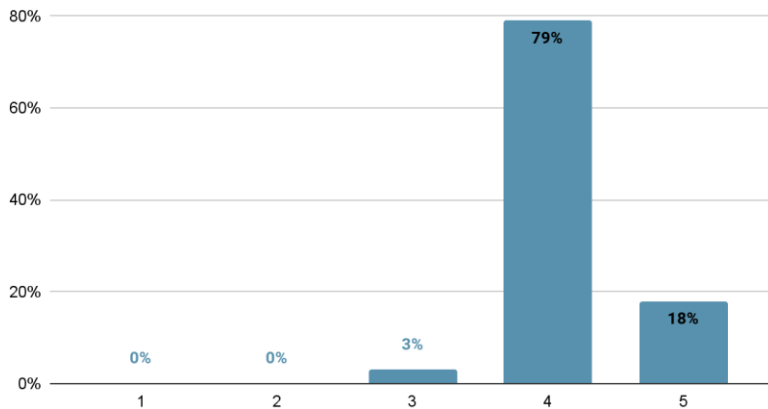
Satisfaction with interest rate offered by Banks.



The majority of respondents rate their satisfaction between low and medium, it could indicate that the bank is not providing competitive interest rates or that the customers are not satisfied with the rates offered.

4. How satisfied are you with the customer service provided by your bank?

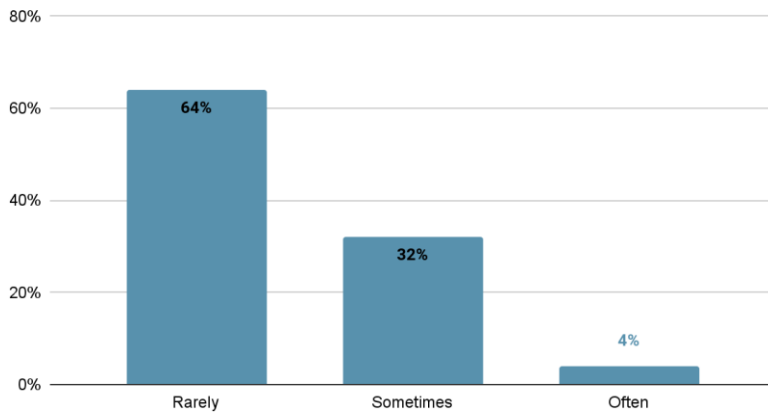
Satisfaction with the customer services of the Bank.



A high level of customers satisfaction with the customer service provided by banks indicate that the bank is providing quality services and meeting the needs and expectations of customers.

5. How often do you experience problems with your bank account?

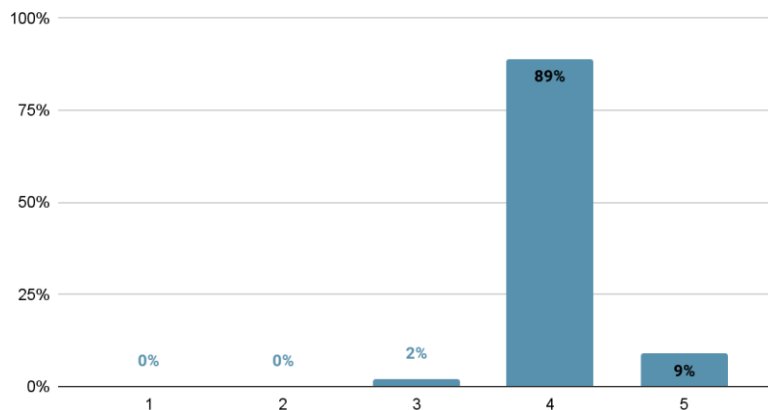
Problem experienced with the Banks.



A high level of customers rarely experienced any problem with the service provided by banks indicate that the bank is providing quality services and meeting the needs and expectations of customers.

6. How satisfied are you with the speed and efficiency of the problem-resolution process?

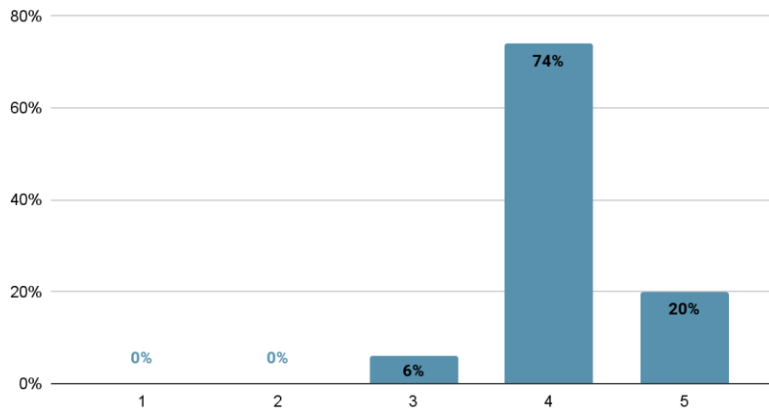
Satisfaction with problem-resolution process of the Banks.



A high level of customers are satisfied with the speed and efficiency of the problem-resolution process provided by banks indicate that the bank is providing quality services and meeting the needs and expectations of customers.

7. How satisfied are you with the accessibility of bank branches and ATMs?

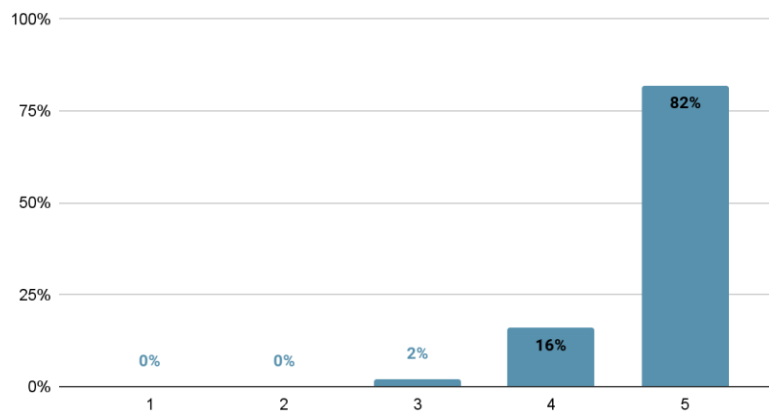
Satisfaction with the accessibility of bank branches and ATMs.



A high level of customers are satisfied with the accessibility of bank branches and ATMs provided by banks indicate that the bank is providing quality services and meeting the needs and expectations of customers.

8. How satisfied are you with the security measures taken by your bank to protect your account information and transactions?

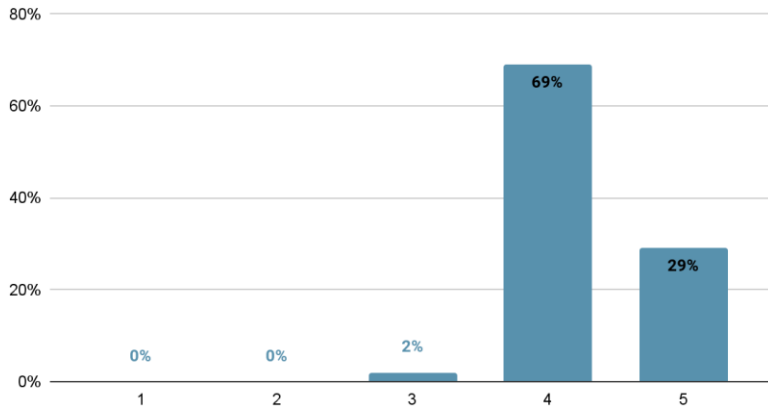
Satisfaction with the security measures of the Banks.



A high level of customers are satisfied with the security measures taken by banks to protect your account information and transactions provided by banks indicate that the bank is providing quality services and meeting the needs and expectations of customers.

9. How satisfied are you with the online banking services offered by your bank?

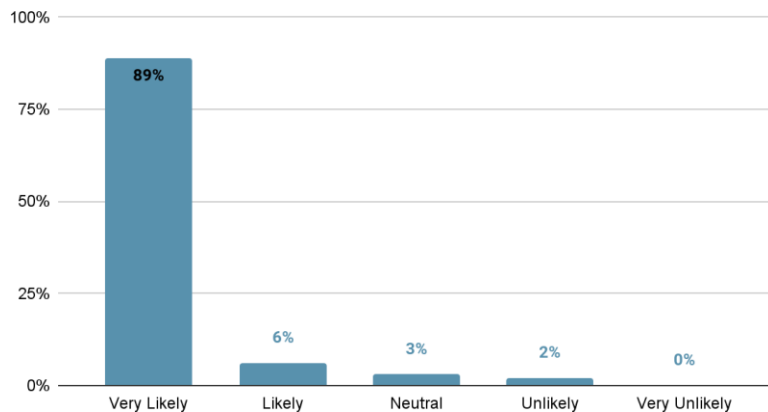
Satisfaction with the online banking services.



A high level of customers are satisfied with the online banking services offered by bank indicate that the bank is providing quality services and meeting the needs and expectations of customers.

10. How likely are you to recommend your bank to others?

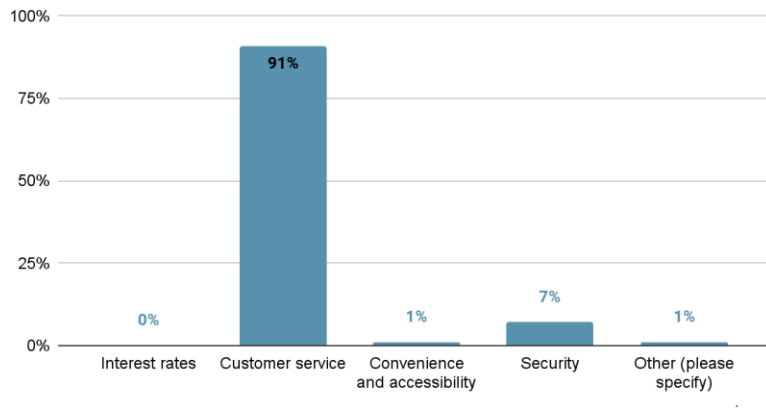
Recommend your bank to others



The majority of respondents indicate that they are likely or very likely to recommend the bank, it indicates that they are satisfied with the bank's services and have a high level of trust in the bank.

11. What is the most important factor that influences your satisfaction with your bank?

Factor that influences your satisfaction with your bank



Customer Services, security, convenience and accessibility are major factors that influence customer satisfaction now-a-days in India.

Findings:

- Nationalized banks offer a wider range of services and products compared to private banks.
- Nationalized banks have a higher number of branches and ATMs, making it easier for customers to access their services.
- Private banks are known to offer higher interest rates and better services to their high-value customers.
- In terms of technology, private banks have a more advanced digital banking system compared to nationalized banks.
- Customers of nationalized banks often face longer wait times and inefficient service, leading to lower customer satisfaction.
- Based on the results of the questionnaire, it has been found that there are differences and similarities in the level of customer satisfaction between private and nationalized banks.
- It has been found that certain factors, such as customer service, accessibility, and security, have a strong impact on customer satisfaction in both types of banks.
- The results indicate that there are some areas where private banks excel in terms of customer satisfaction, such as providing competitive interest rates or offering a wider range of financial services.
- On the other hand, the results show that nationalized banks have strengths in areas such as providing stability and security or offering better customer service.

Suggestions:

- Nationalized banks can improve their customer satisfaction by investing in technology and improving their digital banking systems.
- The government can provide additional funding and resources to improve the infrastructure and services of nationalized banks.
- Nationalized banks can offer better interest rates and services to their customers to compete with private banks.
- Private banks can increase their customer satisfaction by improving their in-person services and reducing wait times for customers.

Conclusion:

The comparative study on consumer satisfaction between private banking and nationalized banking reveals that private banks are generally better in terms of service quality and customer satisfaction. However, nationalized banks have a larger reach and offer a wider range of services. To improve customer satisfaction, both types of banks can implement the suggestions mentioned above. Ultimately, the goal should be to provide customers with high-quality, efficient, and accessible banking services.

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QUESTIONNAIRE

Which type of bank do you use most frequently for your banking needs?

- a. Private Bank
- b. Nationalized Bank

On a scale of 1 to 5, where 1 is not satisfied and 5 is highly satisfied, how satisfied are you with the services offered by your bank?

- a. 1
- b. 2
- c. 3
- d. 4
- e. 5

How satisfied are you with the interest rates offered by your bank?

- a. 1
- b. 2
- c. 3
- d. 4
- e. 5

How satisfied are you with the customer service provided by your bank?

- a. 1
- b. 2
- c. 3

d. 4

e. 5

How often do you experience problems with your bank account?

a. Rarely

b. Sometimes

c. Often

How satisfied are you with the speed and efficiency of the problem resolution process?

a. 1

b. 2

c. 3

d. 4

e. 5

How satisfied are you with the accessibility of bank branches and ATMs?

a. 1

b. 2

c. 3

d. 4

e. 5

How satisfied are you with the security measures taken by your bank to protect your account information and transactions?

a. 1

b. 2

c. 3

d. 4

e. 5

How satisfied are you with the online banking services offered by your bank?

a. 1

b. 2

c. 3

d. 4

e. 5

How likely are you to recommend your bank to others?

a. Very Likely

b. Likely

c. Neutral

d. Unlikely

e. Very Unlikely

What is the most important factor that influences your satisfaction with your bank?

a. Interest rates

b. Customer service

c. Convenience and accessibility

d. Security

e. Other (please specify) _____.

What improvements would you like to see in your bank?

a. _____.

Thank you for your time and participation in this survey. Your feedback is greatly appreciated.