CUSTOMERS' SATISFACTION LEVEL ACHIEVED THROUGH PRODUCT AND SERVICES OFFERED BY PUBLIC AND PRIVATE SECTOR BANKS AT VARANASI.

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Abstract

Banking is life blood of economy of a country, its important increases even more when it comes to India. The growth of banking sector of has helped the growth of economic growth of India. Being a promoter of capital formation in India through various activates it turn out to be an integral part of Indian economy. Banks form a significant part of the Indian's Financial Institution System. Banks accept deposits from general public and advance money to individuals like household, entrepreneurs, businessmen etc. keeping profit as objectives. Banks now have adopted better and upgraded operational skills and strategies and now more adaptive to changing environments whether external like customer behavior, regularity changes, technology etc. or internally like providing good, safe, clean hygienic and friendly environment to employee to work and providing them training to improve their skill. The banks nowadays have more emphasis on increasing their banking network, customers' reach and customer satisfaction to maintain their retention. This paper is about product and services offered by up both public and private sector banks and customer' satisfaction level achieved on that.

Keywords: Banks, Customer, Customer Satisfaction, Product& Services, Public and Private Sector Banks

INTRODUCTION

Customer is the person who is beneficiary of a product and service or an idea obtained from a seller, vendor, or supplier through monetary transactions or some other valuable consideration. Satisfaction is the feeling and a unit, in which a customer measures the amount of utility obtained from the use of product and services he/she has acquired as per their need and requirement from the providers or manufactures of those products and services. Satisfaction is an important factor based on which a customer decides whether he/she is going to buy the products and services from the same end again or not. Retention of customers is very important for any organization to grow. Satisfaction plays an important role in retaining the customers which in turn helps the firms holding the major shares in market. Presently, the customers are treated as "king of market" and their satisfaction is most important than any other market related activities. Therefore, now the products are also customized as per their needs and requirements.

Banks are the life blood of economic growth of any country and play an important role in growth of its economy. In India its role increases even more as it helps in stability of financial sector. The Indian banking productivity excellence has perennial relevance, but it is much more relevant now. A bank is a profit seeking business organization whose work is dealing in money and credit. It accepts the deposits from the public to keep them in its custody for safety and creates credit by making advances out of the funds reserve/held as deposits to needy people. Services are being offered as products in banks and accountholders are the customers of banks. Satisfaction of customers on banking services is important irrespective of their name, age, sex, caste, wealth etc. Now-a-days, the customers are more attentive and alert towards their rights and welfare, accordingly the banks should also be alert, active and vigilant about these activities and should start working on it. In the era of globalization, liberalization and privatization due to this banking world is no more free from competition. There are different types of banks being operated in India namely public sector banks, private banks sector, and banks of foreign origin etc. The public and private sector banks has been facing competition within themselves. There are numerous number of public and private sector banks functioning in India.

Now it is willingness of customers they may select any bank according to their wish and even switch over to any bank. It is a known fact that without customers no bank survives in the banking industry. As banking services are meant for the public good, it is duty of the banks to make their customers feel safe and secure. After the PMJDY the population across the country who were not having any bank accounts, have opened their bank accounts

Indian Banking Regulation Act 1949 sec 5(b) "Accepting for the purpose of lending or investment of deposits of money from public repayable on demand or otherwise, and withdraw able by cheques, draft, order, or otherwise".

HISTORY OF BANKING IN INDIA

From the ancient times in India, an indigenous banking system has prevailed. The businessmen called Shroffs, Seths, Sahukars, Mahajans, Chettis etc. had been carrying on the banking business since ancient times. These indigenous bankers included very small money lenders to shroffs with huge businesses, who carried on the large and specialized business even greater than the business of banks. The origin of western type commercial banking in India dates back to the 18th century. The story of banking starts from Bank of Hindustan established in 1770 and it was first bank at Calcutta under European management. In 1786 General Bank of India was set up. Since, Calcutta was the most active trading port in India, mainly due to the trade of the British Empire, it became a banking center. Three Presidency banks were set up under charters from the British East India Company- namely Bank of Calcutta, Bank of Bombay and the Bank of Madras. They worked as quasi central banks in India for many years. The Bank of Calcutta established in 1806 immediately became Bank of Bengal. In 1921 these three banks merged and the formation of Imperial Bank of India and further it is today's State Bank of India. The name was changed after India's Independence in 1955. So the State bank of India is the oldest Bank of India. In 1839, there was a fruitless effort by Indian merchants to establish a Bank called Union Bank. The one Allahabad Bank which was established in 1865 and working even today. The oldest Public Sector Bank in India having branches all over India and serving the customers for the last 145 years is Allahabad Bank. Importance of banks increases after financial sector reform took place. It started with nationalization of SBI in 1960 on 19th of July followed by nationalization of 14 banks in 1969 and 6 banks in 1980. These are all known as public sector banks and the banks which are not nationalized but remained in existence known to be old private sector banks and the banks which comes in function after 1990, with the introduction of economic reform are called "new private sector banks.

Types of Banks

The Indian banks are divided majorly in two categories (i) statutory and (ii) ownership then further divided into sub categories. On the basis on statutory banks were classified as scheduled commercial banks and non- schedules commercial banks which are further classified on the ownership. Before understanding what are scheduled and non-scheduled banks we should know what commercial banks means. All the scheduled and non-scheduled banks which are regulated under the "Banking Regulation Act, 1949" can be called as commercial banks if their objective is profit seeking with primary functions of accepting the deposits and lending the loans to the general public, business etc.

The commercial banks are classified into the four categories as (a) Public Sector Banks (b) Private Sector Banks (c) Foreign Banks and (d) Non-scheduled commercial Banks.

Here we discuss mainly two types of banks.

1. **Public Sector Banks**: - The banks whose major shares i.e. more than fifty percent of shares are held by governmental body of India and nationalized too are called as public sector banks. These banks covers seventy-five percent of the total market of Indian banking industry. These banks comes into the existence with the nationalization process took place in 1969 and in 1980 as a result fourteen and six banks were nationalized respectively and the operational control of banks goes in the hands of government. Currently there are 21 nationalized public sector banks are working in India some of them have branches in abroad too. Few examples are State Bank of India, Allahabad Bank, Bank of Baroda, Syndicate Bank, Union Bank of India etc.
2. **Private Sector Banks**: - The banks whose major shares i.e. more than fifty percent of shares are held by private stakeholder of market and government has very few role and control over it, is called as private sector banks. These banks are of two types firstly, old private sector banks these are those banks who was in existence when nationalization was taking place back in1969 and 1980 but were not nationalized as they were not falling under the prescribed categories of RBI. Secondly, new private sector banks they are those banks which started their operation after 1991, as a result of economic and financial reforms took place then and so on. At present there are a total of 21 private sector banks including both 12 old and 9 new private sector banks. Few examples are ICICI Bank, IDBI Bank, HDFC Bank, AXIS Bank etc.

The different products and services of banks are as follows.

1) Accepting Deposit - Accepting deposit from savers or account holders is the primary function and service of a bank. Banks accept deposit from those who can save money but cannot utilize in profitable sectors. People prefer to deposit their savings in a bank because by doing so, they earn interest.
2) Advancing of Loans - Banks gives loan and advances to the needy once to generate their profit in terms of interest.
3) Overdraft -These facility is for current account holders who can withdraw the money above the amount actually present in their account for that moment of time. This services is also chargeable.
4) Home banking **-** Some banks provides the banking from home if, they are not able to visit the banks due to some valid reason or on the wish of customer. Home banking is the process of completing the financial transaction from one's own home as opposed to utilizing a branch of a bank. It includes actions such as making account inquiries, transferring money, paying bills, applying for loans, directing deposits.
5) Priority banking **-** Priority banking can include a number of various services, but some of the popular ones include free checking, online bill pay, financial consultation, and information.
6) Private banking **-** Personalized financial and banking services that are traditionally offered to a bank's digital, high net worth individuals (HNWIs). For wealth management purposes, HNWIs have accrued far more wealth than the average

person, and therefore have the means to access a larger variety of conventional and alternative investments. Private Banks aim to match such individuals with the most appropriate options.

7) Credit Card: Credit Card is "postpaid" or "pay later" card that draws from a credit line-money made available by the card issuer (bank) and gives one a grace period to pay. If the amount is not paid full by the end of the period, one is charged interest.

8) Debit Cards: Debit Card is a "prepaid" or "pay now" card with some stored value. Debit Cards quickly debit or subtract money from one's savings account, when he takes out money with the help of his prepaid card at point of sale or at withdrawals.

9) Electronic Funds Transfer (EFT): Banks have computerized their cheque handling process with computer networks and other electronic equipment's. These banks are dispensing with the use of paper cheques. The system called electronic fund transfer (EFT) automatically transfers money from one account to another.

10) Telebanking: Telebanking refers to banking on phone, this helps a customer accessing information about his/her account through a telephonic call and by giving the coded Personal Identification Number (PIN) to the bank. Telebanking is extensively user friendly and effective in nature.

11) Mobile Banking: A new revolution in the realm of e-banking is the emergence of mobile banking. On-line banking is now moving to the mobile world, as with a mobile phone one can access to real-time banking services, regardless of their location.

12) Internet Banking: Internet banking involves use of internet for delivery of banking products and services. In internet banking, any inquiry or transaction is processed online without any reference to the branch (anywhere banking) at any time.

13) Demat: Demat is short for de-materialization of shares. In short, Demat is a process where at the customer's request the physical stock is converted into electronic entries in the depository system.

Above explained are the common product and services offered by commercials banks of India irrespective of the fact that it is public or private banks as we are talking here as a whole. In concern of same I have done a small survey with the help of questionnaire consisting few questions, just to know the level of customer satisfaction on the product and services provided by banks to its customer to Varanasi.

REVIEW OF LITERATURE

1. Prakash Chandra Mandal and Sujoy Bhattacharya have written a qualitative report(2013) with the headline of "Customer satisfaction in Indian retail banking a grounded theory approach" today banking market is highly competitive and banks is not far away from needed because of internet banking. The banking service industries are also facing a tough and healthy competition in context of needs of customers are filled and make them feel satisfied. Researchers are trying to find the key factor to satisfy the Indian customers with respect to Indian retail banking. With the help of qualitative prospective of grounded theory method. India has both types of bank i.e. public sector and private sector banks which generates more and more competition. In order to maintain its stability in the market, banks needs to provide more and more satisfaction to the concerned customers.

2. Researcher Jain Natika, has done research on the topic "A comparative analysis of marketing of banking services in India with special reference to private versus public sector banks" (2013). As per study the Indian financial system has shown changes during the 80s and 90s consequence upon the deregulation of liberalization of economic policies of government. India is a developing economy so there are more chances of economic growth and plan to work upon likewise there is diverse changes in money and capital market. customer satisfaction in banking industry. For this purpose a questionnaire was developed based on Likert's scale to know the quantitative values. The researcher has compared the Likert's scale and used Kano criteria related to services delivered to know the exact impact. With the help of CAT ranking and graphical Capital and Money market came in concept of banking sector for improving customer satisfaction. And introduction of the privatization helps in increasing healthy competition in banking sector.Bank marketing is nothing but a part of management activity which was introduced for the benefit of the customers while providing banking services to them.

3. The research paper entitle "Analysis of the customer satisfaction: A case study of bank services" by Haeryipsihombing, Parahsakthi Chidambaram and Kannan Rassiah(2012) focuses on the study of measuring presentation between CS versus DS it was found that there is a need of improvement in services provided so that customers feel satisfied.

4. A study entitled "Customer Satisfaction: a comparison of public and private sector bank in Pakistan" done by Waqarul Haq and Bakhtiyar Mohammad(2012) focuses on the comparison of the services provided by public and private sector banks with the help of evaluating customer satisfaction level. The research is based on primary data which was collected through the questionnaires. The study shows that customer satisfaction varies from individual to individual and bank to bank and therefore, banks need to work more on customer satisfaction so that customer satisfaction rating goes up.

5. Measysatashanka's work titled "Bank services quality has customer satisfaction and loyalty in Ethiopian banking sector" (2012), was done with the aim of knowing the services offered by private banks operating in Ethiopia and to know the relationship between service quality and customer satisfaction. The researcher also

had taken 5 dimension of service model such as Reliability, Assurance, Tangibility, Empathy and Responsiveness to know the quality of services offered by private banks in Ethiopia. Both the types of data that is primary and secondary was used for the study. The statistical tools used was multiple regression and correlation to know the relationship between dependent and independent variables. With the help of correlation it was found that the positive correlation exists between the service quality and customer satisfaction. The regression shows that the service quality which was offered to the customer and the overall satisfaction gained by the customer for the same services reflected higher the quality of the services higher will be the customer satisfaction which will result in high level of customer commitment and loyalty.

RESEARCH METHODOLOGY

Objectives of the study
-      To study and identify various types of products and services offered by both the banks.
-      To analyse the customers satisfaction on various product/services offered by both the banks.

In the light of the objectives set, the following hypothesis is framed-

H_01. There is no difference in the opinion of customer satisfaction on products and services of both public and private sector banks.

Methodology and database
Based on the objectives and the hypotheses to be tested, the required data has been gathered mainly from primary sources.

Primary Data
The data has been collected from both public and private sector banks in Varanasi city. Convenient sampling method have been followed for the study. To ensure proportional representation in the sample, the same questionnaires have been given to equal number of customers i.e. 200 to each public and private sector banks.

Secondary Data

The secondary data includes official records such as nature of services, facilities, working hours have been collected from official documents and records. Further, the data has also been collected from different articles, journals, books and magazines and other knowledge providing sources and study materials etc. related to the topic of research for framing chapters.

Scaling Technique

Demographic information about the employees is based on nominal and ordinal scale. Further, the statements pertaining to various constructs based on five point Likerts' scale ranging from 1 = strongly disagree to 5 = strongly agree. There are fourteen major variables has been constructed for the study purpose.

Statistical Tools Used

The collected primary and secondary data have been analysed through various statistical tools such as Mann-Whitney U test, percentage, correlation and other tools whenever required. The level of significance also known as alpha is taken as 0.05.

ANALYSIS AND CONCLUSION

Hypothesis 1

There is no difference in the opinion of customer satisfaction on product and services provided by the both public and private sector banks.

Table- 1: Products and Services

S. No	Product and services offered by banks	Mean		Standard deviation		Mann Whitney U Test	Degree of freedom	P Value	Result (accepted/rejected)
		Public sector banks	Private Sector banks	Public sector banks	Private sector banks				
1	Procedures for opening bank account	203.03	197.97	0.70016	0.76290	19493.50	399	0.588	Accepted
2	The types of account offered	176.32	224.68	0.61178	0.14035	15164	399	0.000	Rejected
3	Number of branches in the city	188.29	212.71	0.76112	0.76479	17557.50	399	0.011	Rejected
4	Location of banks' branch	205.70	195.30	0.79759	0.89160	18960.50	399	0.294	Accepted
5	Working of help desk	182.32	218.68	0.76112	0.67903	16363.50	399	0.000	Rejected
6	Understanding product and services	177.72	223.29	0.62373	0.95545	1544.30	399	0.000	Rejected
7	Transaction time	182.32	218.68	0.78625	0.67903	16363.50	399	0.000	Rejected
8	Location of ATM	218.77	182.23	0.75625	0.83462	16346.00	399	0.000	Rejected
9	ATM transaction charges	188.50	212.50	0.78625	0.86168	17600.50	399	0.018	Rejected
10	ATM on wheel system	300.50	100.50	0.2373	0.000	0.000	399	0.000	Rejected
11	Conveying about the charges	149.31	251.69	0.98449	0.69100	9762.50	399	0.000	Rejected
12	Introduction of new product	155.20	248.80	1.44844	0.86494	10940.50	399	0.000	Rejected
13	Factoring services	193.69	207.31	0.62735	0.73531	18638.50	399	0.167	Accepted
14	Usefulness of multipurpose account	185.80	215.20	0.62735	0.91376	17060.50	399	0.004	Rejected
15	Overall satisfaction on quality	161.33	239.68	0.98449	0.90248	12165.00	399	0.000	Rejected
16	Core banking	182.27	218.74	0.76769	0.47278	16353.00	399	0.000	Rejected
17	Tele banking	171.15	229.86	0.79641	0.47278	14129.00	399	0.000	Rejected
18	Online banking services	181.37	219.64	0.70176	0.47775	16173.00	399	0.000	Rejected
19	Locker facility and other safety measures	168.52	232.48	0.59670	0.80499	136040.0	399	0.000	Rejected
20	Orientation facility	146.70	254.30	0.15652	0.71718	9240.00	399	0.000	Rejected

Based on primary data and the significance level is considered as 0.05 in the analysis.

The data gathered from respondents with the help of questionnaire were tabulated arranged and statistical tools have been applied in order to make it more effective and useful. Following are the tables formed by the data thus received to make study more useful effective and simple to understand. The data firstly gathered by asking customers to fill questionnaires by promising them no personal information of them will be disclosed by me present in banks and outside the banks about their satisfaction achieved by way of acquiring services from their respective banks on the basis of linkert's'5 point scale starting from 5 which means highly satisfied to end as 1 highly not satisfied.

The above table shows the result of analysis of the required variable to be tested for the hypothesis. There are twenty variables were taken into consideration in relation to products and services. The response of the respondents on the questions related to this variable were tabulated and then Mann Whitney U test were applied and result were extracted. It is clearly visible from the table that most of the variables favour the rejection H_0 which shows that there is significant difference in opinion of customers on satisfaction received by utilising the services offered by both the banks. Some variable have shown that there is no difference in opinions and H_0 have been accepted namely procedures of opening accounts, location of branch and factoring services.

Table 2:

Variables	Public Sector Banks					Private Sector Banks				
	GENDER	AGE	EDUCATION	OCCUPATION	INCOME	GENDER	AGE	EDUCATION	OCCUPATION	INCOME
Banks' services	-.194	.059	.026	.047	-.034	-.323	.097	.119	.150	-.069
Different product usage	-.011	-.054	.108	-.002	.089	.037	-.194	.034	.160	.043
Procedures for opening bank account	.000	.025	-.121	.004	-.004	-.083	.137	-.121	.084	.032
The types of account offered	.035	-.068	.030	-.153	.090	.089	-.068	.009	-.034	.024
Working of help desk	.035	.094	-.088	-.062	.044	.034	.119	.017	-.056	.128
Mobile – banking	-.026	.049	-.054	-.045	.033	.067	.010	-.081	-.055	.004
Core banking services	-.041	.067	-.016	-.064	.032	.060	-.010	-.065	-.080	-.012
Tele - banking	-.032	.047	-.058	-.062	.050	.067	.004	-.077	-.053	.014
Understanding product	.009	-.048	.061	-.123	.047	.033	-.030	.043	-.083	-.081
Transaction time	-.010	.037	-.099	-.042	.041	-.065	-.025	-.006	-.009	.120
ATM location	-.022	.000	-.041	.030	-.055	.023	-.087	-.109	.023	-.073
ATM charges	-.012	-.063	.035	-.076	.106	-.025	-.063	.004	-.047	.142
ATM on wheel	.047	-.063	.029	.105	-.115	.[a]	.[a]	.[a]	.[a]	.[a]
Conveying information about changes taken place in banks	-.059	-.029	.009	-.116	.098	-.047	-.060	.011	-.018	.017
Introduction of new product	-.032	-.012	-.046	-.099	.109	.049	.003	-.081	-.033	.045
Factoring services of banks	-.066	.009	.040	-.015	.052	-.129	.108	-.010	.091	.025
Multipurpose A/C	-.034	.011	.043	-.167	.108	-.057	.087	.006	-.204	.129
Overall services of banks	-.063	.008	.014	-.159	.121	-.064	.058	.018	-.177	.131

Source : Based on primary data

The above table identifies the correlation existing between demographic variables and other major variables taken for the study. It is found that, in case public sector banks gender has highly positive correlation with the other variables comes in category of banks' working conditions like types of account available at both the banks, location and selection. It is also observed that three out of four variables of public sector banks which comes in category of infrastructure of banks have positive correlation (0.035, 0.048., 0.008) with gender and all four have negative correlation (-.056, -0.088, -.027, -.066) with demographic variable education. Age is positively correlated (.067) with core banking and negatively correlated (-.023) with reason of change of technology in public sector banks. Besides, in private sector banks Age is positively correlated (.053) with employees' cooperation and negatively correlated (-.032) with existing technology. Education is positively correlated (0.061) with understanding the product which indicates that being

educated people helps to understand more about products offered whereas transaction time is negatively correlated (-0.099) with the same in public sector banks. In private sector banks occupation is positively correlated (0.091) with factoring services. Positive correlation (0.79) can be inferred from above correlation table between solution given to customer and education level of customers, it shows that solution given to them are satisfactory in public sector banks.

CONCLUSION

This paper has tried to study and measure the level of satisfaction achieved by customers of the public and private sector banks while procuring the services of banks. Internet banking are used by most of customers. Maximum customers are satisfied with procedure of obtaining bank account and types of accounts offered by bank. Customers are also satisfied with number of banks' branches and customers available for working. Helpdesk and cleanliness of banks is satisfactory. Customers do understand product and services and transaction time taken by bank. Online services, care and other are also satisfactory.

SUGGESTIONS

Although the study reviews and states that customers are satisfied but still there are several unsatisfied customers too for them Banks must work on services so that unsatisfied customers also become satisfied like:
1. Improving SMS or information conveying mechanism.
2. Making product and services simpler so that it can be understood by every categories of customers.
3. Increasing the number of customers' helpdesk and special desk for old age, handicap and women etc.
4. Usage of mobile banking should come more in use so providing simple services for the same.

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