



PERCEPTION OF CUSTOMERS TOWARDS PUBLIC AND PRIVATE SECTOR BANKS: A COMPARATIVE STUDY IN MANDYA CITY

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ABSTRACT

Banking is defined as the business activity of accepting and safeguarding money owned by other individuals and entities, and then lending out this money in order to conduct economic activities such as making profit or simply covering operating expenses. The Policies and Strategies of Private and Public banks are different that leads variation in the customers' satisfaction level. The banker has to understand the customer needs and in the same way, the customer has to know about the various services offered by the banks. Increased level of awareness among the customer's leads to increased preferences. The purpose of this study is to understand the customer preference of selecting banking services among public and private sector banks. This study is based on primary information obtained from customers of Public and Private sectors banks in Mandya city. This study tried to identify the customer preference towards public sector and private sector banks with special reference to SBI and Bank of Baroda and ICICI and HDFC Bank in Mandya city.

KEYWORDS: *Customer, Financial Services, policies, preference, Strategies.*

INTRODUCTION

Banking is defined as the business activity of accepting and safeguarding money owned by other individuals and entities, and then lending out this money in order to conduct economic activities such as making profit or simply covering operating expenses. Banking sector is a backbone of any financial system in the any world. Indian Banking Industry covers various segments such as Current Account, Saving Account, Housing Loan, Vehicle Loan, Personal Loan, Education Loan, and consumer durable loan, credit card and debit card. There are various drivers of banking in India which contributes in the growth of banking. To meet the changing preferences of the customers and to stay ahead of competitors, bankers are bound to provide quality and efficient services. Banks

can enhance customer service by leveraging on technology, maintenance of efficient service delivery standards and business process re-engineering.

A bank is a financial institution and a financial intermediary that accepts deposits and channels those deposits into lending activities, either directly by extending loans or indirectly through capital markets. A bank serves as a link between customers who have capital deficits and customers having capital surplus. Although Banks may be focusing on various innovative promotional tools but still they are facing a problem of marketing myopia i.e. the mistake of paying more attention to the specific products a company offers than to the benefits and experiences produced by these products. (Rajesh Shankar Sharma).

Across the country, many in the banking industry have likely noticed that the ways in which consumers prefer to do their business at local branches are changing rapidly. Technology has certainly made this issue one to monitor, but it has also altered the evolution of consumer needs and desires. A bank is a financial institution licensed to receive deposits and make loans. Two of the most common types of banks are commercial/retail and investment banks. Depending on type, a bank may also provide various financial services ranging from providing safe deposit boxes and currency exchange to retirement and wealth management. Banks play an important role in financial stability and the economy of a country most jurisdictions exercise a high degree of regulation over banks. Most countries have institutionalized a system known as fractional reserve banking, under which banks hold liquid assets equal to only a portion of their current liabilities. In addition to other regulations intended to ensure liquidity, banks are generally subject to minimum capital requirements based on an international set of capital standards, the Basel Accords.

REVIEW OF LITERATURE

Ravi C.S Kundan Basavaraj (2013) have determined that the variety of products and services to the customers and understand the customer's needs and investigate the preference and satisfaction level of customers towards loans, deposits schemes, insurances and value added services rendered by private and public banks and analyze the customer preference and satisfaction towards banking services both private and public banks.

Prof. (Dr.) Dinesh C. Agrawal & Sakshi Chauhan (2015) have examined that how much e-banking used in Public and Private sectors bank in reference to SBI and HDFC bank and to find the consumer satisfaction in respect of e-banking and the perception of employees for using e-banking in Public and Private sectors banks and analyze the working style as comparison between Public and Private sectors banks.

K.Thanga Glara Dr. C. Eugene Franco (2017) have determined that the factors influencing in the adoption of E-banking provided by public and private sector banks, identify the level of satisfaction of customers of public and private sector banks towards their usage of E-banking. It is finding that the customer satisfaction in using ATM services, the customers of both sectors of banks are equally satisfied.

Anis Ali1, L.S. Bisht (2018) have examined that to measure satisfaction level of customers of Public and Private Banks and factors responsible for variation in customers' satisfaction between Private and Public banks in India and to know the reasons for responsible for variations in satisfaction level or dissatisfaction level in public and private banks and know the factors responsible for the low satisfaction level among the banking customers.

Dr.G.Veeramani, Dr.R.Kuttimani Er.G.V.Hariharan (2020) have examined that to find the customer satisfaction and preference towards E-banking. It analyzes and compares satisfaction of the customers towards e-service quality in public and private sector banks and preference of customers regarding the E-service quality and revealed some of the important e-services imparted by the banks and also services wanted by the customers of the banks in future.

Dr. G.Bright Jowerts (2020) have opinion that the customer's preference towards public and private sector banks and their similarities and differences and find out the service quality perception of customers towards the public and private sector banks and study the Indian banking industry to experience difficult times, regulatory changes highly tightened the level of competitions.

OBJECTIVE OF THE STUDY

The overall objective of the study is to find out the perception of customers towards public and private sector banks in mandya city.

RESEARCH METHODOLOGY

This study is based on both primary data and secondary data. The primary data collected through well-framed and structured questionnaire to the well-considered opinion of both public sector and private sector bank's customers. Stratified random sampling method has been used to collect the responses from 200 customers of both public and private sector banks.

RANKING OF REASONS FOR PREFERRING THE PUBLIC SECTOR BANKS

An attempt has been made to analyze the reasons for preferring the public sector banks. The below mentioned table shows the details with regard to the reasons for preferring the public sector banks.

Table.1 Reasons for preferring the public sector banks

Sl. No.	Reasons	Rank					Total
		I	II	III	IV	V	
1	More reliable	44	20	14	12	10	100
2	Varied banking services	30	22	18	16	14	100
3	Lesser bank service charges	34	26	17	14	9	100
4	Large customer base	41	21	18	12	8	100
5	Existence of more branches	42	22	13	11	12	100
6	High popularity/widely known	40	21	18	10	11	100
7	Core banking services	37	23	17	11	12	100
8	Innovative banking services	29	21	18	15	17	100
9	More customer friendly	39	22	19	12	8	100
10	Quick services	34	23	18	10	15	100

The above table shows that 44 respondents have given first rank to more reliable, 42 respondents have given first rank to Existence of more branches, 41 respondents have given first rank to Large customer base, 40 respondents have given first rank to High popularity/widely known, 39 respondents have given first rank to More customer friendly and 11 respondents have given fifth rank to High popularity/widely known, 9 respondents have given fifth rank to Lesser bank service charges, 8 respondents have given fifth rank to Large customer base and More customer friendly, Moreover, to identify the reasons for preferring the public sector banks, the researcher has used Garret Ranking Technique. The above mentioned table shows the ranking of reasons for preferring the public sector banks.

RANKING OF REASONS FOR PREFERRING THE PRIVATE SECTOR BANKS

An attempt has been made to analyze the reasons for preferring the private sector banks. The below mentioned table shows the details which regard to the reasons for preferring the private sector banks.

Table.2 Reasons for preferring the private sector banks

Sl. No.	Reasons	Rank					Total
		I	II	III	IV	V	
1	More reliable	42	24	14	9	11	100
2	Varied banking services	28	27	15	18	12	100
3	Lesser bank service charges	24	28	22	18	8	100
4	Large customer base	26	24	19	18	13	100
5	Existence of more branches	26	24	20	16	14	100
6	High popularity/widely known	27	25	17	16	15	100
7	Core banking services	37	23	17	10	13	100
8	Innovative banking services	40	20	18	14	8	100
9	More customer friendly	38	24	17	13	8	100
10	Quick services	39	21	18	12	10	100

The above table shows that 42 respondents have given first rank to more reliable, 40 respondents have given first rank to innovative banking services, 39 respondents have given first rank to quick services, 38 respondents have given first rank to more customer friendly services, 37 respondents have given first rank to Core banking services and 10 respondents have given fifth rank to Quick services, 8 respondents have given fifth rank to Lesser bank service charges Innovative banking services and more customer friendly moreover, to identify the reasons for preferring the public sector banks, the researcher has used Garret Ranking Technique. The above mentioned table shows the ranking of reasons for preferring the private sector banks.

FINDINGS

- A public sector bank provides more reliable services to customers when compare to private sector banks.
- Public sector banks, charges less bank charges when compare to private sector bank.
- Public sector bank has large customer base compare to private sector bank.
- Private sector bank provides more innovative banking services when compare to Public sector banks.
- Both Private sector bank and public sector bank are providing better core banking services.
- Private sector banks provides quick services to its customer when compare to Public sector banks.
- Public sector banks have high popularity than private sector banks.

SUGGESTIONS

- The Private sector bank has to reduce it's banking service charges.
- Private sector bank must try to increase the number of customers.
- The private bank has to provide better services to the customer by responding quickly.
- Private Banks has to increase it's branches to provide more services to its customer.
- Private Banks are tried to increase its high popularity
- The public sector bank has to provide innovative services to its customer.
- The public sector bank must provide some flexible banking services.

CONCLUSION

The study is aimed at measuring the customers' preference and satisfaction levels offered by private and public bank in mandya city. From the study being conducted we can conclude that now a day's people are accepting the products and services by public sector bank rather than private sector bank. There is high satisfaction level of people in services offered by public banks. Most of customer are choose public sector bank because it provides safety and security to them when compare to private sector bank. As per the above analysis Public sector bank is provides more reliable services, charges less banking service charges, customer friendly services. Therefore customers are more satisfied with public sector bank services compared to private sector banks.

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