



A Study on Customer Perception Towards Services Provided By Public Sector Bank and Private Sector Bank

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ABSTRACT

With the advent of liberalization policy and RBI's easy norms several private and foreign banks have entered in Indian overseas banking sector which has given birth to cut throat competition amongst banks for acquiring large customer base and market share. In the competitive market, every customer demands better services. In this new customer era banks need to deliver a more efficient, customer-focused and inventive offering than ever before to reconnect with their clients. Like other industries, even banking sector is striving hard to become increasingly customer-centric in order to survive and grow. Service quality, customer satisfaction, customer retention, customer loyalty, customer delight are now the major challenges in gripping the Indian banking sector. Most of the literature review referred in the present paper reveals that as compared to public sector, private sector bank customers' level of satisfaction is comparatively more in India. In this paper, the customer perception towards services provided by IOB(IOB) and ICICI bank of Coimbatore region has been discussed. The attributes like Internet banking, ATM service, timing, attitude of staff, etc. of both the banks have been compared. The study reveals that ICICI bank is providing better services to its customers than Indian overseas bank.

Keywords : IOB, ICICI, Customer Perception, Services.

INTRODUCTION

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 overseas 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. A study of services provided by ICICI bank and IOB is carried out and customers' perception is compared. ICICI Bank is India's second-largest bank with total assets of Rs. 4,062.34 billion (US\$ 91 billion) at March 31, 2011 and profit after tax Rs. 51.51 billion (US\$ 1,155 million) for the year ended March 31, 2011. The Bank has a network of 2,533 branches and 6,503 ATMs in India, and has a presence in 19 countries, including India. ICICI Bank offers a wide range of banking products and financial services to corporate and retail customers through a variety of delivery channels and through its specialized subsidiaries in the areas of investment banking, life and non-life insurance,

ICICI and Indian Overseas Bank

ICICI Bank Limited is an Indian diversified financial services company headquartered in Mumbai, Maharashtra. It is the second largest bank in India by assets and third largest by market capitalization. It offers a wide range of banking products and financial services to corporate and retail customers through a variety of delivery channels and through its specialized subsidiaries in the areas of investment banking, life and non-life insurance, venture capital and asset management. The Bank has a network of 2,763 branches and 9,363 ATM's in India, and has a presence in 19 countries, including India. IOB is a major bank based in Chennai (Madras), with more than 2650 domestic branches, 3 extension counters and six branches overseas as of 31.03.2012. Indian Overseas Bank has an ISO certified in-house Information Technology department, which has developed the software that 2650 branches use to provide online banking to customers; the bank has

achieved 100% networking status as well as 100% CBS status for its branches. IOB also has a network of about 1433 ATMs all over India and IOB's International VISA Debit Card is accepted at all ATMs belonging to the Cash Tree and NFS networks. IOB offers internet Banking (E-See Banking) & Mobile Banking and is one of the banks that the Govt. of India has approved for online payment of taxes. The bank's business more than doubled in the last four years.

NEED FOR THE STUDY

The basic requirement for conducting this study was to examine the customer feedback and their knowledge about various services provided by the ICICI and IOB Banks in Coimbatore region. The study was conducted to find out the level of satisfaction about the services provided by both the banks among its customers. The study will help the bank in analyzing the reasons as to why the customers are not using the services that are provided by the bank. It will help the bank to finalize its marketing strategy by suggesting few marketing steps that would help the bank in obtaining larger market share. With the help of the study, the bank can also frame certain competitive marketing strategies to outperform the market leader.

OBJECTIVES OF THE STUDY

- ✓ To find out the overall percentage of customers perception of the services provided by the bank.
- ✓ A comparative analysis of services provided by ICICI and IOB banks is dealt in the present study.
- ✓ To have an insight into the attitudes and behaviors of customers.

RESEARCH METHODOLOGY

The present study is based on both primary data and secondary data. The information relating to the customer perception towards services provided by both the banks viz. IOB and ICICI banks of COIMBATORE region is collected for the study through survey with the help of questionnaire. The total sample size of the study is 200 consisting 100 from IOB and 100 from ICICI bank. These respondents have been selected on random sampling basis. I have done personal interviewing that is I asked the person in front of me to fill the questionnaire and I was there with the respondent at all times in order to guide him/her and solved the queries at the time of

filling in the responses. In order to understand the customer perception towards services provided by both the banks of COIMBATORE region, following attributes have been taken into consideration.

Table:1
Demographic- Age of Respondents

Age group (years)	Number of Respondents	
	ICICI	IOB
20-30	40	20
31-40	20	20
41-50	20	20
51-60	20	40
Total	100	100

Figure 1
Number of Respondents age wise of ICICI and IOB

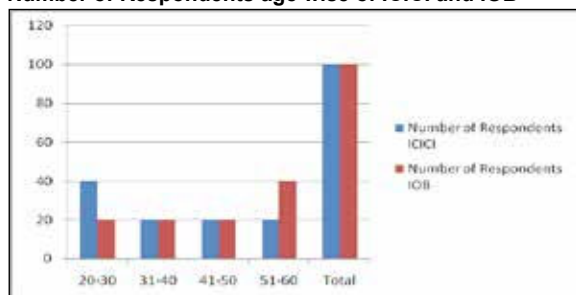


Table: 2

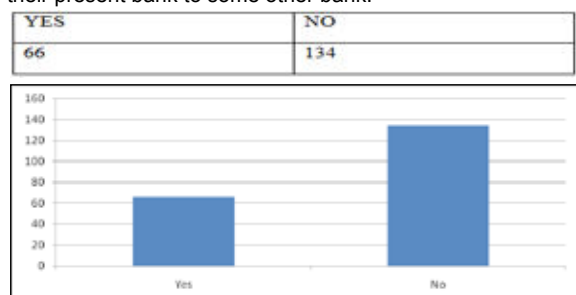
The above bar charts witness that the younger customers are more inclined towards services provided by private sector bank than the public sector bank.

Table 3
Comparative Rating Chart

SERVICE ATTRIBUTE	INDIAN OVERSEAS BANK	ICICI BANK	
Attitude of employees	Good	Excellent	
Saving account portability	Tedious	Fast	
Locker facility	Available	Shortage	
ATM facility	Good	Excellent	
Passbook facility	Available	Not available	
Internet Banking	Slow	Fast	
Timings	Non convenient	Convenient	
Issue of DD	Delayed	Faster	
Customer care	Not 24x7	24x7	
Ambience	Not very pleasant	Pleasant	
Collection of cheques	Time consuming	Quick	
Issue of cheque book	Good	Good	
Information about new services and products	Not properly informed	Properly informed	
Cheque deposit for collection	No counter foil is provided	Provides counter foil	
Parking facility	Not available	Not available	
YES			NO
66			134

Table 4

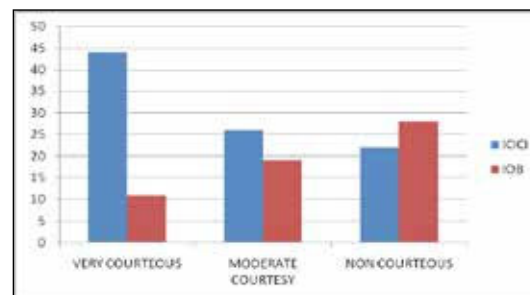
This question tries to find if the customer wants to shift from their present bank to some other bank.



Recommendation:

- Making the existing customers aware of the other products of IOB and take their interest feedback for the same

Figure 2



The bar diagram given above suggests that 60% customers of ICICI bank found the employees very courteous as compared to 48% of IOB employees. The customers of IOB perceived that 27% of employees are non courteous as compared to only 10% of ICICI bank.

Table: 3
Response towards ICICI and IOB

RESPONSE	ICICI BANK	INDIAN OVERSEAS BANK
Very Satisfactory	85	30
Moderately satisfactory	10	45
Unsatisfactory	05	25
TOTAL	100	100

Source: Primary data

The table clearly states that 85% of the customers are very satisfactory when the IOB touches the level to 30%. It's clear that the customer of 25% are unsatisfactory towards the services of IOB bank when compared to ICICI bank which scores only 5%.

timely. Proper description of charges debited from the account

- Should be made in the account statement.
- Improved technical infrastructure in the form of uninterrupted internet connectivity and orderly working of ATMs 24 x 7 of IOB.
- Banks should provide loan at the lower interest rate and education loans should be given with ease without much documentation. ICICI banks must provide loans against shares.
- Both the banks are recommended to see availability of free parking while choosing any location for a branch.
- A bank can differentiate itself with weekends and extended working hours.

Conclusion:

The perceived quality of services provided by private sector bank (ICICI) is better than public sector bank (Indian overseas bank) in Coimbatore city region. It is evident that pub-

lic sector banks have a strong presence in the market, but in recent times they are facing stiff competition from private sector banks in the range and quality of services offered. In the present scenario banks have to be service oriented in order to keep ahead of competition. Public sector banks must concentrate on providing updated information to customers regarding the new services offered by them. They must also change their policies, customer service norms and service ef-

ficiency keeping in view the strategies adopted by private sector banks. In the prevailing scenario, a number of banks have adopted a new deployment strategy of infrastructure outsourcing, to lower the cost of service channels. As a result, other banks too will need to align their reinvented business models. The required changes at both the business and technology levels are enormous. In a highly competitive banking market, early adopters are profiting from increased efficiencies.

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