

# A COMPARATIVE STUDY OF CUSTOMER PERCEPTION TOWARDS SERVICES RENDERED BY PUBLIC SECTOR AND PRIVATE SECTOR BANKS

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## ABSTRACT

As in so many other industries, banks are striving hard to become increasingly customer-centric in order to survive and grow. Achieving this customer focus requires retaining of existing customers by providing quality services. In the competitive market, every individual is in need of better services. If you fail to provide required service, they will switch over to another bank which provides better quality services. The present paper discusses issues relating to customer services in both the ICICI and SBI Banks. In order to understand the customer perception towards services rendered by both the banks, many attributes such as cooperation & Behavior of staff, ATM services, Basic facilities, cheque collection time etc. were considered. The study reveals that ICICI bank is much ahead of SBI bank in providing quality services to their customers.

**Keywords :** ATMs, Bank Statement of Account, Token System, Drop Boxes, Fake Notes, SBI, ICICI, Customer Perception

**INTRODUCTION**

The implementation of the recommendations of the first Narasimhan Committee (1991) was expected to spur competition in the banking sector through deregulation and entry of new private sector banks. The opening of banking sector to the private players led to the increased competition and growing expectations of the customers. The private players have thrown stiff competition to the nationalized banks by providing prompt and accurate services. In the present era, service plays an important role in attracting the customer. In order to keep intact their customers, they have to provide better quality services. Therefore, a comparative study of services rendered by public sector bank viz, State Bank of India(SBI) and Private sector Bank viz, ICICI Bank is undertaken.

**OBJECTIVES OF THE STUDY**

The main objective of the study is to know the customer perception towards the services rendered by public sector banks and private sector banks. A comparative analysis of services rendered by the public and private sector banks is undertaken under the present study.

**METHODOLOGY**

The present study is purely based on primary data. The information relating to the customer perception towards services rendered by public sector banks & private sector banks is collected through structured questionnaires. State Bank of India in public sector and ICICI bank in private sector is selected for the purpose of analysis. The total sample size of the study is 100 consisting of 50 from SBI and 50 from ICICI. These respondents have been selected on random sampling basis. The area of the study is limited to Gulbarga district only. The other required information is collected through the officials of the banks and published materials.

In order to understand the customer perception towards services rendered by both the banks, following aspects have been taken in to consideration even though there are many other issues. In order to have a clear idea of the services provided by banks, the collected information is tabulated as under:

**Co-operation in opening of Bank account**

Many customers face problems while opening of an account in any bank. They need help from the officials concerned. The responses obtained from the customers of both the banks were tabulated as under.

<b>Response</b>	<b>ICICI</b>	<b>SBI</b>
Very co-operative	45(90)	10(20)
Average	4(8)	15(30)
Non –cooperation	1(2)	25(50)
<b>Total</b>	<b>50(100)</b>	<b>50(100)</b>

Source: Field survey

Note: Figures in brackets indicates the percentage to total

The cooperation extended by ICICI Bank staff is very excellent. Ninety percent of customers are very much satisfied with the cooperation extended by the staff in opening of an account. Whereas the cooperation extended by SBI Bank is not satisfactory. Only 20% are satisfied with the service rendered. 50% of the respondents are dissatisfied with the cooperation extended while opening an account in the bank.

**ATM Service**

ATM service is utterly needed by every customer. It is revolution in the banking industry. All most all customers need ATM service today. The proper functioning of ATMs is very essential to serve the customer for all time. The responses from customers are also tabulated in the following table for analysis.

Response	ICICI	SBI
Satisfactory	40(80)	10(20)
Satisfied to some extent	5(10)	25(50)
Not satisfied	5(10)	15(30)
<b>Total</b>	<b>50(100)</b>	<b>50(100)</b>

Source: Field survey

Note: Figures in brackets indicates the percentage to total

As far as the ATM service is concerned ICICI Bank has secured the good perception. 80% of the respondents are very much satisfied with the ATM service provided by the ICICI bank. The reasons quoted are it works all most in all times. There is a rare instance of close down/non working. Only few have complained about the shortage of number of ATMs. The situation is very opposite in SBI where 30% are not satisfied with service while another 50% are satisfied only to some extent. Internet failure, shortage of cash, closedown, out of order etc are the reasons for dissatisfaction. Even about the cleanliness of ATMs, ICICI Bank ATMs are always clean and the A/c works properly. Whereas the ATMs of SBI are not clean and A/c does not work properly. All ICICI ATMs are manned by a security guard. He manages the queue properly and allows only one person at a time inside. The SBI ATMs are not manned by any security guard. Many time customers are not maintaining proper queue. It leads to entering of many customers inside the ATM at a time which causes much inconvenience to the person operating the ATM. Some persons even try to do unfair activities also. These are all contributed to the dissatisfaction of customers.

#### **Bank Statement of Account/Pass Book**

The ICICI bank issues quarterly statement of account instead of pass book at free of cost to all customers. If any customer needs statement of account in between then he has to pay Rs 110 or depends upon the transactions. The SBI Bank issues passbook wherein the customer can make entries whenever he needs. It does not charge any amount for making entries. 80% of ICICI bank customers demands passbook facility or monthly statement or free statement whenever they demands.

#### **Compulsory Insurance on House Loan**

Any house loan customer of ICICI Bank is free to insure his house and his life. The customer may insure or not it depends upon his willingness. It does not so in case of SBI house loan customers. They insure compulsorily for house and the life of borrower. Many of the SBI customers are not satisfied with this practice. It is unnecessary increasing their burden. Some of the customers even complained to the head office about the compulsion. It clearly indicates selling of insurance products compulsorily. Selling of any product against the willingness is unethical. All most all the house loan customers expressed the same opinion. 10% of house loan customers of SBI Bank even argued that making insurance in SBI is costly compared to LIC. One of the customer said that taking of Bima kiran policy to cover the life and house is best and cheap.

#### **Token system**

The token system introduced by ICICI Bank is highly appreciated by all the customers. It allows the customer to sit one particular place and attend only when his turn comes. Apart from this, it provides priority to the customers as compared to their representatives or payees. In SBI Bank token system is not in practice. The customers have wait in the queue for long time and even in some branches there are no proper sitting facilities. All 50 customers of SBI Bank have preferred the token system rather than existing one.

#### **Basic facilities**

Every human being need basic facilities like drinking water, toilet, Parking place, Sitting arrangements, writing tables, proper air etc. But both the banks are not providing all the facilities. Writing

and sitting arrangements are good in ICICI Bank compared to SBI. As far as other facilities are concerned both the banks are not adequate enough to satisfy the customers.

**Deposit of cheques**

Both the banks are providing drop boxes for deposit of local and outstation cheques. But whenever a customer wants an acknowledgment for deposit of cheque, is not possible in SBI. They always insist all the customers to drop their cheques in drop boxes. Whereas in ICICI, customer is at liberty either to drop in drop box or deposit at the counter and get an acknowledgement. Many customers having huge amount cheque wants an acknowledgement. In case of misplacement of cheque by the bank staff , acknowledgement would help the customers.

**Information about the new products and schemes**

The ICICI bank sends brochures, pamphlets and other material to the customers along with the bank statement of accounts every quarter. Even the statement of account itself works as information bureau because much information is printed on them. This works as a good communicator and builds rapport. The SBI is not having any such practices to communicate.

**Fake notes from ATMs**

Some of the SBI customers have complained about the fake notes coming from the ATMs. In such a situation the customer is going to face the problem rather the banks because there is no proof with the customer to say that the notes were received from ATMs. It is a serious issue; the bank has to install a fake note detecting machines in all ATMs. It should issues only genuine notes and fake notes retained in the ATMs only.

**Collection of cheques**

The local cheques deposited for collection in ICICI bank takes only one day for realisation. At the close of the day the amount will be credited to the customer account. He can make use on the same day also. But in case of SBI no cheque is collected in a day. They will take two to three days to credit the proceeds. It is very irritating situation for SBI customers. Even in case of outstation cheques also the ICICI has edge over the SBI.

By studying all the information provided by the customers about the services rendered by both the banks, the rating chart is prepared to know the consolidated opinion. The following table shows the overall rating of the services rendered by both the banks.

**RATING OF SERVICES BY CUSTOMERS**

SN	AREA OF SERVICE	ICICI	SBI
1	Co-operation in opening of an account	Excellent	Worst
2	ATM service	Excellent	Good
3	Standing in the Queue	Token system	Long queue
4	Basic facilities like water, toilet etc.	No	No
5	Writing table and sitting chairs	Sufficient	In sufficient
6	Parking facility	No facility	No facility
7	Manning of ATMs	Excellent	Bad
8	Cleanliness of ATMs	Excellent	Bad
9	Internet Banking facility	Very good	Very good
10	Locker facility	Available	Shortage
11	Timings	Convenient	Not convenient
12	Issue of Demand Draft	Very Quick	Not so Quick
13	Collection of cheques	Excellent	Time consuming
14	Issue of cheque book	Good	Good
15	Attitude of the Bank Staff	Excellent	Indifferent
16	Cheque deposit for collection	provides counterfoil	Does not provides counterfoil

**FINDINGS AND SUGGESTIONS:**

The detailed analysis of the responses elicited from the customers of both the banks gives the following results:

1. The behavior of the ICICI Bank staff is more cordial than the staff of SBI. It is advisable to the SBI to change the behavior of their staff towards customer satisfaction. Skilled and good behavior human resource is prerequisite for the efficient management.
2. The maintenance and working of ATMs are very good in ICICI Bank. It is not up to the expected level in SBI. Many ATMs are dirty and broken doors filled with full of waste paper slips spilled all over. The Bank has to make efforts to keep the ATMs clean and maintain them in proper working condition always.
3. Token system in ICICI bank is much appreciated by all customers. It is strongly recommended to SBI to adopt the token system to serve the customers better.
4. Basic facilities are lacking in both the banks. Both the banks have to make efforts to provide basic facilities like drinking water, toilet, parking etc in all branches of the banks.
5. Information about the new products and schemes and change in rules & regulations etc should be provided to customers at their door steps. The ICICI bank is doing the same now. It is inevitable for SBI to follow the same by any mode.
6. Time taken to collect the cheques is more in SBI compared to ICICI bank. It is advised to SBI to reduce the collection time by using new technology.
7. Compulsory insurance in case of home loans is a very bad practice. The SBI must stop this otherwise it has to face the consequences. Give them choice and also at the same time provide insurance at cheaper rates.
8. Now days there were instances of fake notes from ATMs. It is very horrible situation for the customer. It is advised for the banks to keep fake note detection machine in all ATMs which should release only genuine notes and stop fake.

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