USER PERCEPTION ABOUT BANKING SERVICES: COMPARATIVE STUDY OF PRIVATE AND PUBLIC SECTOR BANKS IN BANGALORE, KARNATAKA

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ABSTRACT

Today's competitive market customers have multiple choices before them for picking products and services which suit their lifestyles and tastes and financial requirements as well. Every bank is providing more or less similar kind of products. So, an unsatisfied customer can easily switch over to another competitor's bank. So, banks need to be very careful in handling the customers. Banks now go to their customers more often than the customers go to their banks. The share of retail loans is fast increasing in the loan books of banks. It is not that all banks are sharing the same pie of retail business. Retail banking allows banks to cross sell other products and services as it is far easier to sell other products to the same customer rather than search for absolutely new ones. Cross selling is one of the best avenues for relationship. Re-engineering of business with sophisticated technology-based products will lead to business creation, reduction in transaction costs and enhancement in efficiency of operations.

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Keywords: *Retail Banking, Banking Products & Services, Customers, Perception.*

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Introduction

Rapid advances in information technology, the evolving macroeconomic environment, financial market reform, and several micro level demand and supply side factors. The enabling IT environment gave rise to online banking, internet banking, mobile banking usage of cards, payment apps and lot of other initiative etc. compelled the banks to emerge the concept of retail banking. It is basically a mass banking with focus on individual customers rather than corporate sector, both on liabilities and assets side of the balance sheet. While Savings, Current and Fixed deposits, with certain flavours, remain the prominent products on the liability side: the assets side includes products like Housing, Education, Vehicle, Personal loans. Further banks are also extending ancillary services such as Credit/Debit Cards, Depository service, Insurance products, Mutual funds etc. this segment of heterogeneous nature as it comprises of various set of people like Professionals, Employees, Entrepreneurs, Farmers, Workers, Students etc. it is appropriate to call retail banking as a life cycle products package for individuals to meet all their banking needs right from childhood to sliver-line-age (60 and above years of age).

Characteristics of Retail Banking

The nature of retail banking consists of both assets and liabilities of the balance sheet as well as other services.

- **Liabilities Side:** Multiple products

  Deposits-saving bank, current, Fixed deposit A/c etc.

- **Assets/lending Side:** Advances

  housing, vehicle, personal, educational loan etc

Ancillary Services

- Bancassurance, Investments, Debit and Credit cards, depository service, mutual fund etc

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Multiple Channels of Distribution

- Branches
- Internet banking, mobile banking, payments Apps like Gpay, PPay PTM &
- ATMs

Multiple Customer Groups

- Individuals
- Small businesses
- House hold sector
- Self-help groups

Statement of the Problem

The profit earning capacity of banks depends upon number of factors, and among many one important factor is volume of transactions. The volume of transactions in turn depends on lending pattern of the banks. Banks are aiming at 'Retail' lending by offering financial assistance to small retail individual customers.

The retail customers have now a choice to select in terms of banks, their quality of services, product range, the level of technical advance, conveniences, and customers want a bank that cares and provides great services. Because of these variables, the question arises as to, which particular services the retail borrowers or individuals prefer?

Does the performance of banks dependent on to personalized attention given? Or is it related to variety products offered? Or is it related to technical convenience? Or is it related to level of confidence and faith which customers have in the particular bank? Or is there any other parameter which makes people to prefer a particular bank?

All these require an in-depth study relating to user perception of retail banking service. Hence, this particular study seeks to address the user perception of retail banking services

Objectives of the Study

- To know the various retail banking products and services provided by Banks
- To study users' perception about the banking services offered by selected banks

Hypotheses

H_0: "There is no considerable difference in the user Perceptions between the Private and the Public sector Banks"

H_1: "There is considerable difference in the user Perceptions between the Private and the Public sector Banks"

Scope of the Study

The area of the study covers the retail banking services provided at branch level of selected public sector and Private sector Banks in Bangalore Karnataka.

Research Methodology

- **Source of Data:** Both primary and secondary data are used. The primary data are collected from the account holders of both selected public sector Banks and Private sector Banks in Bangalore, Karnataka

The major sources of secondary data have been studied from the published annual reports of selected banks, and the annual report of published banks Indian Bankers Association (IBA)

- **Sampling**

Sample size is three hundred (300) account holders of which one hundred and fifty (150) account holders from public and private sector banks respectively. Fifty (50) account holders' have been selected from each of the representative banks.

In public sector selected banks are State Bank of India (SBI), Canara Bank (CB) and Bank of Baroda (BOB). In private sector, ICICI bank, HDFC bank and Axis Bank.

Convenient sampling method was followed. An interview schedule tool was used for collecting primary data. The questionnaire comprised of rating on 5-point Likert scale. The scale adoption was 1 for very bad, 2 for bad, 3 for average, 4 for very good, and 5 for excellent.

- **Tools of Analysis and Interpretation**

    SPSS tools have been applied for analysing primary data.

    Mean (X), Percentage of Mean, Standard Deviation (SD), and 'P' value

    'T' test is applied to measuring relationship between private and public sector banks with respect to each identified parameter,

Interpretations of Percentage Mean

    Percentage mean value has to be compared with the following category to assess the level performance or functioning

0 – 20%	: Very bad,
21 – 40%	: Bad
41 – 60%	: Average
61 – 80%	: Very good
81 – 100%	: Excellent

    And **'P' value interpreted as under**

- **NS**= Not significant-if **P** value is greater than 0.05,

- **Sig**= significant if **P** value is between 0.01 and 0.05,

- **HS**=highly significant-if **P** value is between 0 and 0.01,

- Conclusion is drawn on the basis of **P** value

    In addition to this ANOVA and F-Test has been applied to compare the mean of three populations (i.e. within public and private sector banks)

Limitations of the Study

    The sample size is restricted to 300 from six banks.

    The study covers only Bangalore- Karnataka, inclusion of other states would have given a broad coverage of respondents

Findings of the Study

    "Comparison between the Private and Public Sector Banks"

Table 1: Perception of Customers about Products and Services: Comparative Study

Parameters	Private Banks			Public Banks			Df (298) T-Value	P-Value
	Mean	SD	% Mean	Mean	SD	% Mean		
Products	3.65	0.94	73.07	3.39	0.89	67.73	2.504	0.013 (Sig)

Source from primary data

Interpretation

    'With regard to wide range of products and services' provided banks the mean and standard deviation of private sector banks is 3.65±0.94 with percentage mean 73.07. And that of public sector banks mean ± SD is 3.39±0.89 with percentage mean 67.73. The range of percentage mean is 60-80%. So both the sectors are very good in this respect.

    While comparing private sector banks with public sector banks, the percentage means of private sector banks is 5.34% higher than public sector banks (73.07-67.73=5.34). Further t test (t=2.50, p=0.013, sig) shows that there is significant difference between private and public sector banks.

Conclusion

    Private Sectors Banks percentage means 5.34% is higher than the public sector banks and 'P' value =0.013, indicates that there is a significant difference 'relating to wide range of products and services'. Hence, private sector banks are perceived to be better than public sector banks

Table 2: Perception of Customers about Banks: Comparative Study

Parameters	Private Banks			Public Banks			Df (298) T- Value	P-Value (HS)
	Mean	CV%	% Mean	Mean	CV%	% Mean		
Infrastructure	3.60	25.75	72.00	3.31	33.26	66.13	2.621	0.009
Reputation of banks	3.61	24.4	72.00	3.07	32.60	61.00	5.021	0.000
Speed and accuracy	3.6	23.00	72.20	23.03	3.3	67.20	2.747	0.006
Return on deposit	3.48	31.4	69	2.65	28.56	60	7.615	0.000
Technology	3.69	28.88	73.87	3.61	26.43	72.27	0.726	0.468
Employee attitude	3.48	28.40	69.60	3.44	26.62	68.80	0.364	0.716
Advice to customers	3.40	23.12	68.00	3.27	25.22	65.33	1.434	0.153
Knowledge	3.29	28.00	65.87	3.25	25.23	65.07	0.396	0.692
Competency	3.12	35.60	62.40	2.96	31.20	59.20	1.342	0.181

Interpretation

'**Perception of customer about banks**

- **Infrastructure:** Private Sectors Banks percentage mean 72% and Public Sectors Banks percentage mean 66.13%. private sector banks percentage mean is higher than the public sector banks and 'P' value =0.009, indicates that there is high significant difference in "infrastructure facilities". So, private sectors banks perceived better than public sector banks. in terms of infrastructure facilities

- **Reputation of Banks:** Private Sectors Banks percentage mean 72% and Public Sectors Banks percentage mean 61%. private sector banks percentage mean is higher than the public sector banks and 'P' value =0.000, indicates that there is high significant difference". So, private sectors banks perceived better than public sector banks.

- **Speed and Accuracy:** Private Sectors Banks percentage mean 72.2% and Public Sectors Banks percentage mean 67%. private sector banks percentage mean is higher than the public sector banks and 'P' value =0.006, indicates that there is significant difference". So, private sectors banks perceived better than public sector banks.

- **Return on Deposit:** Private Sectors Banks percentage mean 69% and Public Sectors Banks percentage mean 60%. private sector banks percentage mean is higher than the public sector banks and 'P' value =0.000, indicates that there is highly significant difference". So, private sectors banks perceived better than public sector banks

- **Technology:** Private Sectors Banks percentage mean 73.87% and Public Sectors Banks percentage mean 72.27%. private sector banks percentage mean is slightly higher than the public sector banks and 'P' value =0.468, indicates that there no significant difference".

- **Employee Attitude:** Private Sectors Banks percentage mean 69.6% and Public Sectors Banks percentage mean 68.80%. private sector banks percentage mean is slightly higher than the public sector banks and 'P' value =0.716, indicates that there no significant difference".

- **Advice to Customers**, **Knowledge, Competency:** there no much significant difference Private Sectors and Public Sectors Banks

Testing of Hypothesis

H_0:   There is no significant difference in the Perception of customer about banks

H_1:   There is no significant difference in the Perception of customer about banks

This has been tested by Mann-Whitney 'U' list 2-vale test. The test result indicates that (U=2.881, p=0.004 HS) there is highly significant difference in Perception of customer about banks

Result: (Ho) null hypothesis is rejected

(H1) Alternative hypothesis is accepted

Tables 2(a): ANOVA table Relation based on Similarities and Difference

Sector		ANOVA f Value	d.f	p Value	
Difference among the components	Public	30.042	2,298	.000	HS
	Private	70.530	2,298	.000	HS
	Total	90.083	2,298	.000	HS

The analysis from the above ANNOVA test table reveals that, the comparison with in the public and private sector banks P=.000 HS, indicates that there is highly significant difference among the public sector banks and among the private sector banks, in terms of, "technology service, network facilities and so on"

Conclusion

The above-mentioned facts and figure indicate that, the strangeness of Indian Banking System, it should be the endeavour of the regulators to develop its core competencies to enable it emerges as a strong player, both domestically and internationally. Foreign banks and financial institutions have already made an inroad into the Indian banking sector. Insurance is the other area, in which they have gained a foothold, in partnership with many banks. They are now penetrating into the retail segment very strongly, almost indulging in an interest rate war, supported by huge advertisement expenditure, to retain their market share. The domestic banks have to reorganize themselves there is need for changing the mind set and adapting the work culture to suit changing business environment.

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