

COMPARATIVE ANALYSIS OF ONLINE SERVICES OF PUBLIC, AND PRIVATE SECTOR BANKS OF INDIA IN TERMS OF CUSTOMER SATISFACTION

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Abstract:

The objective of this research is to compare consumer satisfaction with online services provided by Indian public and private banks. Additionally, the managements of India's public and Private sector banks should get direction from this report on how to conduct themselves in the market. The survey was conducted through online mode in selected cities of the India. The objective of this research is to quantify public and private banks' perceptions in India in order to evaluate the calibre of online services and the influence of expectations on perceived quality levels. On the basis of the available literature and the modified SERVQUAL model, testing and final findings on the degree of quality of Public and Private Bank's online services were conducted.

Keywords: Customer Satisfaction, Online Service, Public Banks, Private Banks, SERVQUAL.

INTRODUCTION

It is vital to identify the ways in which public and private sector banks in India may compete with one another on the market as a result of the growing level of competition in the online services. In the current economic climate, every public and private bank in India is working toward the goal of developing a new, advance, and secured online service that is competitive in terms of both price and quality and easy to understand. This paper includes various aspects of the quality of online banking services provided by both public and private financial institutions from the point of view of the customers of those institutions. The research for this paper was based on previous research and questionnaires designed according to a customised version of the Servqual model. The emphasis will be placed on the aspects that the aforementioned model identifies as constituting the fundamental level of service quality. The quality of banking services will be evaluated based on the virtual connection that exists between the institution, its workers, and its customers, regardless of whether the information in question pertains to a client's loan, card, safe, money transfer, or deposit (Pavlovic et. al., 2015). The following are examples of major financial services: payments, money transfers, services for banks, remittances, e-services, the "cash express" service, automated teller machines (ATMs), free shares, electronic banking, mobile banking, and i-banking services for the bank, as well as their customer service centres. There are also other services such as logistic

ones, including those pertaining to information technology (IT), philately, product selling, and other services that are accomplished via collaboration with various other businesses (S.O. Manjare, 2021).

Customer focus has emerged as a critical component of successful contemporary business models, which are increasingly being put into action in order to attract new clients and retain existing ones. This perspective comprises investigating customer behaviour, their segmentation, and modifying supply in addition to establishing the connection in a manner that is beneficial for both parties (Tasic, et. al., 2011). Therefore, established contacts need to be maintained over the long term since the cost of their upkeep decreases proportionately with the length of time that it is kept up for. Both India's public and Private sector banks have an obligation to fully embrace this approach. Due to the fact that customers are both the beginning and the end of the relationship marketing process, consumer research has to be centred on them. In order for a company that provides a service to its clients to attain the greatest levels of customer satisfaction and loyalty possible, the company must be able to generate and distribute exceptional value. The greater value has the potential to surpass the customers' expectations. In the research that has been done, this value has been categorised as an added value, which indicates a more alluring offer in comparison to the other options. In addition to this, in today's context, it often consists of a balanced assortment of tools pertaining to information and communication technology (Ratkovic, et. al., 2011). However, the aspect of the quality of direct human interaction is not one that should be ignored since it may represent an area in which it is possible to create a major competitive advantage in the service business. The Servqual questionnaire will include the quality of online services in relation to information and communication technology, as well as the activities that are carried out in the context of virtual interaction between staff and customers in financial institutions.

OBJECTIVE

The principal aim of the analysis is to determine the quality of online services provided by Public, and Private sector banks of India, which give users of online services of Public, and Private sector banks of India with the help of Servqual model. The secondary objective of the survey is to measure the satisfaction levels of users of online services provided by Public, and Private sector banks of India. The investigation's secondary objective is to identify areas of opportunity for the Public and Private sector banks of India to enhance their online banking services, and it will also investigate the extent to which these areas are correlated with the challenges experienced by customers. The research is intended to highlight the safety, security, and online platform function of online services offered by public and Private sector banks within the context of the existing framework of the country's financial and economic system. This is the social objective of the study. Not only is it designed to investigate how customers feel about the quality of the online banking services that their respective financial institutions provide, but it is also intended to find out which aspects of that quality are most important to customers of both public and private financial institutions in India.

HYPOTHESES

“Customer satisfaction in Public sector online banking is greater than the satisfaction of users of Private sector banks for online banking services regarding service quality dimension.”

LITERATURE REVIEW

Rajasulochana, D., & Murthy, S. (2022) by surveying public and private banks in Bangalore, Mysore, Mangalore, Hubli, and Ballari, this empirical article hopes to add to the body of current information about the effect of online banking service quality on customer satisfaction. The quality of internet banking services was evaluated across seven categories (efficiency, system availability, fulfilment, responsiveness, privacy, contact, and website design). The empirical findings for both Public and Private Banks indicate a clear correlation between customer satisfaction and many aspects of the quality of the online banking service they receive. The survey found that factors like speed, system availability, fulfilment, response; privacy, contact, and website design all have a role in customers' perceptions of the quality of their online banking experience. Customer satisfaction in both public and private banks is therefore found to be significantly influenced by these factors.

Kaur, S. J., et. al., (2021) the purpose of this qualitative research is to examine how banks' in-branch initiatives affect consumers' decisions to switch from physical to digital banking channels in India. Bank officials, including top management, from both the public and private sectors in India, were interviewed using semistructured interviews. To examine the information, a qualitative content analysis method was applied. Data reduction, presentation, and inference procedures grouped the varying interview replies into four overarching themes. Clients' transition to digital banking may be eased by redefining the role of branch employees, enhancing in-branch engagement with consumers, undergoing digital transformation of the branch, and focusing on the needs of customers. The report argues that the need for integrated cultural and organisational changes at the bank's level to acquire the consumers' confidence and trust in digital banking is the main highlighted element in enhancing digital banking acceptability in India.

Raza, S. A., et. al., (2020) this research investigates the relationship between service quality in online banking and customer satisfaction and loyalty among online banking customers. Separate conceptions of Internet banking service quality, electronic customer happiness, and electronic customer loyalty are examined in an attempt to determine their structural relationship. According to the findings, all of the factors have a positive and substantial effect on customer satisfaction, and satisfaction in turn has a positive and significant effect on customer loyalty. The results show that service quality is crucial in any culture, as it is the cornerstone of how users understand online banking and, ultimately, how it interacts and functions with online services.

Singh, I., et. al., (2019) Internet banking has been increasingly popular among banking consumers since it makes managing money and transacting with their banks easier. Indian banks' customer-friendly initiatives have made clients' daily lives simpler than traditional

banking policies. This study measured the perceived benefits and attitudes of online banking customers of selected Punjab public and private sector banks. The researcher assessed public and private banks' online banking service quality for each service advantage. The analysis indicated that private sector internet banking consumers benefited more than public sector users. Banks' internet banking services were efficient and good, according to this investigation. Internet banking consumers also had favourable views. Perceived Effectiveness, Time, and Employee Performance were not significant, and results showed that public sector and private sector banks' online banking service quality was not substantially different in these three aspects. However, the remaining ten dimensions—Perceived Usefulness, Risk, Cost, Responsiveness, Reliability, Tangibility, Communication, Value, Security and Privacy, and Accessibility—were significant and showed that public and private banks' internet banking service quality differed in these ten dimensions.

Kumra, R., et. al., (2019) Information technology developments have allowed bankers to not only expand into new business areas, but also improve the efficiency with which they serve their current clientele. Some experts believe that banking's future is tied closely to technical advancements, and they predict that the technological revolution ushered in by the advent of the internet will significantly alter the way financial transactions are conducted. Internet banking has great potential, but expanding its use is contingent upon gaining clients' confidence in this channel. After analysing prior research on the topic of trust, this investigation intends to conduct an empirical evaluation of the identified consumer trust characteristics as they pertain to online banking in India.

RESEARCH METHODOLOGY

During the course of the study, it became clear that the models themselves had their own set of constraints, in addition to those that were brought on by the fact that the anticipated number of replies was not collected and that the responses provided in certain questionnaires were insufficient. As a result, in this instance, a questionnaire was designed that was based on the Servqual model and was adapted to be suitable for consumers of online banking services provided by both the public sector and the private sector. There were more than 3,000 mass emails and whatsapp messages sent out using the Google form. Nature of Research will be Qualitative and Quantitative and will be define as an Analytical Research Research. Instrument used for this research Structured Questionnaire (A five point's likert's scale) 20 of question grouped in 5 dimensions. The survey for this research was conducted online in the month of Nov. 2022 to Jan. 2023. Non-Probability Convenience sampling method was employed for collecting the data. Some of the respondents did not complete out the questionnaire in its entirety, some of the respondents stated that they do not make use of online banking services, and some of the respondents stated that they do not have sufficient time. For the purpose of the study, 309 questionnaires that had been completely filled out were chosen; these were taken from both the public and private sectors' offerings of online banking services, making the total number of valid questionnaires for India 482. In addition, this technique of data collecting has a few drawbacks, one of which is that it only yields a sample that is accessible probabilistically, which, regardless of its size, does not satisfy the stringent statistical representativeness

standards (Evans, Anil, 2005). Nevertheless, this strategy for collecting data has a few advantages, such as lowering expenses, lowering the likelihood that the interviewer may be influenced to give the user a certain response, and increasing comfort levels for users. When compared to other ways, this approach possesses a number of distinct advantages. The processing of the data was done with the help of the statistical application SPSS version 21.

DATA ANALYSIS

Table 1: Demographic Profile of the Respondents

Demography	Profile	Frequency	Percent
Online Banking User	Public Sector Bank	149	48.2%
	Private Sector Bank	160	51.8%
Age	18 Y to 20 Y	6	1.9%
	21 Y to 25 Y	38	12.3%
	26 Y to 30 Y	59	19.1%
	31 Y to 35 Y	40	12.9%
	36 Y to 40 Y	78	25.2%
	41 Y to 45 Y	45	14.6%
	46 Y to 50 Y	15	4.9%
	51 Y to 55 Y	22	7.1%
	Above 55 Y	6	1.9%
Gender	Male	240	77.7%
	Female	69	22.3%
Education	Online banking services of public sector bank Graduate	6	1.9%
	Graduate	84	27.2%
	Intermediate	81	26.2%
	High School	37	12.0%
	Class Fifth to Ninth Class	68	22.0%
	Below Fifth Class	19	6.1%
	Uneducated	14	4.5%
Annual Family Income	1L to 3 Lakh	9	2.9%
	3L to 5 Lakh	74	23.9%
	5L to 7 Lakh	187	60.5%
	7L to 10 Lakh	26	8.4%
	Above 10 Lakh	13	4.2%
Occupation	Service	199	64.4%
	Business	67	21.7%
	Farming	24	7.8%
	Retired	9	2.9%
	Other	10	3.2%

From the above data it is identified that Private Sector Bank have more users of online banking services than Public Sector Bank but the difference is very slight. Age groups of 26 to 46 years

are using online banking as comparing to other age groups of the sample. Surprisingly males (77.7%) are far more users of online banking as compare to females (22.3%). Educated people are widely using the online banking services of banks as compare to uneducated people. Service class (64.9%) is using online banking services frequently followed business class (21.7%) by as compare to farmer and pensioners class.

RESEARCH RESULTS

The gap model was utilised in the research, and the disproportion between the predicted and observed characteristics of online banking services provided by public sector banks and private sector bank services was investigated. There were two scales used: one of them measured the qualities of services that were expected, while the other measured the attributes of services that were actually seen. In all, there are 27 items on both measures, which have been categorised into the following five dimensions or characteristics of services: tangibles, dependability, responsiveness, assurance, and empathy (Table 2).

The reliability of the instrument that was utilised was evaluated, and the results showed that both analysed subsamples of respondents had an extremely high level of dependability. Within a subsample relating to banking services, the reliability coefficient $\alpha = 0.921$ was obtained, whereas within a subsample relating to the quality of online banking services provided by public sector banks, the reliability coefficient $\alpha = 0.823$ was obtained. Both of these values can be found on a scale that measures the expected attributes. Reliability of the subsample of respondents in which the quality of online banking services of public sector banks was measured - $\alpha = 0.948$ and for the other subsample (online banking services of private sector bank) - $\alpha = 0.959$ on a scale of observable characteristics. When taking into consideration the fact that there are just 27 items on the scales, all of the derived reliability coefficients are regarded as having very high levels of accuracy.

As a result, the purpose of this study is to conduct a comparative analysis of the characteristics that reflect the level of quality offered by public sector banks and private sector banks about their online banking services. On the scale of expected attributes, the greatest expression was obtained for Expected Tangibles, and the smallest expression was obtained on the dimensions of Expected Responsiveness. However, on the scale of observed attribute, the highest score was obtained for the dimension Observed Tangibles, while Observed Assurance recorded the lowest score. This was discovered when examining the characteristics of the online banking services provided by public sector banks. When looking at the characteristics of private sector banks' online banking services, the dimension of expected reliability received the highest score on the scale of expected attributes, while the expected assurance dimension received the lowest score. The highest score was obtained for the expected dimension of expected reliability. On the scale of observed attributes associated with the provision of online banking services by public sector banks, the Observed Tangibles dimension received the highest score, while the Observed Assurance dimension received the lowest score. The highest score was obtained for the Observed Tangibles dimension as illustrated in table 2.

In terms of the Servqual model and the characteristics of the online banking services provided by public sector banks, the difference that was found to be the greatest was found for the Assurance dimension (1.36), followed by the reliability dimension (1.34), and the difference that was found to be the smallest was found for the Empathy dimension (1.09). When it comes to the characteristics of the online banking services provided by private sector banks, the Servqual model revealed that the biggest difference was obtained for the Reliability dimension (1.58), followed by the Empathy dimension (1.46), and that the Tangibles dimension (0.91), displayed in Table 2, revealed the smallest difference.

Table 2: is an expression of predicted and observed characteristics of private and public sector banks' online banking services (Servqual model)

ONLINE BANKING SERVICES OF PUBLIC SECTOR BANKS						
Expected Attributes	AS	SD	Observed Attributes	AS	SD	Difference
Tangibles	4.72	0.305	Tangibles	3.52	0.634	1.2
Reliability	4.73	0.356	Reliability	3.39	0.704	1.34
Responsiveness	4.21	0.491	Responsiveness	3.06	0.728	1.15
Assurance	4.38	0.495	Assurance	3.02	0.677	1.36
Empathy	4.31	0.536	Empathy	3.22	0.699	1.09
ONLINE BANKING SERVICES OF PRIVATE SECTOR BANKS						
Expected Attributes	AS	SD	Observed Attributes	AS	SD	Difference
Tangibles	4.61	0.495	Tangibles	3.7	0.766	0.91
Reliability	4.78	0.348	Reliability	3.2	0.962	1.58
Responsiveness	4.63	0.497	Responsiveness	3.27	0.96	1.36
Assurance	4.6	0.499	Assurance	3.15	0.915	1.45
Empathy	4.64	0.444	Empathy	3.18	0.868	1.46

In addition, the largest differences between the anticipated and actual characteristics of services were obtained for the online banking services provided by private sector banks, with the exception of the Tangibles dimension, which yielded the largest differences for the online banking services provided by public sector banks.

Keeping in mind that the topic of discussion is a comparison of the levels of customer satisfaction provided by the private and public sectors about their respective online banking products and services. When the significance of differences in scores on the dimensions of the expected attributes of online banking services provided by public sector banks and private sector banks were compared, statistically significant differences were found for Expected Reliability, Expected Responsiveness, Expected Assurance, and Expected Empathy. This was determined by checking the significance of differences in scores on the dimensions of the expected attributes of online banking services provided by public sector banks and private sector banks. On the perceived attributes scale of online banking services of public sector banks and online banking services of private sector banks, statistically significant differences in relation to online banking services of public sector banks for dimensions Observed Tangibles, Observed Reliability, and Observed Assurance were obtained. This was the case for both types

of services. Every difference that was found was large and statistically significant at the $p < 0.01$ level. According to the Z statistic, the magnitude of the difference in the scores obtained for the characteristics of the online banking services provided by public sector banks and private sector banks was found to be greatest for the dimension of “Expected Responsiveness.”

DISCUSSION ON RESULTS

The purpose of this study is to conduct a comparative analysis of the quality characteristics shared by India's public sector banks and private sector banks that provide online banking services. The Servqual model was utilised for the presentation of the findings, which means that the findings of the study are displayed as the difference between the predicted and observed characteristic (Gap model). The mismatch between the anticipated and observed attribute was first investigated in respect to the quality of the online banking services provided by public sector banks, and subsequently investigated in relation to the quality of the online banking services provided by private sector banks. In relation to the quality of the online banking services provided by public sector banks, the findings of the research indicate that respondents have much higher expectations for Tangibles and Reliability. Paradoxically, these are also the dimensions that are the strongest on a scale measuring Observed Attributes. When it comes to the online banking services offered by private sector banks, respondents have a high expectation for a better level of service reliability, however on a scale of observed characteristic, they are completely content with the Tangibles dimension.

When compared to public sector banks' online banking services, private sector banks' online banking services were found to have a greater disparity between the expected and observed attributes, which was caused by the application of the Servqual model. In addition, it is essential to point out that the application of this model increased the disbalance between the expected and observed attributes. One exception to this is the Tangibles dimension, which shows a bigger disparity between the two sets of data when it comes to analyzing the characteristics of the online banking services provided by public sector banks. If the value difference between the expected and observed attributes of services is considered to be a measure of satisfaction with the service provided by posts and banks, then the conclusion is that the participants are satisfied with the services they receive in the online banking provided by public sector banks. According to research done, public sector banks in India need to ensure that they pay priority to all aspects of service quality. Particularly interesting are the reliability and assurance dimensions, which mean that public sector banks in India must provide its service at the agreed time (transfer shipments both domestically and abroad, sending money home and abroad, the realization of payments, etc.), resolving complaints in the shortest possible period, realizing services without any problem and etc., and all that indicate reliability. Specifically, this means that transfer shipments both domestically and abroad, sending money home and abroad, the realisation of payments, etc. service quality dimension. While the dimensions of quality assurance indicate that employees in public sector banks need to recognise the needs of users, public sector banks need to equally take care of and concentrate on each customer; public sector banks must provide adequate support in solving the problem at all levels for its employees; public sector banks must devote more time to the user while selecting and purchasing services;

and public sector banks must gain the trust of users. The staff of public sector banks in India need greater attention from their employers, who should provide them with a variety of educational and training opportunities. Training that is recommended may include topics such as business practices, sales skills, assistance to employed individuals in relation to new technology, and several other types of training. According to the results of the poll, private sector banks in India need to ensure that all aspects of service quality are given equal emphasis. Assurance, empathy, and dependability are three aspects that really pique my curiosity. Their services need to be carried out at the agreed upon time (recording payments on accounts, loan approval, the issuance of credit and debit cards, respecting the signed loan agreement, etc.), resolving complaints as quickly as possible, the realization of services without any problems both in the offline and online settings, etc., all of which points to the quality of reliability dimension. According to the quality assurance criterion, workers in financial institutions should be able to identify the requirements of customers (for savings, relating credit products, account opening, etc.). The private sector banks are obligated to provide adequate support to their employees in order for them to solve problems at all levels; they must also devote more time to their customers when it comes to the selection and purchase of banking products or the selection of services, as well as earning their customers' trust. It is mandatory for Indian banks to invest in their workers' professional development by sending them to a variety of seminars and other training programmes. Users have expressed their dissatisfaction with the fact that many banks in India close their doors after 5 of the clock in the afternoon, so the empathy dimension suggests that in order for banks in India to provide a reliable service, they need to have an in-depth knowledge of the requirements that their customers have and they need to modify their working hours. In the event that customers anticipate receiving more services, financial institutions are required to broaden the scope of the products and assistance they provide.

CONCLUSION

As we know, public sector banks were conservative in the market, therefore marketing was not appropriate. Public sector banks altered their minds. It suffered from market competition. The new public sector banks' services allowed new operators; hence the Indian public sector banks lost their banking monopoly. Due to international banks entering India, banking rivalry is fierce. They want loyal consumers. This paper advised Indian public and private sector banks on how to position themselves in the digital age to maximize profits. Public and private sector banks must spend in marketing operations, product differentiation, and in-house marketing to compete with competitors. In today's competitive economy, Indian public and private sector banks must address consumer expectations to increase efficiency, productivity, and market share. According to study, public sector bank online banking customers anticipate more from quality assurance dimensions such staff, delivery, information systems, business secrets, etc. Public sector banks of India must commit to staff education in the future, while private sector bank online banking customers want more reliability. Private sector banks are expected to provide accurate, exact service, rapidly settle issues in their favour, etc. Public and private banks should enhance personnel selection since users are the most important group. At least

once a year, surveys are the best way to measure client happiness. Indian metropolises were surveyed. These financial and economic hubs influence study outcomes, especially consumer satisfaction. This study examined customer satisfaction with online banking services of Indian public and private sector banks by comparing predicted and real service qualities. This distinction measures service quality and suggests ways to improve client happiness. Five attributes—tangibles, reliability, responsiveness, and assurance, and empathy—measure service quality. The poll found that consumers of online banking services of public sector banks in India scored best on the scale of anticipated features for the Assurance dimension, while private sector bank users scored top for Reliability. Servqual model quality measurement of online banking services of Indian public and private sector banks achieves the research goal. The results showed persistent issues with Indian public and private sector banks' internet banking systems. Thus, the study identifies opportunities for improving online banking services of Indian public and private sector banks. Hence the chief alternative hypothesis “public sector bank customers are more satisfied with online banking services than private sector bank customers.” was accepted.

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