



COMPARATIVE STUDY OF CUSTOMER PERCEPTION TOWARDS SERVICES PROVIDED BY PUBLIC SECTOR BANK AND PRIVATE SECTOR BANK

¹Maya B. Lohani, ²Kamlesh Kumar Shukla

¹ Senior Lecturer, Department of PGDM, BBDNITM, Lucknow, India

² Assistant Professor, AKS, Management College, Lucknow, India

ABSTRACT

With the advent of liberalization policy and RBI's easy norms several private and foreign banks have entered in Indian 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 Bank of Baroda (BoB) and ICICI bank of Lucknow 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 Bank of Baroda.

Keywords: BoB, 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 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 Bank of Baroda 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,

Bank of Baroda

Bank of Baroda started its operation in the year 1908 in Baroda though its Corporate Centre is in Mumbai now. Bank of Baroda (BoB) is the third largest Public Sector bank in India, after State Bank of India and Punjab National Bank. BoB has total assets in excess of Rs. 1.78 lakh crores, or Rs. 1,780 bn., a network of over 3000 branches and offices, and about 1000+ ATMs. 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 and affiliates in the areas of investment banking, credit cards and asset management.

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 BoB Banks in Lucknow 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 BoB banks is dealt in the present study.

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. BOB and ICICI banks of Lucknow region is collected for

the study through survey with the help of questionnaire. Data collection through questionnaire is one of most widely accepted method of collecting data as it requires respondent to fill the data and not the researcher or interviewer. The total sample size of the study is 200 consisting 100 from Bank of Baroda 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 Lucknow region, following attributes have been taken into consideration.

• **Demographic- Age of Respondents**

Table 1

Age group (years)	Number of Respondents	
	ICICI Bank	Bank of Baroda
20-30	44	11
31-40	26	19
41-50	22	28
51-60	08	42
Total	100	100

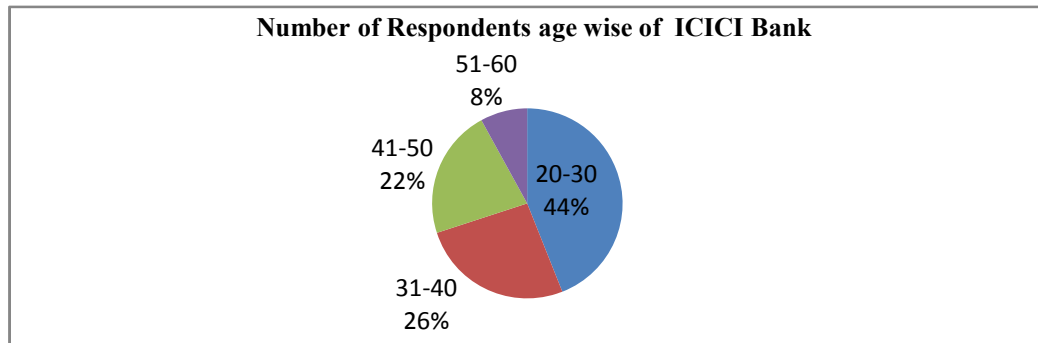


Figure 1

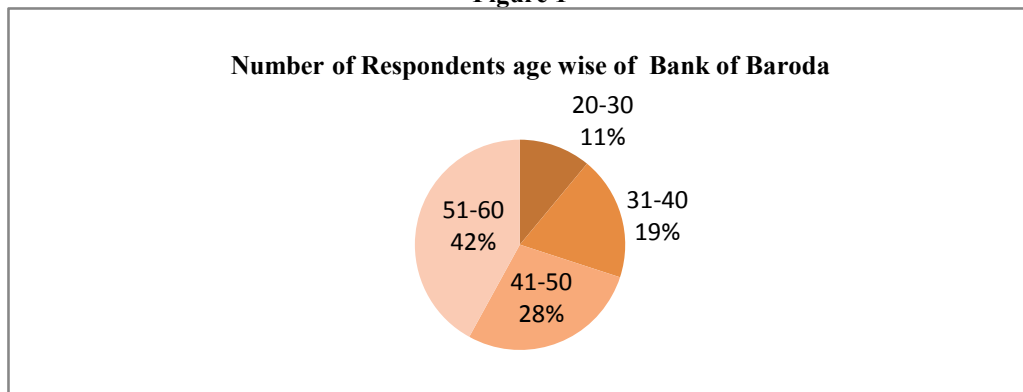


Figure 2

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

- **Courteous employees:**

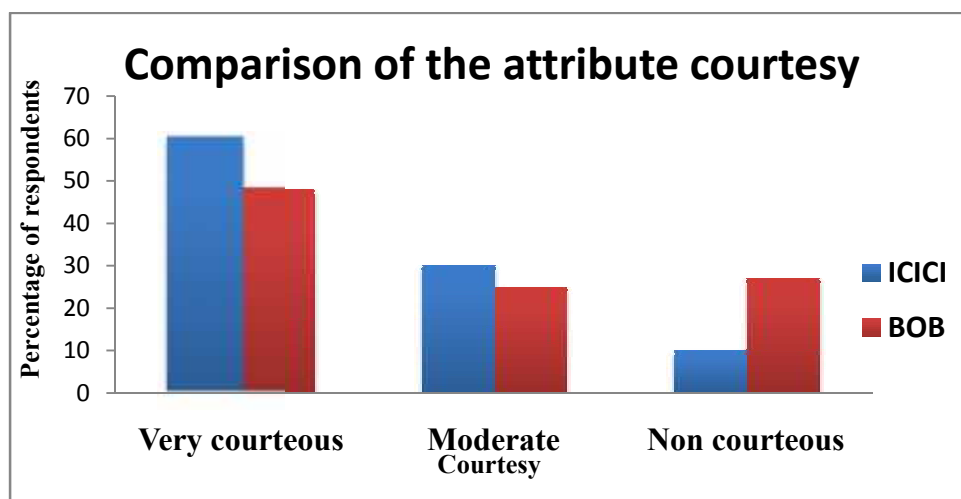


Figure 3

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

- **Savings Account Portability**

Customer can request for transfer of Savings Account from one branch to another branch of ICICI Bank by giving a written request in the branch or by calling the 24 X 7 Customer Care OR placing a request through internet banking. The account is transferred within 2 working days while in BoB the same action needs more time.

- **Locker facility:**

Storing too much jewellery and valuables in the house at times becomes a security issue and an impediment in case of natural calamities. Bank of Baroda offers a safe, trustworthy space to store valuables, jewellery, documents and other things dear of customers. Only the main branch of ICICI bank in Lucknow provides locker facility.

- **ATM Service:**

Every customer essentially needs ATM service. This service has brought revolution in the banking industry. Proper functioning of ATM is absolutely must to cater the needs of the customer. The following table illustrates the response of the customers about this service.

Table 2

RESPONSE	ICICI BANK	BANK OF BARODA
Very Satisfactory	85	30
Moderately satisfactory	10	45
Unsatisfactory	05	25
Total	100	100

The customers of ICICI bank in large number (85) are highly satisfied than only 30 customers of BOB about ATM service. The reasons given are ATM of ICICI bank works almost in all times. There is rarely close down or non-working of the machines. The ATMs are clean and manned by an active security guard. A very few customers of ICICI have complaint of shortage of ATMs. The 25 unsatisfied customers of BoB feel that very often there is internet failure, shortage of cash, close down and out of order condition of ATMs. The ATMs are generally in bad state like non working conditions of air conditioners and cameras. Often the Statement of transaction provided is not readable.

The ICICI bank issues quarterly statement of account instead of passbook free of cost to all customers. The BoB issues a passbook wherein the customer can make entries as and when he needs. These entries are made free of cost.

- **Internet Banking:**

Use of the internet to carry out financial transactions is certainly one of the most promising avenues for linking customers with financial service providers. Through the internet a customer can verify real-time account balances any time from any location, move funds instantly from one account to another, confirm that deposits have been made, submit an application for loans and credit cards and carry

- **Bank statement/Passbook:**

out online bill paying. The customers of ICICI bank perceive that internet banking for them is very convenient, fast and often uninterrupted. On the contrary customers of BoB find this service slow and often interrupted due to frequent server down.

- **Customer care:**

24-hour Customer Care is always available to answer any query or to take instructions in ICICI bank, while this 24-hour facility is not available to the customers of BoB.

- **Deposit of cheques:**

For deposition of cheques only drop box is available at BoB, while in ICICI bank along with drop box facility customer can ask for acknowledgement receipt.

- **Collection of Cheques:**

It is not always that the cheque is deposited at the base branch. Hence some amount is charged for the service of collection of cheques through outstation branch. The local cheques deposited for collection in ICICI bank are realized on the same day and the amount is credited to the customer account by the closing of the day. But in case of BoB collection of cheques and their realization take 2-3 days.

Even the processing of out station cheques is faster in ICICI bank than BoB.

- **Demand draft facility:**

Some respondents of BoB are not satisfied with the DD facility provided by the bank. There is unusual delay in issuing of draft due to shortage of staff. Sometimes even the DD is issued after the normal working hours of the bank. ICICI bank issues DD immediately after getting the request from its customer.

- **Information about new products and schemes:**

Many new schemes and policies are prepared by BoB, but it is not communicated to the customers properly. As the customers are mostly unaware about these schemes; they do not get the benefit of the schemes and policies. The ICICI bank timely provides the information about the new product and schemes by sending pamphlets and brochures to their customers.

- **Ambience:**

The customers of ICICI bank find the bank spacious, clean, well furnished and pleasant working conditions. While in BoB customers suggest need of comfortable furniture (writing tables and chairs) and cleanliness.

Table 3
COMPARITIVE RATING CHART

SERVICE ATTRIBUTE	BANK OF BARODA	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

CONCLUSION

The perceived quality of services provided by private sector bank (ICICI) is better than public sector bank (Bank of Baroda) in Lucknow city region. It is evident that public 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 efficiency keeping in view the strategies adopted by private sector banks.

RECOMMENDATIONS

Making the existing customers aware of the other products of Bank of Baroda and take their interest feedback for the same 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 Bank of Baroda.
 - ICICI bank is recommended to adopt passbook system which might be helpful to increase reliability.
 - 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.

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