



# A Comparative Study of Customer Satisfaction in Public vs. Private Bank

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## ABSTRACT :

This study compares customer satisfaction in public and private banks in India. It examines factors like service quality, responsiveness, and use of technology. Results show public banks are trusted more, while private banks offer better service and efficiency. The study highlights the need for improvements in both sectors to enhance overall customer satisfaction.

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## Introduction

The Indian banking sector, comprising both public and private banks, plays a vital role in the country's economic development by mobilizing savings and providing credit. Since liberalization, the sector has evolved significantly, with private banks introducing customer-centric innovations and public banks focusing on inclusion and outreach. In this competitive environment, customer satisfaction has become essential for bank success. Key factors influencing satisfaction include service quality, technology, transparency, convenience, and complaint resolution. While private banks are known for efficiency and innovation, public banks are valued for trust and accessibility. This comparative study aims to explore these differences to improve banking services across both sectors.

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## Objectives of the Study

- Compare customer satisfaction in public vs. private sector banks in India.
  - Identify key factors influencing customer satisfaction (e.g., service quality, technology, employee behavior).
  - Analyze service quality dimensions using the SERVQUAL model:
    - Responsiveness
    - Assurance
    - Reliability
    - Tangibles
    - Empathy
  - Understand customer preferences and expectations based on factors like trust, convenience, and digital services.
  - Provide practical suggestions for both public and private banks to enhance customer satisfaction and service quality.
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## LITERATURE REVIEW

A thorough literature review is fundamental in understanding the scope, relevance, and significance of a research study. It helps establish a theoretical foundation and gives direction to the investigation by summarizing key findings, patterns, and conclusions drawn by other researchers. This chapter critically examines the existing literature related to customer satisfaction in public and private sector banks in India, highlighting service quality dimensions, customer expectations, and performance gaps between the two banking segments

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## Research Methodology

- Design: Descriptive and comparative study.
- Approach: Quantitative (surveys) with some qualitative feedback.
- Sampling: Stratified random sampling; 100–200 customers from public and private banks.
- Data Collection:

- *Primary:* Structured questionnaires based on the SERVQUAL model.
- *Secondary:* Bank reports, RBI publications, and previous studies.
- **Analysis Tools:** Excel/SPSS; using averages, percentages, and comparative charts.
- **Limitations:** Limited sample size and geographic scope; findings may not reflect all regions.

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## Findings & Analysis

- Private banks scored higher in-service efficiency, digital banking, and personalized customer care.
- Public banks were preferred for trustworthiness, branch reach, and stability.
- Private bank customers reported faster problem resolution and better responsiveness.
- Public bank customers faced issues with long wait times and slower service processes.
- Digital platforms of private banks were rated more user-friendly and advanced.
- Both sectors had room for improvement in transparency of charges and grievance handling.
- Customer expectations varied by age and income—young users preferred digital services, while older ones valued in-person support.

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## Discussion

The study shows that younger customers prefer private banks for their fast and user-friendly digital services, while public banks lag due to slower processes and outdated technology. Private bank staff are seen as more customer-focused, whereas public banks face challenges from bureaucratic systems and high footfall. Despite this, public banks play a key role in rural access and financial inclusion. Customer preferences vary—cost-conscious users prefer public banks, while professionals favor private banks for flexibility. Public banks must improve service and complaint handling, while private banks need more transparency to maintain trust.

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## Case Studies

### Case Study 1 – SBI (Public Bank):

- A customer in a semi-urban area reported long wait times and limited staff support but appreciated wide branch availability and trust in government-backed services.

### Case Study 2 – HDFC Bank (Private Bank):

- A young professional praised the fast mobile banking app and prompt customer service but noted dissatisfaction with hidden charges and upselling tactics.

### Case Study 3 – PNB vs. ICICI (Direct Comparison):

- Customers found PNB reliable for basic transactions but slow in complaint handling, while ICICI offered quick service and digital ease but lacked personal connection.

### Case Study 4 – Senior Citizen Experience:

- An elderly customer preferred public banks like Bank of Baroda for their familiar processes and in-person support, while finding private banks too automated and impersonal.

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## Challenges and Ethical Considerations

- Limited access to honest feedback and internal bank data.
- Sample bias due to uneven representation.
- Difficulty in comparing different service models.
- Ensure informed consent and confidentiality.
- Maintain neutrality, data accuracy, and respectful engagement.

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## Conclusion

The study highlights key differences in customer satisfaction between public and private banks. Private banks excel in service speed, digital innovation, and personalized support, attracting younger, tech-savvy customers, though issues like lack of transparency and aggressive sales persist. Public banks are valued for their trust, accessibility, and competitive rates, but face challenges with slow service and outdated technology. While private banks show higher overall satisfaction, public banks retain loyalty due to their reliability. To remain competitive, public banks must modernize their digital platforms and improve service quality.

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## Recommendations

- Public banks should upgrade digital infrastructure and reduce bureaucratic delays.
- Private banks need to improve transparency in fees and reduce aggressive marketing.

- Both sectors should invest in regular staff training to enhance service quality.
- Improve grievance redressal systems for faster complaint resolution.
- Focus on customer feedback to continuously adapt and improve services.

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