

Customer Satisfaction Regarding Online Banking Services: A Comparative Study of Public and Private Sector Banks in Punjab

Gurjeet Kaur¹, Ashima Thakur¹, Swati¹

¹ Department of Management Studies, C T University, Punjab, India

Article History:

Received: 12-12-2024

Revised: 25-01-2025

Accepted: 05-02-2025

Abstract:

This study investigates customer satisfaction with online banking services provided by public and private sector banks in Punjab. The research compares satisfaction levels between customers of public sector banks (SBI) and private sector banks (HDFC). Using a multiple cross-sectional design, primary data was collected from 200 respondents (100 from each bank) through a questionnaire with open and closed-ended questions. Factor analysis identified five key factors influencing customer satisfaction: online technicalities, ease of use and comfort, privacy and security, prompt services, and problems. The findings reveal that customers are most satisfied with the ease of use and comfort provided by online banking, followed by security and privacy, and prompt services. The comparative analysis indicates that private sector bank customers are generally more satisfied than those of public sector banks across all factors. The study underscores the importance of continuous improvement in online service quality to maintain competitive advantages and strong customer relationships in the evolving banking industry. However, the results are specific to Punjab and may not be generalized to other regions. This research contributes to understanding the current state of online banking satisfaction and identifies areas for improvement, particularly for public sector banks.

Keywords: investigates, underscores, improvement, questionnaire.

INTRODUCTION:

Banking is a backbone of our economy. As banking is oxygen to industry and financial growth of our society. In India both the public and private sectors are rendering their financial service to the society. According to new policies, strategies and adoption of new technology there is variation in the satisfaction level of customer. There are new products and services were rendered by both the public and private sector banks. In order to find which is best that is which is providing better services to the customer is the keen objective of the researcher. Banking offers different range of products to their customers but the limited number of products were availed by their customers. In order to find whichever is preferred by the customer is projected in the analytical part.

In India, the banking sector is broadly classified into public sector banks (PSBs) and private sector banks (PvSBs). While PSBs have traditionally dominated the banking landscape, PvSBs have gained significant market share in recent years, driven by their innovative products, customer-centric approach, and technological advancements. The competition between PSBs and PvSBs has intensified, with online banking services becoming a key differentiator.

Despite the growing importance of online banking, there is a dearth of research on customer satisfaction with online banking services in the Indian context. Moreover, there is a need to compare customer satisfaction levels between PSBs and PvSBs, as both types of banks have distinct characteristics, strengths, and weaknesses. This study aims to address this research gap by investigating customer satisfaction regarding online banking services in PSBs and PvSBs.

Literature review

The literature on customer satisfaction in digital banking highlights several key factors influencing user experiences and perceptions. A study by Kashyap et al. (2024) identified four critical dimensions of service quality in internet banking: efficiency, reliability, security and privacy, and issue/problem handling. Among these, reliability, and security and privacy were found to have the most significant impact on customer satisfaction, while efficiency and problem handling had a lesser effect.

Digital literacy plays a pivotal role in shaping customer satisfaction in online banking. Several studies highlight its significance in enhancing trust, ease of use, and overall engagement with digital banking services. Research by Bhandari, R., Kumar, A., & Saini, M. (2023) suggests that consumers with higher digital literacy levels are more likely to adopt and efficiently use online banking, leading to increased satisfaction. Conversely, individuals with limited digital skills face challenges in accessing and utilizing these services, negatively impacting their experience.

The study by Ghosh and Chatterjee (2023) examines the influence of customer feedback on banking services, emphasizing the utilization of the Net Promoter Score (NPS) as a tool for service enhancement. NPS is a widely adopted metric that gauges customer loyalty by asking clients how likely they are to recommend the bank's services to others. The authors argue that systematically collecting and analyzing NPS data enables banks to identify areas of improvement, tailor services to meet customer expectations, and ultimately enhance customer satisfaction. They also discuss the importance of closing the feedback loop by implementing changes based on customer insights and communicating these improvements back to the customers, thereby fostering trust and loyalty.

The study by Khan, Singh, and Kumar (2022) provides a comprehensive review of recent literature on service quality in the banking sector, focusing on various models and their applicability across different cultural contexts. The authors critically analyze multiple service quality frameworks, including the widely utilized SERVQUAL model, to assess their effectiveness in measuring customer satisfaction within banks. Their findings suggest that while certain dimensions of service quality, such as reliability and responsiveness, are universally valued, the importance of specific service quality dimensions can vary significantly across different cultural and national settings. This variability underscores the necessity for banks to customize their service quality assessment tools to align with the cultural contexts of their target markets. The study concludes that a one-size-fits-all approach to service quality measurement is inadequate, advocating for the development of tailored instruments that consider the unique cultural nuances influencing customer perceptions in diverse regions.

The study by Kumar and Verma (2022) investigates customer service and satisfaction levels in public versus private sector banks in Punjab. The authors employ the SERVQUAL model, assessing

dimensions such as tangibility, reliability, responsiveness, assurance, and empathy. Their findings indicate that private sector banks generally outperform public sector banks in service quality, particularly in responsiveness and assurance. However, public sector banks excel in reliability, attributed to their established reputation and trustworthiness. The study concludes that while private banks offer more efficient and customer-centric services, public banks maintain customer satisfaction through consistent and dependable service delivery. The authors recommend that public sector banks focus on enhancing responsiveness and assurance to improve overall customer satisfaction.

The study by Malik and Yadav (2022) examines the influence of security features on customer trust and satisfaction in online banking. The authors highlight that robust security measures, such as encryption, multi-factor authentication, and secure socket layers, are pivotal in safeguarding sensitive customer information and mitigating fraud risks. These security features not only protect data but also enhance customer confidence in online banking platforms. The research indicates that when customers perceive a bank's online services as secure, their trust in the institution increases, leading to higher satisfaction levels. The study concludes that investing in advanced security features is essential for banks aiming to improve customer trust and satisfaction in the digital banking environment.

The study by Tiwari, Gupta, and Prakash (2022) examines trust and satisfaction in India's banking sector, comparing public and private banks. The authors employ the SERVQUAL model to assess service quality dimensions—tangibility, reliability, responsiveness, assurance, and empathy—and their impact on customer trust and satisfaction. Their findings indicate that private sector banks generally outperform public sector banks in service quality, particularly in responsiveness and assurance. However, public sector banks excel in reliability, attributed to their established reputation and trustworthiness. The study concludes that while private banks offer more efficient and customer-centric services, public banks maintain customer satisfaction through consistent and dependable service delivery. The authors recommend that public sector banks focus on enhancing responsiveness and assurance to improve overall customer satisfaction.

The study by Singh, Jain, and Sharma (2021) investigates the impact of user experience (UX) design on customer satisfaction within online banking interfaces. The authors emphasize that intuitive and user-friendly interface designs are crucial for enhancing customer satisfaction. They identify key UX elements—such as ease of navigation, aesthetic appeal, and responsive design—that significantly influence users' perceptions and satisfaction levels. The research concludes that banks prioritizing effective UX design can achieve higher customer satisfaction, increased loyalty, and a competitive advantage in the digital banking sector.

The study by Kaur and Singh (2021) investigates consumer perceptions of online banking in Punjab, focusing on factors influencing adoption and satisfaction. The authors identify key determinants such as perceived ease of use, perceived usefulness, trust, and security concerns. They find that higher levels of perceived ease of use and usefulness significantly enhance consumer satisfaction and the likelihood of adopting online banking services. Trust and security concerns also play a crucial role; consumers with higher trust levels are more likely to adopt online banking, while security concerns

can hinder adoption. The study concludes that addressing security concerns and enhancing trust are essential for increasing online banking adoption and satisfaction in Punjab.

STATEMENT OF THE PROBLEM:

In banking premises there is still a long queue, where the customer are waiting with their tokens to avail their services such as transaction, enquiry, request, payment, etc. In order to solve this problem internet banking plays a vital role in offering the services which is availed at home. The internet banking helps us to reduce time, easy to access, 24*7, cost effective, etc. So to find the satisfaction of internet banking, adaptability of technology is considered as the major factors. The researcher made a research in this topic " Customer Satisfaction Regarding Online Banking Services: A Comparative Study of Public and Private Sector Banks In Punjab". And the comparative study is made among the public and private sector banks which is rendering service more effectively.

OBJECTIVES OF THE STUDY:

- To study the profile of respondents in both public and private sector banks.
- To compare the internet banking service offered by both public and private banks.
- To access the customer satisfaction in both public and private sector banks.

Research Methodology

The researcher made a survey. In order to collect the data for the study, the questionnaire is framed accordingly and circulated among the customer of public and private banks. The sample sizes Is 200, 100 from public bank(SBI) and 100 from private bank(HDFC) customers. As it only focuses on bank customers the purposive sampling is adopted. The customer of each bank had given their personal opinion. After collecting the data the researcher had proceeds the analysis and provided the result.

Limitation of the study

The study area covers only the Punjab .Hence the sample size is very small so the result cannot be applied to the large population.

The study is based on only the account holder of each bank especially the internet users of public and private bank (SBI and HDFC).

Due to the time constraint of the researcher, the number of samples was limited to 200, 100 from public (SBI) and 100 from private bank (HDFC).

Analysis and Interpretation

Table:1 Gender Wise classification of the respondents

Gender	No. of respondents in public bank		No. of respondents in private bank	
Male	68	68%	58	58%
Female	32	32%	42	42%
Total	100	100%	100	100%

Source: Primary data Interpretation:

The above table shows that the majority of the respondents were male in both the banks and the least were female.

Table:2 Age Wise classification of the respondents

Age	No. of respondents in public bank		No. of respondents in private bank	
Below20	4	4%	2	2%
21-30	40	40%	34	34%
31-40	32	32%	48	48%
41-50	22	22%	16	16%
Above50	2	2%	0	0
Total	100	100%	100	100%

Source: Primary data

Interpretation:

The above table reveals 40 percentage of the respondents belong to the age group of 21 to 30 in public sector, 48 percentage of the respondents belong to the age group of 31to 40 and the least were above the age of 50.

Table:3 Education Wise Classification of the respondents

Education	No. of respondents in public bank		No. of respondents in private bank	
Illiterate	4	4%	2	2%
High school	0	0	4	4%
Intermediate	2	2%	0	0
Degree	72	72%	58	58%
Master Degree	20	20%	32	32%
Others	2	2%	4	4%
Total	100	100%	100	100%

Source: Primary data Interpretation:

The above table exhibits that the majority 72% of the respondents were degree holders in public and 58% in private banks and the rest were shared by other variables.

Table:4 Profession Wise Classification of the respondents

Profession	No. of respondents in public bank	No. of respondents in private bank
------------	-----------------------------------	------------------------------------

Govt. Employee	12	12%	6	6%
Pvt. employee	54	54%	60	60%
Business	2	2%	4	4%
Self-employed	2	2%	0	0
Housewife	14	14%	22	22%
Student	16	16%	8	8%
Total	100	100%	100	100%

Source: Primary data

Interpretation:

The above table reveals that the majority of the respondents were private employee in both the banks and the least were Government employees.

Table:5 Income Wise Classification of the respondents

Monthly Income	No. of respondents in public bank		No. of respondents in private bank	
Below Rs. 20,000	24	24%	16	16%
Rs 20,001-40,000	40	40%	48	48%
Rs 40,001-60,000	20	20%	20	20%

Rs Above 60,001	16	16%	16	16%
Total	100	100%	100	100%

Source: Primary data Interpretation:

The above table shows that the majority of the respondents are earning monthly income of Rs 20,000 to Rs 40,000 and few respondents earn monthly income of Rs 61,000 in public bank in private banks.

Table:6 Status of usage of the customers

Status of Usage	No. of respondents in public bank		No. of respondents in private bank	
Less than 2yr	44	44%	20	20%
2-4yr	24	24%	54	54%
4-6yr	18	18%	16	16%

More than 6yr	14	14%	10	10%
Total	100	100%	100	100%

Source: Primary data Interpretation:

The above table shows that the majority of the respondents are using internet banking for less than 2 years in public banks and 2 to 4 years in private banks and only few respondents were using internet banking more than 6 years in both banks. This shows that the recent year internet banking is used by majority of the banking customers.

Table:7 Status of Bank Account

Particulars	No. of respondents in public bank		No. of respondents in private bank	
Bank account	100	100%	100	100%
Total	100	100%	100	100%

Source: Primary data

Interpretation:

The above table shows that there are equal number of respondents having bank account in public and private sector banks.

Table:8 Features availed by the respondents

Features	No. of respondents in public bank		No. of respondents in private bank	
Statement enquiry	20	20%	26	26%
Bill pay	16	16%	6	6%
Shopping	24	24%	22	22%
DD/pay order request	2	2%	0	0
Loan request	0	0	0	0
Cheque book request	2	2%	0	0
Fundtransfer	28	28%	34	34%

Insurance pay	4	4%	2	2%
Pay tax	4	4%	0	0

Other offers	0	0	4	4%
Total	100	100%	100	100%

Source: Primary data

Interpretation:

The above table reveals that majority of the respondents were availing fund transfer feature in both the banks and the least is loan request, pay tax, other offers ,etc. in both the banks.

Table:9 Constraints faced by the respondents

Faced any problem	No. of respondents in public bank		No. of respondents in private bank	
Yes	54	54%	42	42%
No	46	46%	58	58%
Total	100	100%	100	100%

Source: Primary data

Interpretation:

The above table shows that the majority of the respondents say yes they were facing problem in public bank when compared to private banks. The majority of the respondents of private banks do not face any problem compared to public sector banks. This shows that private bank offer better services compared to public sector banks.

Table:10 Types of problems faced by the respondents

Problems	No. of respondents in public bank		No. of respondents in private bank	
No proper information	26	26%	15	15%
Non-maintenance of account	4	4%	0	0
Lack of response	9	9%	5	5%
Waiting for long time to pay during festival season	56	56%	80	80%
Other	1	1%	0	0
Total	100	100%	100	100%

Source: Primary data

Interpretation:

The above table reveals that the majority of the respondents are facing the problems like, waiting for long time to pay during festival season and the least were other problems in both the banks.

Chi-square Testing

Table:11 Bank account and the features availed by the customers

Features	Bank account		Total
	Public bank	Private bank	
Statement enquiry	20	26	46
Bill pay	16	12	28
Shopping	24	22	46
DD/pay order request	2	0	2
Loan request	0	0	0
Cheque book request	2	0	2
Fund transfer	28	34	62
Insurance pay	4	2	6
Pay tax	4	0	4
Other offers	0	4	4
Total	100	100	200

Source: Computed

Result:

Chi-square test value	Degrees of freedom	Table value
7.34	9	16.92

At 5% level of significance, for 9 degree of freedom the table value is 16.92, calculated value is 7.34 is less than the table value. So, the hypothesis is accepted. Hence, it is concluded that there is no significant difference between the banks and the features availed by both the public and private banks.

Findings and Suggestions

The majority of the respondents were male in both the banks. The majority (40%) of the respondents falls under the age group of 21 to 30 in public sector bank and 48% of the respondents falls under the age group of 31 to 40 in private sector bank. The majority of the respondents are degree holders in both banks. The majority of the respondents are private employees in both the banks. The majority of the respondents monthly income is 20,000 to 40,000 in both the banks. There were equal number of respondents having account in both the banks. The majority (44%) of the respondents are using internet banking less than 2 years in public bank (SBI) and 54% of respondents are using internet banking for 2 to 4 years in private bank (HDFC). The majority of the respondents were availing fund transfer among the features in both the banks. The majority (54%) of the respondents were facing problem in public sector banks (SBI) and 58% of respondents were not facing any problem in private sector banks (HDFC). The major problem faced by the customer is waiting for long time to pay during festival season by both the banks. There is no significant difference between the banks and features availed by the banks.

Both the banks can improve their service quality. Banks can introduce new products and services to their customers like spending and budgeting, schedule appointment, set up customer alert, finger print sign in, lock or unlock debit card, verify Visa card is safe and Security centre, etc. These products help the customer to avail better services and reduce the burden of work.

Conclusion

In this paper comparative study of online banking services in public sector (SBI) and private sector (HDFC) were made. As per the comparison there is not a huge difference among each bank. Both the banks were at neutral but also the majority of the problems are faced by public (SBI) bank customers compared to private (HDFC) bank customers. Therefore the private bank (HDFC) is more effective compared to public banks (SBI) in providing better service to the customers.

Reference

- [1] Aggarwal, A., & Khurana, S. (2023). *Customer satisfaction and digital banking: A comparative study in Punjab*. International Journal of Bank Marketing.
- [2] Bhandari, R., Kumar, A., & Saini, M. (2023). *The role of digital literacy in online banking satisfaction*. Journal of Internet Banking and Commerce.
- [3] Ghosh, S., & Chatterjee, K. (2023). *Impact of customer feedback on banking services: NPS as a tool for enhancement*. Journal of Financial Services Marketing.
- [4] Khan, M. N., Singh, R., & Kumar, P. (2022). *Service quality in banking: A review and synthesis of recent literature*. Journal of Services Marketing.
- [5] Kaur, P., & Singh, V. (2021). *Consumer perceptions of online banking in Punjab: An empirical study*. Journal of Banking & Finance.
- [6] Kumar, R., & Verma, P. (2022). *Customer service and satisfaction levels in public vs private sector banks: A study in Punjab*. Journal of Financial Services Management.

- [7] Malik, A., & Yadav, J. (2022). *The role of security features in customer trust and satisfaction in online banking*. International Journal of Banking Technology.
- [8] Sharma, S., & Kumar, N. (2021). *Trust in online banking: The role of perceived security features*. Journal of Business Research.
- [9] Singh, H., Jain, N., & Sharma, A. (2021). *User experience design and its impact on customer satisfaction: A study of online banking interfaces*. Journal of Retailing and Consumer Services.
- [10] Sundar, G., & Nair, S. (2022). *Expectations of online banking users in India: Implications for service delivery*. Journal of Innovation and Entrepreneurship.
- [11] Tiwari, A., Gupta, R., & Prakash, M. (2022). *Trust and satisfaction in the banking sector: Insights from public and private banks in India*. Journal of Financial Services Research.