

COMPARATIVE STUDY OF PRIVATE SECTOR AND PUBLIC SECTOR BANKS

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ABSTRACT

The world of banking has assumed a new dimension at dawn of the 21st century with the advent of tech banking, thereby lending the industry a stamp of universality. In general, banking may be classified as retail and corporate banking. Retail banking, which is designed to meet the requirement of individual customers and encourage their savings, includes payment of utility bills, consumer loans, credit cards, checking account and the like. Corporate banking, on the other hand, caters to the need of corporate customers like bills discounting, opening letters of credit, managing cash, etc. Present study focus on the factors that influence the choice of a bank for availing services and to compare the satisfaction level of customers in public sector as well as in private sectors bank.

Keywords : Private Sector, Public Sector, Banks, Account, Credit/Debit, Saving

INTRODUCTION

The introduction to the marketing concept to banking sectors can be traced back to American Banking Association Conference of 1958. Banks marketing can be defined as the part of management activity, which seems to direct the flow of banking services profitability to the customers. The marketing concept basically requires that there should be thorough understanding of customer need and to learn about market it operates in. Further the market is segmented so as to understand the requirement of the customer at a profit to the banks.

The Oxford dictionary defines the Bank as,

“An establishment for the custody of money, which it pays out, on a customer’s order.”

According to Whitehead,

“ A Bank is defined as an institution which collects surplus funds from the public, safeguards them, and makes them available to the true owner when required and also lends sums be their true owners to those who are in need of funds and can provide security.”

Banking Company in India has been defined in the Banking Companies act 1949,

“One which transacts the business of banking which means the accepting, for the purpose of lending or investment of the deposits of money from the public, repayable on demand, or otherwise and withdraw able be cheque, draft, order or otherwise.

IMPORTANCE OF BANKS

Today banks have become a part and parcel of Kotak Bank's life. There was a time when dwellers of the city alone could enjoy their services. Now banks offer access to even a common man and their activities extend to areas hitherto untouched. Banks cater to the needs of agriculturalists, industrialists, traders and to all the other sections of the society. In modern age, the banking constitutes the fundamental basis of economic growth. Thus, they accelerate the economic growth of a country and steer the wheels of the economy towards its goals of “self reliance in all fields”. It naturally arouses Kotak Bank's interest in knowing more about the ‘Bank’ and the various men and the activities connected with it.

CLASSIFICATION OF BANKS

1 On the basis of Ownership

Public Sector Banks

Public sector banks are those banks that are owned by the government. The government owns these banks. In India 20 banks were nationalized in 1969 and 1980 respectively. Social welfare is there main objective.

Private Sector Banks

These banks are those banks that are owned and run by private sector. An individual has control over these banks in proportion to the shares of the banks held by him.

Co-Operative Banks

These are those banks that are jointly run by a group of individuals. Each individual has an equal share in these banks. Its shareholders manage the affairs of the bank..

2 According to the Law

Scheduled Bank

Schedule banks are the banks, which are included in the second schedule of the banking regulation act 1965. According to this schedule bank:

1. Must have paid-up capital and reserve of not less than Rs500, 000.

2. Must also satisfy the RBI that its affairs are not conducted in a manner

Determinate to the interest of its depositors.

Schedule banks are sub-divided as:-

a) State co-operative banks

b) Commercial bank

Non-Scheduled Banks

Non -schedule banks are the banks, which are not included in the second schedule of the banking regulation act 1965. It means they do not satisfy the conditions lay down by that schedule. These are the banks having paid up capital, less than Rs.5Lakhs. They are further classified as follows:-

A. Central Co-operative banks and Primary Credit Societies.

B. Commercial banks

3 According to Function

Commercial Banks

These are the banks that do banking business to earn profit. These banks make loans for short to business and in the process create money. Credit creation is the main function of these banks.

Foreign Banks

These are those banks that are incorporated by foreign company. They have set up their branches in India. These banks have their head offices in foreign countries. Their principle function is to make credit arrangement or the export and the import of the country and these banks deals in foreign exchange.

Industrial Banks

Industrial banks are those banks that offer long term and medium term loan to the industries and also work for their development. These banks help industries in sale of their shares, debentures and bonds. They give loan to the industries for the purchase of land and machinery.

Agricultural Banks

Agricultural banks are those banks that give credit to agricultural sector of the economy.

Saving Banks

The principle function of these banks is to collect small savings across the country and put them to the productive use. In India department of post office functions a savings banks

RESEARCH METHODOLOGY

Research is an art of scientific investigation. In other word research is a scientific and systematic search for pertinent information on a specific topic. The logic behind taking research methodology into consideration is that one can have knowledge about the method and procedure adopted for achievement of objectives of the project. With the adoption of this others can evaluate the results also. Its main aim is to keep the researchers on the right track.

The methodology adopted for studying the objectives was surveying the saving account holders of District. So keeping in view the nature of requirements of the study to collect all the relevant information regarding the comparison of saving account of Centurion Bank of Punjab with other banks, direct personal interview method with structured questionnaire was adopted for the collection of primary data.

Secondary data has been collected through the various magazines and newspapers and by surfing on Internet. And the guide in the organization was consulted at many times.

1 SAMPLE DESIGN

A sample design is a definite plan for obtaining a sample from a given population. It refers to the techniques or the procedure the researcher would adopt in selecting items for the sample. Sample design may as well lay down the number of items to be included in the sample i.e.,

the size of the sample. Sample design is determined before data are collected. Here we select the population as sample in our sample design. The selected respondents should be as representatives of the total population.

POPULATION:- The persons holding saving account related to business class of District were taken into consideration.

2 DATA COLLECTION

Data was collected by using main two methods i.e primary data and secondary data.

PRIMARY DATA

Primary data is the data which is used or collected for first time and it is not used by anyone in the past. There are number of sources of primary data from which the information can be collected. We choose the following resources for our research.

QUESTIONNAIRE:-This method of data collection is quite popular, particular in case of big enquiries. Here in our research we set 15 simple questions and request the respondents to answer these questions with correct information.

RESPONDENTS:-Respondents helps in creation of more accurate idea about our research. We personally meet the respondents inside and outside the banks.

SECONDARY DATA

Secondary data is the data which is available in readymade form and which is already used by people for some purposes. There may be various sources of secondary data such as-newspapers, magazines, journals, books, reports, documents and other published information.

BANKS ANNUAL REPORTS:-Banks issues there annual reports to get the people informed with the profitability and growth of the bank. These annual reports helps us a lot to get the latest data and other related information for our research. It tells us about the increase or decrease in profits and other facilities.

JOURNALS AND PUBLICATIONS OF DIFFERENT BANKS :- We also take into consideration the journals and publications issued by the bank at different times. we comes to know about the Branches, ATM, locations and other useful information.

MANUALS AND BROACHERS OF DIFFERENT BANKS:-We take the help of bank staff and other people who gives us deep information and data which may not be available at anywhere. They gives us there full co-operation.

INTERNET:-We also take into consideration the internet facility with which we collect lot of latest information.

3 SAMPLE PLAN

SAMPLE SIZE: Keeping in mind all the constraints the size of the sample of the study was selected as 80.

SAMPLING UNIT

Centurion Bank of Punjab Branch. Due to nature of study, we also visited various different banks ICICI, HDFC, SBI, PUNJAB NATIONAL BANK etc.

SAMPLING TECHNIQUE:- Stratified convenient sampling.

All the saving account holders were taken into consideration. Research was conducted on clear assumptions that the respondents would give frank and fair answers in a pragmatic way and without any bias.

SAMPLING DESCRIPTION:- In order to understand the nature and characteristics of various respondents in this study, the information was collected and analyzed according to their socio economic background which included the characteristic of their respondents like education, age marital status and monthly income. This description shows that respondents included in this survey belong to different backgrounds and this turn increase the scope of the study.

4 PERSONAL DETAIL

AGE

From the above study we find that nobody is below 20 age and 21% respondents are between 20-30 age group, 55% respondents are between 30-40 age group, 15% respondents is between 40-50 age group and 09% respondents are between 50-60 age group.

SEX

From the survey result we come to know that out of 100, 75 respondents are male and 25 are female which is 75% and 25% are respectively.

MARITAL STATUS

We find that out of 100%, 33% respondents are married and 67% respondents are unmarried. .

HIGHEST EDUCATIONAL QUALIFICATION:-

This analysis shows that out of 100 respondent, 46% respondents are graduate & professional, 36% respondents are post graduate, 14% respondents are senior secondary and 2% respondents are of Matric category. All the respondents of our survey are qualified.

OCCUPATION

it is clear that 32% respondents are doing their own business, 28% are employees and 16% respondents belong to other category And 24% of our respondents are students. Most of the respondents of our survey are Businessmen.

ANALYSIS OF DATA COLLECTED**1 The respondents were asked about which banking sector's services do their avail.****Table1: banking sector's services which the respondents avail.**

Banking sector	Number of respondents
Public	32
Private	38
Both	30

INTERPRETATION:-It was found that most of the respondents were availing services of private sectors banks while those of the public sector banks were less as compare to public sector.

2 The respondents were Asked about the type of account they have in the public sector as well as Private sector banks**Table 2.1 Number of type of account held in Public sectors banks**

Name of Account	Savings	Current	Demat	Fixed deposits	Salary
Total no of respondents	50	15	6	15	14

Interpretation: It was found that in case of public sector banks, maximum number of account holders owns Saving Account. After Saving account most prefer account is salary account prefer by people and the next priority goes to fixed deposits Accounts.

3. The basic purpose of this question was to know the most preferred bank.

Table 3. Number of respondents preferring different banks

Names of Banks	Number of respondents
ICICI Bank	24
HDFC Bank	22
State Bank Group	20
Punjab National Bank	28
Punjab And Sind Bank	6

Interpretation : From the above graph, it is seen that Punjab national is the most preferred bank as compared to other Public and Private sector Banks.

The reason for preference of public sector bank is the minimum amount of deposit for saving account.

4. The aim to ask this question was to know the reasons for their preference in different banks :-

Table 4:- Reason for account in different banks

Reasons	No of respondents
Friendly Behaviour of the Staff	16
Reliability/trust	14
Quick and fast services	55
Location	15

Inpretation: By analyzing this graph, we can conclude that most of the people is influenced by the quick and speedy services provided by the bank and location is given less preference than others.

5. The respondents were asked about the facilities they were availing in public as well as private sector banks :-

Table 5.1 Number of people availing different facilities at public sector banks:

Facilities Aailed	No of respondents
ATM/Debit card	60
Demat	5
Internet/Mobile/Phone Banking	15
Insurance	20

Interpretation: From the above graph, it was found that was availed by most of the people at public sector banks was that of ATM/Debit cards which hold 90% of respondents. It is clearly observed by the graph that Insurance are neck to neck holding 20% of respondent each.

6. The purpose of this question is to know the satisfaction level they were having with their banks overall performance:-

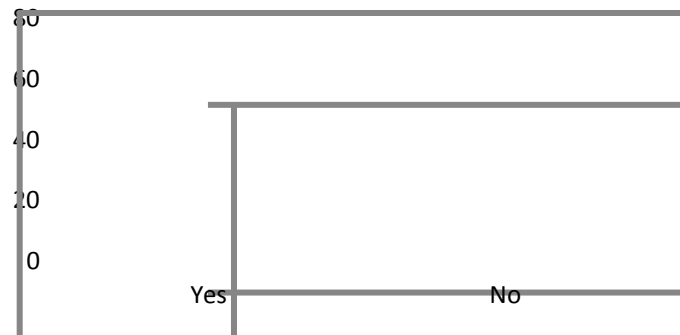
Public sector banks

Table 6.1 Satisfaction level of the customers regarding the facilities availed from the public sector banks

Level of Satisfaction	No.of respondents	% age
Excellent	12	24%
Good	21	42%
Very Good	27	54%

Interpretation: People have mixed type of view regarding public sector banks.

7. The respondents were asked that if they have given option, would they like to shift from the present banks:-

Table 7 Number of customers ready to shift from present bank.

Interpretation: From this above Graph, we can conclude that the number of respondents ready to shift from their present bank is 28% while 70% customers seems to be satisfied from their bank and hence willing to shift from their present bank to other.

8. The aim to ask this question was to know whether the respondents faces any problem regarding the services provided them by their preferred bank :-

Table 8 Problem faced by customers.

Types of problem	No of respondents
Time consuming	10
Introduction	8
Reference	15
Too many formalities	6
No facility of photograph instantly	4
No problem	6

Interpretation: It was found that most of the respondents are facing problem of reference. Respondents also find that the time and too much formalities also cause problem in banks.

FINDINGS OF THE STUDY

- More number of people have account with private banks.

- Majority of the respondents whether in public sectors or in private sector banks have savings account with banks.
- Number of problem faced by the people is more in public sector banks.
- People want a change in the behavior of the staff of the public sector banks.
- People are more satisfied form the private sector banks due to their better services provided by them in terms of speedy transactions, fully computerized facilities, more working hours (in case of ICICI bank, the number of working hour are 12), good investment Advisory services, efficient and co-operative staff, better approach to Customer Relationship Management.
- In private sector banks proper promotional activities should be taken up so as to make the population aware of the services provided by the banks even in rural areas.
- The facility that was availed by most of the people at public sector banks was that of ATM/Debit cards. The least availed facility was that of Demat account and foreign transfer of funds.
- The facility that was availed by most of the people at private sector banks was that of Internet/Phone banking by ATM/Debit card.
- Majority of respondents do not want to shift from their present bank.
- From the above study it is clear that private banks are providing better services than nationalized banks. 95% respondents favored that private banks are providing better services than nationalized banks while 5% respondents are not agree with it.
- From the above study it is clear that majority of the respondents said that the average balance requirement for operating their saving account is between 5000-10000. 20% said it is between 10000-20000 and remaining 5% said it is between 20000-50000 in private sector banks which as compared to Public sector bank is very high.
- 40% respondents said that the bank employees never pay any attention to them and 10% respondents said that their problems are not solved by bank executives. The remaining 50% respondents give a positive reaction in the favour of bank. 30% respondents favoured that their problems are solved by bank executives and 20%

respondents said they are received with smile by bank executives. So there is a mix response.

- Majority of the respondents said that the average time taken for transactions is between 25 to 50 minutes in their bank. 30% respondents said the average time taken for transaction is between 20-25 minutes, 20% said it is between 10 to 25 min. and remaining 10% said that the average time taken for transaction by their bank is 5 to 10 minutes.
- From the above study is clear that the banks do not organize any customer meets. All the 100% respondents said that their bank does not organize any customer's meets to resolve their problems. Customer satisfaction is the demand of time, so the banks should organize customer meets to resolve the problems of their customers.
- From the above study it is clear that majority of the respondents are ready to pay nominal charges for better services provided by private banks while 40% respondents are not ready to pay any nominal charges.
- The above study depicts that 60% respondent said that their bank updates them time to time about the latest facilities and remaining 40% said that their bank doesn't update them.

SUGGESTIONS

- Based on the study conducted, There are some of the suggestions given by the customers of how the modern banking should be. These are the comment given by them about the improvement of the banking sector in India.
- Banks should obey the RBI norms and provide facilities as per the norms, which are not being followed by the banks. While the customer must be given prompt services and the bank officer should not have any fear on mind to provide the facilities as per RBI norms to the units going sick.
- Banks should increase the rate of saving account
- Banks should provide loan at the lower interest rate and education loans should be given with ease without much documentation. All the banks must provide loans against shares.

- Fair dealing with the customers. More contribution from the employee of the bank. The staff Should be co-operative, friendly and must be capable of understanding the problems of customers
- Internet banking facility must be made available in all the banks.
- Prompt dealing with permanent customers and speedy transaction without harassing the customers
- Each section of every bank should be computerized even in rural areas also.
- Real time gross settlement can play a very important role.
- More ATM coverage should be provided for the convenience of the customers.
- No limit on cash withdrawals on ATM cards.
- The bank should bring out new schemes at time-to-time so that more people can be attracted. Even some gifts and prizes may be offered to the customers for their retention.
- 24 hours banking should be induced so as to facilitate the customers who may not have a free time in the daytime. It will help in facing the competition more effectively.
- The charges for saving account opening are high, so they should also be reduced.
- Customers generally complain that full knowledge is not granted to them. Thus the bank should properly disclose the features of the product and services to the customers. Moreover door to door services can also be introduced by bank.
- The need of the customer should properly be understood so that customer feels satisfied. The relationship value should be maintained.
- The branch should promote cooperation and coordination among employees which help them in efficient working.
- Maintenance of proper hierarchy should be done. A good hierarchy set up can ensure better results with in the bank.

Banking sector is improving by leaps but still it needs to be improved. Proper and efficient relationship staffs having knowledge for one stop banking, customer friendly atmosphere,

and better rate of interest are need of the hour.the concept of privatization has overall improved the services in all the banks. Home banking will be order of the day.

CONCLUSION

The customers now days are not only exposed of what type of service is being provided by banks in India but in the world as a whole. They expect much more than what is actually being provided. So the new coming banking sector has to provide and cater to all the needs of the customers otherwise it is difficult to survive in the competition coming up.

They not only expect the safety of money but also best ways to invest that money which need needs to be fulfilled. Banks need to have a better outlook towards to actually what customers are requiring. Entries of the private sector banks have made the competition tougher. If a bank is not functioning properly it is being closed. So it is difficult to face these types of conditions. Here a simple philosophy can work that customers are God and we need to follow this to survive and serve better.

The banking sector is poised for explosive growth. In this, scenario, it is imperative that banks adopt technology at an aggressive Pace, if they wish to remain competitive. Mani Mamallan makes a case for banks to outsource their technology infrastructure requirement, thus enabling early adoption and increased efficiencies.

In the prevailing scenario, a number of banks have adopt a new deployment strategy of infrastructure outsourcing, to lower the cost of service channels. As a result, other banks too will need to align their reinvented business models. The required changes at both the business and technology levels are enormous. In a highly competitive banking markets, early adopters are profiting from increased efficiencies.

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