

# Customer Satisfaction Towards Public v/s Private Sector Banks

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## Abstract

This study compares customer satisfaction in public and private sector banks in India. With growing competition and rapid technological changes, customer satisfaction has become essential for banks to succeed. Today, customers expect both good branch services and smooth digital banking experiences. The research is based on information collected from journals, research papers, and official bank websites. It examines factors such as service quality, responsiveness, reliability, digital banking facilities, trust, and security. Earlier studies show that private banks are generally faster and more technology-focused, while public banks are more trusted due to government ownership. The study also identifies gaps in previous research, especially the limited focus on combining digital and traditional banking services and emotional factors like trust. Overall, this research provides a clear understanding of customer satisfaction in both banking sectors.

## INTRODUCTION

The banking sector is really important for a country economy. It helps keep the economy stable and growing. In India the banking industry has changed a lot over the few decades. This change happened after the country economy was opened up and the financial sector was reformed. The banking sector is divided into two parts: public sector banks and private sector banks. These two types of banks are different in terms of who owns them how they are. The services they offer. As more banks compete with each other. Customers expect more how happy customers are with their bank has become very important for the banks success.

Customer satisfaction is when customers feel that their bank is meeting or exceeding their expectations. It is affected by things such as how good the service is, how reliable it is, how quickly the bank responds to customers how much the bank cares about its customers and how good the banks technology is. These days customers can choose from different banks and use digital services so customer satisfaction is not just about the traditional banking experience. It is about the experience, including online and mobile banking. Public sector banks in India are. Controlled by the government. These banks have played a role in helping people have access to banking services supporting important areas of the economy and implementing government programs. People trust these banks because they are owned by the government and have branches all over the country. However some people think that public sector banks are not as good at using technology and providing good customer service as private sector banks.

Private sector banks on the hand are owned by private individuals and companies. These banks are known for being efficient, innovative and focused on their customers. They use a lot of technology to provide services such as banking, internet banking and automated customer support. While private sector banks are often seen as providing service they may also charge more fees and have stricter rules. The way people

bank has changed a lot because of technology. Now people can do their banking online use apps and make payments digitally. This has made banking more convenient. It has also made customers expect more from their banks. To stay competitive banks need to keep improving their services and use technology. One of the important things that affects customer satisfaction is the quality of the service. This includes things like how the bank responds to customers how accurate the banks transactions are and how professional the banks employees are. If a bank can provide reliable and efficient service customers will be happy. The way employees behave and communicate with customers is also very important. If employees are friendly, helpful and attentive customers will be more likely to stay with the bank. Another important thing that affects customer satisfaction is how good the banks technology is. These days customers expect to be able to do their banking and on their mobile phones. They want the banks website and mobile app to be easy to use, secure and fast. If a bank has technology it can help the bank provide better service and make customers happier. How banks handle customer complaints is also very important. If a bank can handle complaints quickly and fairly customers will be happy. If a bank does not handle complaints well customers may become unhappy and leave the bank. So banks need to have systems in place for handling complaints and responding to customers. Because public sector banks and private sector banks are different in ways it is interesting to compare customer satisfaction between the two types of banks. This comparison can help us understand the strengths and weaknesses of each type of bank and identify areas where they can improve. It can also help banks understand what customers want and expect so they can provide service. This study aims to compare customer satisfaction between public sector banks and private sector banks. The study uses an approach, which means it looks at the opinions and experiences of customers. The study is based on a review of research papers, bank websites and other sources of information. By looking at what other researchers have found and what customers have said this study can identify the factors that affect customer satisfaction and how they differ between public sector banks and private sector banks. This study is important because it can help banks understand what they need to do to improve customer satisfaction. It can also help banks develop strategies to provide service and stay competitive. By understanding what customers want and expect banks can make changes to improve the banking experience. In conclusion the banking industry is always changing because of technology, new rules and changing customer expectations. In this changing environment customer satisfaction is very important for banks. By comparing public sector banks and private sector banks this study can help us understand what affects customer satisfaction and how banks can improve. Ultimately understanding what customers want and expect is essential for banks to succeed and build trust, with their customers.

**Keywords:** Customer Satisfaction, Banking Sector, Service Quality

### **Review of Literature**

1. Customer satisfaction is really important for banks in India. This is because there are many banks now and they all want to keep their customers happy. Many people have studied how banks can make their customers happy. They looked at things like how good the service's how well the banks use digital technology and how they manage their relationships with customers.
2. Some studies compared private banks to see how they are different. Verma, Manjare and Nandre did a study in 2025. They looked at how public and private banks in India do their services. They wanted to know how this affects customer satisfaction. They used a model to measure things like how efficient the services are, how easy it is to use the website and how well the banks keep customer information

private. They found out that private banks are better at using technology and responding quickly to customers. Customers like that banks have faster digital services and are easier to use online. However people trust banks more because they are safer.

3. Agrawal, Mittal and Gupta did a study in 2016. They looked at how good the service's in public and private banks. They used another model that measures things like how modern the bankers how reliable they are and how well they respond to customers. They found out that private banks are better at these things. Private banks have buildings, better technology and are quicker to help customers. However public banks are just as good at keeping customers safe and being reliable.
4. Singh, Thakur and Arora did a study in 2025. They looked at how service quality, digital technology and customer satisfaction related in Indian banks. They talked to 385 customers. Used special tools to analyse the data. They found out that private banks are better at using technology and making customers happy. Customers of banks like that they get personalized service can easily solve problems and have easy-to-use mobile apps. Public banks are good at helping people in areas and making sure everyone has access to banking services. However public banks are slow. Have long lines, which makes customers unhappy.
5. Dharmendra Singh did a study in 2013. He compared a bank and a private bank to see how they are different. He looked at how customers feel about the service quality. He used the model as before to measure things like how responsive the banks are and how well they keep customers safe. He found out that private banks are better at giving service and making customers aware of their products. Customers of banks like that the staff is helpful and caring. However people trust banks more because they are safer.
6. Khatri and Ahuja did a study. They compared private banks to see how they make customers happy. They used the model again to measure service quality. They found out that private banks are better at using technology and making customers happy. Public banks are good at keeping customers safe and being accessible. They are slow to change.
7. From all these studies we can see that service quality is very important for making customers happy. Private banks are generally better at using technology and responding quickly to customers. However public banks are trusted more because they are safer and have a presence in rural areas. Customers like banks because they are familiar and safe.
8. Digital technology is also very important. Customers expect to be able to do their banking easily online. Private banks are better at using tools like chat support and mobile apps. Public banks are getting better at this. They still have old systems and slow processes.
9. Customer relationship management is also important. Banks that are good at keeping customers happy and resolving problems tend to have satisfied customers. Private banks are generally better at this. Public banks are getting better.
10. In conclusion customer satisfaction in banking is affected by things, including service quality, digital technology and customer relationship management. Private banks are generally better at using technology and responding quickly to customers. Public banks are trusted more because they are safer and have a presence in rural areas. Both types of banks need to keep improving to make customers happy. Future studies should look at how traditional service quality factors and modern digital banking elements affect customer satisfaction, in banks.

**From all the studies we can see that:**

1. How good the service is the important thing for customer satisfaction.
2. There are models like SERVQUAL and SERVPERF that help measure service quality.
3. Private banks are generally better at being responsive having buildings and using technology.
4. Public banks are seen as trustworthy and safe.
5. Customer satisfaction leads to customers staying with the bank.
6. Digital banking services are very important for customers now.
7. 5. Research Gap

**RESEARCH METHODOLOGY****1. Research Type**

This study is an qualitative study. It wants to understand how satisfied customers are with public and private sector banks. We will look at the quality of service. What customers think about these banks.

**2. Research Design**

Our research design is exploratory and comparative. We are looking at the differences in service quality and customer satisfaction between private sector banks. We want to see how they are different.

**3. Source of Data**

We gathered our information from various data sources, and our research was based on:

- Research journals that talk about customer satisfaction and banking service quality
- Research papers that are published in databases
- Official bank websites to learn about their services, digital facilities and customer policies

These sources give us a lot of details about service quality models what customers think and how public and private banks compare.

**4. Data Analysis Method**

We analysed information we collected using analysis. We looked for themes like reliability, responsiveness, assurance, empathy, trust and digital banking services. We compared these themes to see what we can learn about Customer Satisfaction Towards Public, vs Private Sector Banks.

**Objectives of study**

1. To Understand the customer satisfaction level in the public sector.
2. To understand the customer satisfaction level in the private sector.
3. To compare the quality of service between both sectors.
4. To know or identify the key factors which influences customers to choose between public and private sector banks.
5. To identify the level of customer satisfaction with digital banking services in both private and public sectors.

**Research Gap**

Many researchers have studied customer satisfaction in public and private sector banks.. Some important gaps still exist in the existing literature. Most studies have focused on service quality using the SERVQUAL model. They compare things like tangibility, reliability, responsiveness, assurance and empathy .

These studies show that private sector banks do better in responsiveness and technology.. They mainly

look at traditional service quality factors. They do not fully include digital banking variables.

- One major gap is that studies focus on either online banking services or traditional branch-based services. Few studies look at both together.
- Today customers use channels like branch visits, ATMs, mobile banking apps and internet banking platforms.. Existing literature often analyse these services separately. There is a need for research that studies both physical service quality together. This will provide a complete understanding.

Another gap is the “limitation of previous studies”. Many research works are limited to cities, states or regions.

- For example some studies focus on big cities where private banks are dominant.
- Others concentrate on areas where public banks have a strong presence.

The findings may not represent the Indian banking scenario. There is a need for research that includes customers from urban semi-urban and rural areas.

Earlier studies focus on service dimensions.. They give less importance to emotional and psychological factors like trust, loyalty and perceived security.

- Public sector banks are often trusted because of government backing.
- Private banks are preferred for speed and innovation.

Limited research has analysed how these emotional factors influence customer satisfaction. With technological advancements customer expectations are continuously changing.

- Many previous studies were conducted before the use of advanced mobile banking applications and digital payment systems.

There is a need for updated research that reflects banking trends and customer expectations.

Therefore this study attempts to provide a complete and updated comparison of customer satisfaction in public and private sector banks.

- It integrates service quality factors, digital banking experience and customer perception across different regions.
- It looks at both banking services and traditional branch-based services together.
- It includes customers from semi-urban and rural areas.
- It considers “emotional and psychological factors”, like trust, loyalty and perceived security.

### Limitations

1. **HIGH NPAs AND POOR ASSET QUALITY** :PSBs often have higher level of non promising assets ( loans not repaid) due to policy driven lending
2. **LIMITED RURAL REACH** : PVBs often focus on urban areas with limited presence in rural or remote location
3. **TALENT AND TECHNOLOGY GAPS** : difficulty on retaining skilled professional and slower adoption compared banking technology
4. **PROFIT ORIENTED FOCUS**: less focus on social objectives products may be designed to maximise profit potentially excluding low-income customer
5. **LOWER EFFICIENCY AND CUSTOMER SERVICE**: generally slower less personalised customer service compared to private counterparts
6. **CHARGES AND FEES** Public bank: customers expect safety and trust Private bank: customers expect speed and convenience

7. **LACK OF ACCESS TO INTERNAL DATA** Banks don't share confidential performance data  
Research depends mainly on customer opinion not offered record
8. **TIME CONSTRAINTS** Customer satisfaction change over time Service improvement digital banking  
updates or policy changes can effect results quickly

## Conclusion

This study was done to see how happy people are with public sector banks and private sector banks. We looked at the kind of service they give their banking services and what people think of them. We got our information from research journals, published papers and the official websites of the banks. The study found that people are happy with their banks because of things. These things include how reliable the bank is, how quickly they respond, how sure people are that the bank will help them how much they care about their customers how much people trust them how good their technology is and how good their digital services are. Private sector banks are more modern. Focused on their customers. They give people services that're easy to use, like mobile apps, internet banking and help that is just for them. These things make people happier in cities and among people who're good with technology. On the hand public sector banks have a lot of trust from their customers. This is because the government owns them and people feel safe with them.

They also have branches in semi-urban areas. People think public banks are reliable, safe and stable. However public banks have some problems. Their services are slow. People have to wait a long time. They are also not very good at using technology. These things may make people less happy with their banks. This study also looked at what was missing from studies. Other studies only looked at how good the service was. This study looked at all the services the banks give including the services they give at their branches. It also looked at how people feel, like how they trust the bank and how loyal they are. The study highlights how important it is to include people from -urban and rural areas. This helps us understand how happy people are with their banks in India. In conclusion both public and private sector banks have bad things about them. Private sector banks are good at coming up with ideas getting things done quickly and using new technology. Public sector banks are strong in making people trust them being easy to get to and including everyone in their services. To stay competitive both types of banks need to make their services better. They need to use technology make their relationships with customers better and focus on what customers want. Customer happiness is still the important thing, for being successful keeping customers and growing in a sustainable way in the banking industry. Banks must focus on making their customers happy to succeed.

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