



# A COMPARATIVE STUDY OF PUBLIC AND PRIVATE SECTOR BANKING SERVICES WITH REFERENCE TO COIMBATORE CITY

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## **Abstract:**

The purpose of this study is to perform a thorough comparative analysis of the banking services provided by Coimbatore's public and private sector banks. The study concentrates on examining a number of factors, including product offerings, customer happiness, service quality, technology improvements, and accessibility. For getting information from clients, bank staff, and industry experts, questionnaires, interviews, and secondary research techniques will be used for data collecting. The gathered data will be interpreted, and significant conclusions will be reached, using statistical tools and analysis procedures. It has been projected that the study's conclusions would offer insightful information about the opportunities, challenges, and weaknesses that both public and private sector banks in the Coimbatore market need to deal with. This will improve the quality of banking services and client satisfaction in the area.

**Key words:** Private sector banks, Public sector banks, technological advancements, digital banking services, banking services, customer support, comparative analysis.

## **Introduction:**

Coimbatore, a city renowned for its economic and industrial dynamism, has a mix of public and private banks within its banking industry. This study compares the financial services provided by these industries with a priority on consumer preferences, service quality, technological innovations, and overall satisfaction. To support financial activities, Coimbatore's vast economy—which includes textiles, manufacturing, IT services, and agriculture—requires a strong banking infrastructure. Gained data will also provide information on how banking dynamics are changing in urban financial environments, offering insightful viewpoints on the competitive tactics and customer-focused policies used by Coimbatore's banks.

**Statement of the problem:**

The banking sector plays a pivotal role in the economic development of a nation, and understanding the dynamics between public sector and private sector banks is essential. This study aims to investigate and compare the service quality, efficiency, and overall performance of public sector and private sector banks, recognizing the implications for both customers and the broader economy.

**Objectives:**

- To identify the Banking sector that is largely availed by the customers.
- To analyze the quality and accessibility of customer service in public and private sector banks.
- To assess the technological infrastructure and digital offerings of both sectors.
- To evaluate the overall efficiency and performance metrics of public and private sector banking services.
- To provide suggestions and recommendations for further improvements in banking sectors.

**Scope of the study:**

- To evaluate and compare the service quality and customer experience provided by private and public sector banks
- To assess the security measures and protocols implemented by both private and public sector banks to protect customer data and information.
- To measure and compare the customer satisfaction levels and loyalty towards private and public sector banks.
- To analyze the range of products and services offered by private and public sector banks as well as the competitiveness of those services.

**Limitations:**

- The study is limited to the city of Coimbatore which may be biased.
- The study period is only 5 months, which does not include future trends and changes.

**Review of literature:**

**Vineet Shekhar, Nitin Singh, Dr. Rajesh Rathore(2023)** The study “A comparative study between public v/s private banks for financial services “ determine whether there was a significant difference in the NPA ratio of SBI and HDFC bank over the past Three years, a two sample T test with identical variances was also performed.

**Amrit Kaur(2022)**, The study “A Comparative analysis on private and public sector banking services “aimed to compare the public and private sectors in terms of bench strength, customer-centric services, basic amenities, and public perception. We used a sample size of fifty persons for our field study.

**Research methodology:**

Research methodology is the plan or strategy researchers use to conduct their research, including the way data is collected, analyzed, and conclusions drawn. It describes the methods and procedures used to answer the research questions and to ensure that the study is conducted in a systematic and rigorous manner.

**Sources of data:**

This study is based on both primary data and secondary data. Primary data is collected through the Questionnaire. Secondary data is gathered from various published sources, journals, websites and articles.

**Sampling technique:**

The sample technique in this study is used to select the sample size. A convenient sampling technique is considered because participants are chosen according to how easily and readily they can be reached by the researcher.

**Sample size:**

A sample of 120 customers has been selected using convenient sampling method in Coimbatore city. The data has been interpreted satisfactorily whenever and wherever needed.

**Statistical tool used:**

Tools used in the research are:

- Simple percentage analysis
- Simple rank analysis
- Chi-square test

**Hypothesis:**

There are two types of hypothesis they are Null Hypothesis and Alternate Hypothesis.

H0: There is no significant difference between gender and satisfaction towards services provided by the banks.

H1: There is significant difference between gender and satisfaction towards services provided by the banks.

**Overview:****Definition of bank:**

According to **The Banking Companies Regulation Act of India, 1949**. Banking means “The accepting, for the purpose of lending or investment, of deposits of money from the public, repayable on demand or otherwise, and withdrawable by cheque, draft and otherwise”.

According to **Sir John Pagette**, “Bank is such a financial institution which collects money in current, savings or fixed deposit account; collects cheques as deposits and pays money from the depositors account through cheques.”

**Meaning of Bank:**

A bank is a financial institution that accepts deposits from the public and creates credit by lending funds. Banks play a crucial role in the economy by facilitating financial transactions, providing loans, offering various financial services, and acting as intermediaries between savers and borrowers. They also serve as a safe place for individuals and businesses to store and manage their money.

**Functions of bank:**

**Financial Intermediation:** Banks serve as a middleman between individuals who need money and those who have extra money (borrowers). They get deposits from savers, which they subsequently lend to borrowers in order to benefit from the difference in interest rates.

**Bank depository services:** For people and businesses, banks offer a safe and secure location to deposit money. This covers a range of account kinds, including certificates of deposit (CDs), savings accounts, and checking accounts. In order to safeguard depositors from bank failures, government deposit insurance plans normally insure deposits up to a specific limit.

**Lending:** Lending money and credit to people, companies, and governments is one of banks' main duties. Banks provide a range of loan products, including as mortgages for the purchase of real estate, auto loans for the acquisition of automobiles, and business loans for the funding of startup or expansion projects. They determine a borrower's creditworthiness and make money by charging interest on loans.

**Payment services:** By a variety of payment methods, banks enable the movement of money between people and companies. Checks, wire transfers, credit cards, debit cards, and internet banking services are a few examples of these. Additionally, banks offer services like money orders and bill payment.

**Investment banking:** Banks' investment banking departments help businesses raise money by issuing securities (like bonds and stocks) on the main market. In addition, they offer consulting services for financial transactions such as restructurings and mergers and acquisitions (M&A). Investment banks also trade derivatives and securities for their own accounts as well as on behalf of clients.

**Data analysis and interpretation:**

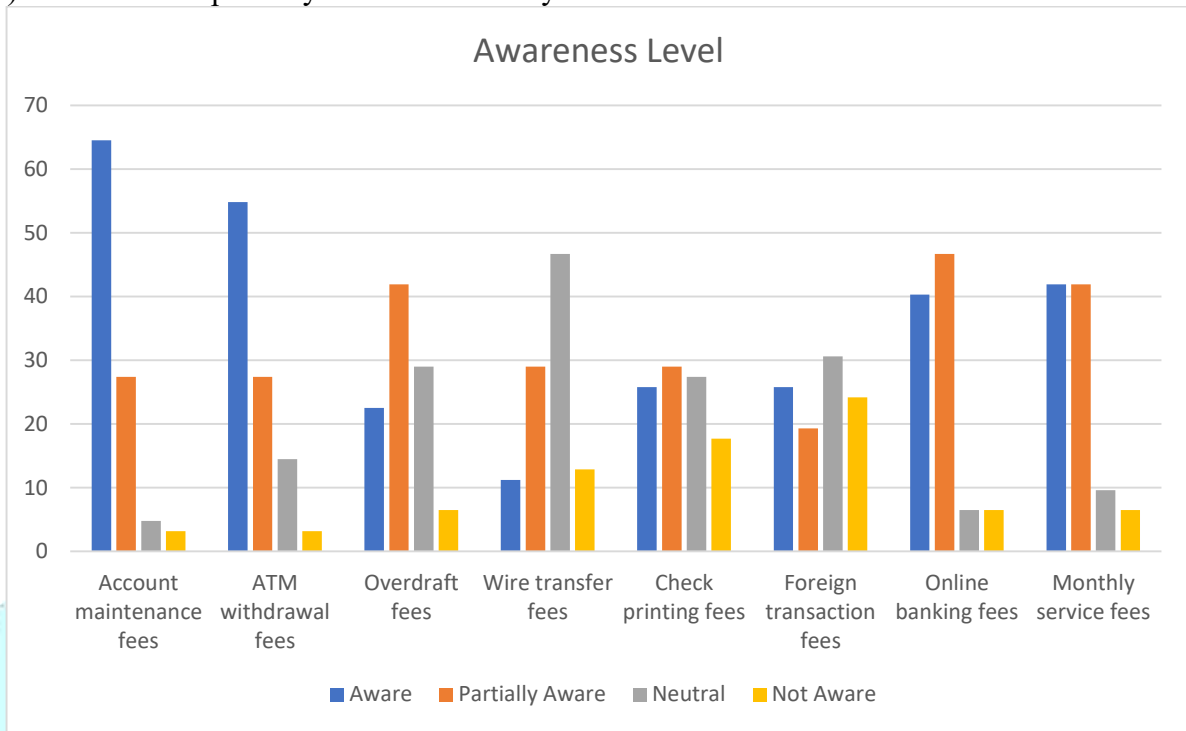
Analysis and interpretation is essential for usefulness and utility of resource findings. Analysis of data and interpretation in a general way involves a number of closely related operations, which are performed with a purpose of summarizing the collected data, organizing these in such a manner that they answer the research questions.

**Simple percentage analysis:**

Awareness level of respondents on bank fees:

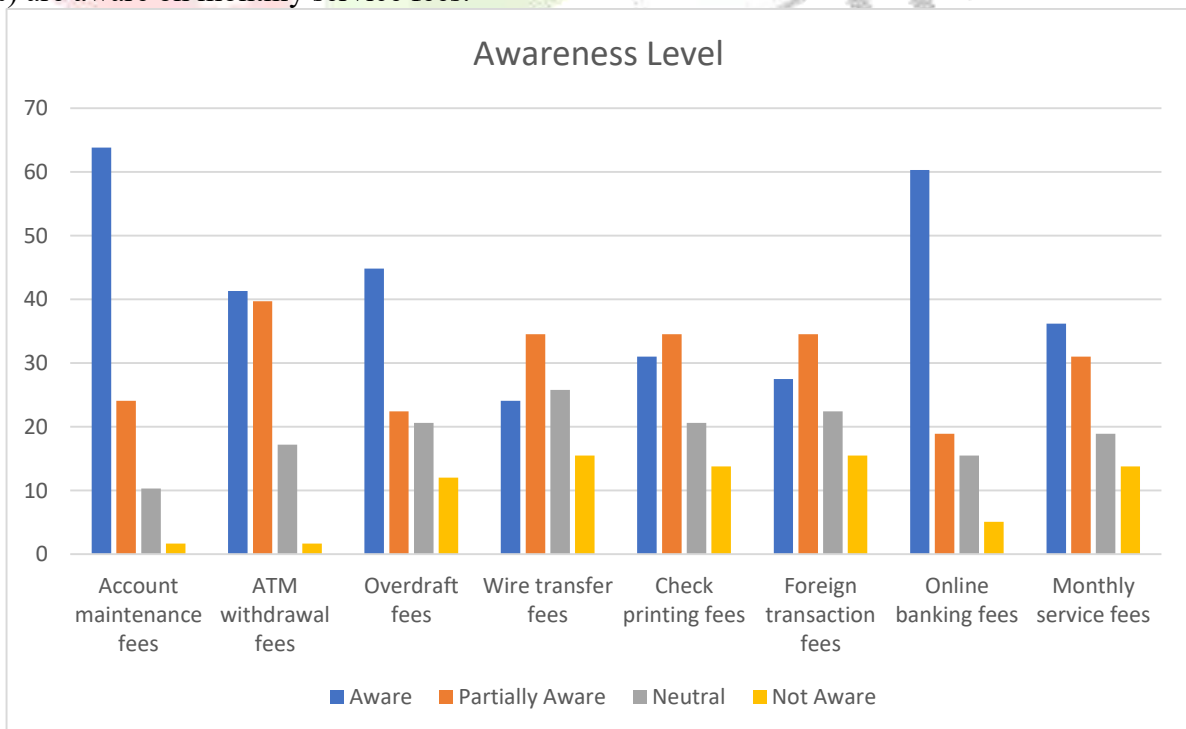
**Public sector:**

Most of the respondents (64.1%) are aware on account maintenance fees. Most of the respondents (54.8%) are aware on ATM withdrawal fees. Most of the respondents (41.9%) are partially aware on overdraft fees. Most of the respondents (46.7%) are neutral towards wire transfer fees. Most of the respondents (29%) are partially aware on check printing fees. Most of the respondents (30.6%) are neutral on foreign transaction fees. Most of the respondents (46.7%) are partially aware on online banking fees. Most of the respondents (41.9%) are aware and partially aware on monthly service fees.

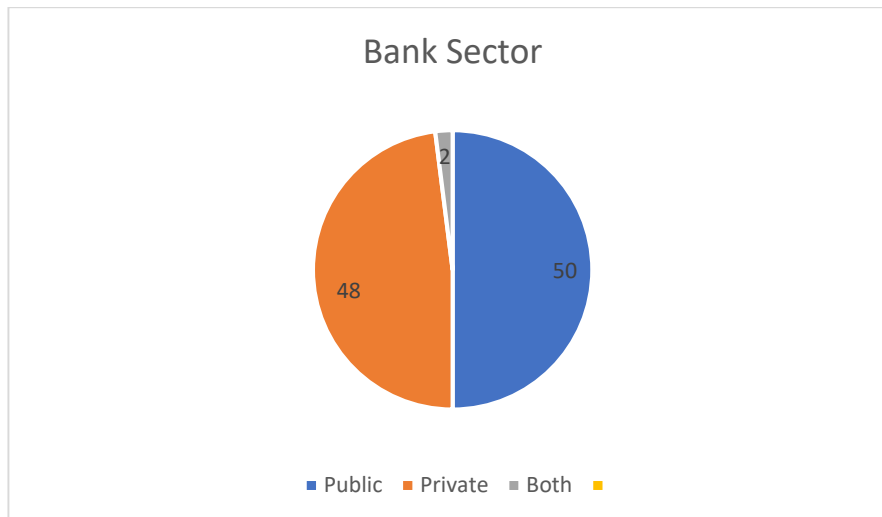


**Private sector:**

Most of the respondents (63.8%) are aware on account maintenance fees. Most of the respondents (41.3%) are aware on ATM withdrawal fees. Most of the respondents (44.8%) are aware on overdraft fees. Most of the respondents (34.5%) are partially aware on wire transfer fees. Most of the respondents (34.5%) are partially aware on check printing fees. Most of the respondents (34.5%) are partially aware on foreign transaction fees. Most of the respondents (60.3%) are aware on online banking fees. Most of the respondents (36.2%) are aware on monthly service fees.



Majority (50.8%) of respondents have their account in Public sector, 47.6% of respondents have their account in Private sector and 1.6% of respondents have account in Both sector.



### Rank analysis:

Rank analysis is used for factors influenced by respondents to choose the public sector bank. **Inference:** Most of the respondents have chosen Trustworthiness and reputation as the factor that influenced their choice of bank and ranked it as one, while the least importance is given to Technology and Digital Banking services and ranked it as seven.

Factors influenced by respondents to choose private sector bank:

**Inference:** Most of the respondents have chosen Customer service quality as the factor that influenced their choice of bank and ranked it as one, while the least importance is given to Recommended by friends, relatives and surrounding and ranked it as seven.

### Chi-square test:

Chi-square test has been applied to measure the association between gender and satisfaction level of services provided by banks.

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.386 <sup>a</sup>	3	.709
Likelihood Ratio	1.768	3	.622
N of Valid Cases	120		

**Inference:** The above table reveals that Chi-Square significance value is 0.709 which is greater than level of significance. The H<sub>0</sub> is accepted.

### Findings:

**1)Public sector bank:** Most of the respondents (64.1%) are aware on account maintenance fees. Most of the respondents (54.8%) are aware on ATM withdrawal fees. Most of the respondents (41.9%) are partially aware on overdraft fees. Most of the respondents (46.7%) are neutral towards wire transfer fees. Most of the respondents (29%) are partially aware on check printing fees. Most of the respondents (30.6%) are neutral on foreign transaction fees. Most of the respondents (46.7%) are partially aware on online banking fees. Most of the respondents (41.9%) are aware and partially aware on monthly service fees.

**2)Private sector bank:** Most of the respondents (63.8%) are aware on account maintenance fees. Most of the respondents (41.3%) are aware on ATM withdrawal fees. Most of the respondents (44.8%) are aware on overdraft fees. Most of the respondents (34.5%) are partially aware on wire transfer fees. Most of the respondents (34.5%) are partially aware on check printing fees. Most of the respondents (34.5%) are partially aware on foreign transaction fees. Most of the respondents (60.3%) are aware on online banking fees. Most of the respondents (36.2%) are aware on monthly service fees.

**3)** Majority (50.8%) of respondents have their account in Public sector bank.

**4)** Most of the respondents ranked 1 for Trustworthiness and reputation as the factor that influenced to choose public sector bank.

**5)** Most of the respondents ranked 1 for Customer service quality as the factor that influenced to choose private sector bank.

**6)** There is no significant relationship between gender and satisfaction towards services provided by banks.

### **Suggestions:**

The adoption of digital platforms using user-friendly interfaces to provide online banking experiences that are efficient and convenient results in avoiding too many waiting times in physical branches. The banks need to focus on honesty, open communication, innovative thinking, and individual service. Highlighting on these features would improve consumer perception of the brand and encourage them to choose private sector banks for their banking requirements.

### **Conclusion:**

In conclusion, the comparative study highlights the distinct characteristics of private and public sector banking services. While private sector banks emphasize efficiency, innovation, and profitability, public sector banks prioritize financial inclusion, social responsibility, and stability. Both sectors play crucial roles in the banking industry, catering to diverse customer needs and contributing to economic development. The choice between private and public sector banking services depends on individual preferences, financial goals, and specific requirements. Overall, a balanced approach recognizing the unique contributions of each sector is essential for a robust and inclusive banking system.

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