



CUSTOMER PERCEPTION TOWARDS BANKING SERVICES RENDERED BY SELECTED PUBLIC SECTOR BANKS IN ERODE DISTRICT

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ABSTRACT: In a competitive environment banks have to render excellent service in order to retain customers, attract new customers and increase the market share and profitability. Quality means a sum of various characteristics of a product or service. It is a strategic tool used by service providers. Literature on banking services defines general and value added services in terms of subjectivity, attitude and perception. The quality of service is the customer's judgment about an entity's overall excellence or superiority. The current problem for the banking industry in India is to determine the dimensionality of quality of banking services. This is because if banking services dimensions can be identified, service providers should be able to improve the delivery of it is a form of attitude and results from a comparison of expectations to perceptions of performance received. The study covers the selected public sector banks in Erode District. The aim of the study is to investigate the customer perception towards banking services rendered by selected public sector banks. Moreover the study is made to measure the customer attitude towards banking activities and various services rendered by selected public sectors banks in the study area . It also aims at analyzing to know the socio-economic profile of the select respondents. Methodology is a way of systematically solving a research problem.

Key Words: *Customer Perception, Banking Services and Public Sector Banks*

I. INTRODUCTION

In banking sector the perception of customers may differ from customer to customer, place to place and time to time. Perception related to banking services is elusive because of intangibility, heterogeneity, perishability, inseparability, ownership, quality measurement and nature of demand. In developed and developing countries the banking sector has become a major component of the economy. Competition among banks has intensified with increasing Government deregulation. So, banks are required to establish their uniqueness to differentiate with superior quality. The quality of service is the customer's judgment about an entity's overall excellence or superiority. The current problem for the banking industry in India is to determine the dimensionality of quality of banking services. This is because if banking services dimensions can be identified, service providers should be able to improve the delivery of it is a form of attitude and results from a comparison of expectations to perceptions of performance received.

II. STATEMENT OF THE PROBLEM

Services in the banking industries has become even more important in improving customer perception, satisfaction in order to create a loyal customer base, especially in banking industries, agree that customer service is one of the most vital factors that contribute in establishment of reputation and credibility among the people. The present study attempts to examine the service quality techniques adopted by the banks and its impact on the customer perception. The study covers the selected public sector banks in Erode District. The aim of the study is to investigate the factors relating to customer perception and their effects on satisfaction. In this chapter the customer perception towards banking services rendered by selected public sector banks of the sample respondents or customers has been analyzed with the help of a scaling technique. For analyzing each type of banking services, the opinion of the respondents on five given statements has been elicited on a five - point scale. By consolidating the scores obtained by every sample respondents for each statement with the help of the five point scale viz SA – Strongly Agree (5), A – Agree (4), N – Neutral (3), DA – Disagree (2) and SDA – Strongly Disagree (1), the total scores have been computed. The total scores secured by the 784 sample respondents show the significance of each statement used to measure the level of perception of banking services. The total scores for the several dimension of banking service show the level of the significance of each category of services from the standpoint of the sample respondents of the study. Besides the total scores, the mean, minimum, maximum and standard deviation also show the level of perception of banking service of the respondents on various categories of the bank.

III. OBJECTIVES OF THE STUDY

The specific objectives are as follows:

1. To study the customers demographic characteristics and its impact on the banking services rendered by selected public banks in Erode District.
2. To analyze the customer perception towards banking services rendered by selected public sector banks in the study area.
3. To offer suitable suggestions to improve the banking services provided by public sector banks in the study area.

IV. HYPOTHESIS OF THE STUDY

H₀: There is no significant relationship between selected independent variables of the customers' perception and overall customers' perception towards banking services rendered by selected public sector banks in Erode District.

H₁: There is significant relationship between selected independent variables of the customers' perception and overall customers' perception towards banking services rendered by selected public sector banks in Erode District.

V. RESEARCH METHODOLOGY AND RESEARCH DESIGN

5.1 Sources of Data

The current study is descriptive in nature. The study is focused on customer perception towards banking services rendered by selected public sector banks in Erode District. In this study two types of data have been used. There are primary data and secondary data. Primary data is a type of information that is obtained directly from first-hand sources by means of surveys, observation or experimentation. It is data that has not been previously published and is derived from a new or original research study and collected at the source.

The study mainly based on primary data. There are several methods of collecting primary data like questionnaire and case studies so on. The primary data was collected by the customers or respondents from selected public sector banks in Erode District through a well designed questionnaire. The data were collected from 784 respondents randomly from selected public sector banks operated in the study area.

5.2 Sample Selected for the Study

The study is to determine the customer perception towards banking services rendered by selected public sector banks in Erode District. The sample banks have been selected on the basis of size and services provided by the public sector banks, which are utilized by the customers. There are several banks are operated in Erode District. The researcher selected only few as well as leading public sector banks based on simple random sampling method. Such as State Bank of India, Indian Bank, Indian Overseas Bank, Canara Bank and Bank of India are used. From the above mentioned public sector banks 784 customers or respondents were selected for the study by adopting the method of Non – probability purposive sampling technique.

5.3 Statistical Tools

The primary data collected from the respondents were analyzed and presented in the form of tables are used. The entire statistical test in this study was carried out at 5% and 1% level of significance. In this present study the following statistical tools are used i.e., Descriptive Analysis and Structural Equation Modeling (SEM) Analysis.

VI. LIMITATIONS OF THE STUDY

- 1) The research study is limited to Erode District. The research findings may not generalize to other areas.
- 2) Totally 784 samples were taken under a Non – probability purposive sampling method. The result may not generalize to the total population.

VII. REVIEW OF LITERATURE

Review of literature has significant relevance with any research work due to literature review the possibility of repetition of study can be eliminated and another dimension can be selected for the study. Many researchers have been conducted to analyze the various aspects of opinion, satisfaction and perception of customers while using banking services rendered by selected public sectors banks. But there are very few research and literature available on the subject related to especially in perception of customers while using banking and value added services provided by selected public sectors banks in selected study area. The available literature related to customer satisfaction and perception of customers in backing activities.

Singh and Yadav (2020)¹ The research paper investigates the factors influencing customer satisfaction with public sector banks in rural areas. The work highlights the unique challenges and needs of this demographic; emphasizing the crucial role these banks play in promoting financial inclusion and economic development. A primary observation of the analysis revealed that customers in these regions value the trust and stability of public sector banks, but their satisfaction is significantly hampered by the limited availability of advanced digital services. It was determined that poor internet infrastructure often prevents the adoption of digital services, and the long transaction queues at physical branches further compound customer frustration. The research suggests that public sector banks should prioritize improving digital literacy among rural customers through regular workshops and expanding their ATM and banking correspondent network to meet customer expectations.

Shukla & Menon (2020)² The research paper investigates how operational reliability and complaint-resolution efficiency affect customer satisfaction in Indian public sector banks, with an emphasis on routine service accuracy, transaction dependability and responsiveness to customer grievances. The study collects responses from 620 customers across Uttar Pradesh, Madhya Pradesh and Rajasthan, representing both urban and rural segments, to analyse how daily service performance shapes broader perceptions of institutional trust. A primary finding of the work is that reliability—defined as the bank's ability to perform services correctly and consistently—is the most decisive factor influencing satisfaction. The research determined that customers place high value on error-free passbook updates, accurate account statements, smooth ATM withdrawals and timely cheque clearing. The research further highlights that transparency—such as clearly communicating expected resolution timelines, escalation steps and status updates—significantly improves satisfaction even when delays occur. The authors recommend implementing branch-level complaint-tracking dashboards, training staff in problem-solving and empathetic communication, and empowering frontline employees to resolve routine issues without managerial approval. They conclude that improving both reliability and complaint-handling transparency is essential for raising satisfaction and sustaining trust in public sector banks.

Pradhan & Satpathy (2021)³ The research paper investigates the adoption of mobile banking services in Indian public sector banks by analysing technological readiness, customer motivation, risk perception, and demographic variations in usage behaviour. Using a modified Technology Readiness and Acceptance Model (TRAM), the study evaluates data from 540 customers across Odisha and Andhra Pradesh to understand how perceived usefulness, ease of use, trust in the bank, and perceived risk collectively shape mobile banking adoption. A primary finding of the work is that trust and perceived security exert a stronger influence on adoption than ease of use alone. The research determined that even when customers find mobile apps simple, they hesitate if they doubt the bank's ability to protect financial data or handle digital fraud efficiently. The authors recommend deploying multilingual interfaces, improving backend server stability, integrating biometric authentication, and setting up dedicated in-branch digital guidance counters for customers unfamiliar with mobile apps. They conclude that improving reliability, security transparency and guided digital onboarding is essential for enhancing mobile banking adoption and boosting customer satisfaction in public sector banks.

Sharma and Tiwari (2021)⁴ The research evaluates customer satisfaction with value-added services in public sector banks across Madhya Pradesh. The analysis emphasizes the importance of these services, such as mobile banking, SMS alerts, and online fund transfers, as critical components of the modern banking experience. A primary finding of the work demonstrated that regular SMS updates significantly improved trust and reduced uncertainty in digital transactions. Customers felt reassured when receiving timely confirmations of financial activity. However, inconsistent delivery of SMS alerts negatively affected user perception. The study determined a higher preference for real-time updates among younger users, while accessibility issues were more common among senior citizens. The core conclusion was that a clear service

gap was found in the responsiveness of mobile app-based complaints. The researchers advocate for banks to invest in targeted digital literacy programs to build confidence and enhance overall satisfaction.

Senger (2015)⁵ The research paper evaluates gaps between customer expectations and perceived service quality in the banking and housing finance sectors by applying expectation–perception gap analysis on primary data collected from more than two hundred respondents; the study investigates which service dimensions (especially responsiveness, reliability and assurance) show the largest discrepancy and how these gaps relate to overall customer dissatisfaction. The research determined that even when tangibles were acceptable (clean branches, functioning ATMs), the negative experience of delays or unreliability overshadowed physical amenities in shaping customers' dissatisfaction. The paper also documents that customers value effective grievance handling and transparent communication more than many banks estimate; unresolved complaints have a disproportionately negative effect on loyalty and word-of-mouth. Based on its findings, the study recommends implementing real-time service monitoring (SLA dashboards), frontline empowerment to resolve routine issues quickly, systematic post-service feedback collection, and periodic retraining focused on responsiveness and accuracy. The authors argue that closing the expectation–perception gaps in responsiveness and reliability should be the immediate priority for banks seeking to reverse customer attrition.

Nayak and Tripathy (2021)⁶ The research paper investigates customer satisfaction toward service quality in public sector banks in eastern India by evaluating branch-level operations, digital service performance, interpersonal interactions and grievance-handling mechanisms. The study collects responses from 560 customers across Odisha, Jharkhand and West Bengal to identify the specific factors that shape service perception in semi-urban and rural markets where PSBs dominate. The study further highlights that inconsistency between digital services and branch support significantly harms service perception. Customers frequently complain about delayed SMS alerts, ATM downtime, and difficulty navigating mobile apps without staff guidance. Younger customers expressed frustration with slow digital interfaces, while elderly customers struggled with the lack of assisted digital on boarding. The authors found that grievance redressal, despite being present, lacked transparency and timely follow-up—leading customers to feel ignored during problem resolution. They conclude that enhancing communication, ensuring consistent digital performance and improving complaint-handling transparency are essential for raising overall satisfaction in PSBs.

Reddy and Rao (2022)⁷ The research paper investigates the determinants of trust in digital platforms of Indian public sector banks by analyzing perceived integrity, system security, transparency, privacy protection, transaction reliability and responsiveness after digital failures. The study evaluates customers in Hyderabad and nearby rural districts to understand how geographical and demographic differences shape trust perceptions. A primary finding of the work is that perceived integrity—defined as the belief that a bank will act fairly, protect customer interests and resolve issues promptly—is the strongest predictor of trust, even more influential than technological sophistication. The study reveals that delays in reversing failed UPI or IMPS transactions significantly undermine trust and discourage repeated digital usage. Many participants expressed concern that banks do not communicate clearly about digital risks or security measures. The authors recommend implementing visible security features, offering real-time fraud alerts, simplifying privacy terms, strengthening digital dispute-resolution frameworks, and conducting regular awareness sessions on safe digital behaviour. They conclude that building trust requires a combination of strong technical safeguards and proactive customer education, and that improving trust will directly elevate satisfaction and digital adoption in public sector banks.

Sahu and Rath (2022)⁸ The research paper investigates customer satisfaction with UPI and mobile payment services rendered by public sector banks in India. The study evaluates the effect of transaction speed, app reliability, interface design, account-to-account transfer success rate, and fraud-prevention measures. A primary finding of the work is that failed UPI transactions and delayed reversals significantly

reduce satisfaction, especially among younger customers who rely heavily on instant payments. The research determined that public sector bank apps struggle with high-traffic loads, slow servers and outdated UI designs compared to private bank apps. Customers appreciated the availability of UPI but criticised inconsistent performance during peak hours. Rural users faced additional barriers such as network issues and low awareness. The authors recommend improving server capacity, redesigning apps for usability, multilingual support and offering in-branch digital assistance. They conclude that UPI satisfaction depends heavily on reliability and speed.

Bansal and Singh (2022)⁹ The research paper investigates customer expectations and satisfaction regarding branch-based services in public sector banks, focusing on factors such as staff courtesy, communication clarity, waiting time, infrastructure and grievance handling. The study evaluates customer satisfaction across different age groups, income categories and geographical regions. A primary finding of the work is that customers perceive PSBs as trustworthy but bureaucratic; they appreciate the reliability and government backing but dislike long queues, slow file movement, inadequate staff strength and rigid procedures. The research determined that while digital alternatives exist, many customers—especially elderly and rural—still prefer branch banking and expect faster counter services. Staff behaviour strongly influences satisfaction: polite staff improves perception even when waiting time is long, while rude or indifferent behaviour creates dissatisfaction even if service speed is acceptable. The authors recommend staffing optimization, improved queue management systems, more passbook kiosks, better signage, and structured customer-handling training for employees. They conclude that modernizing branch operations is essential to retaining customer loyalty.

Nair and Soman (2023)¹⁰ The research paper investigates the role of digital financial inclusion in shaping customer satisfaction with public sector banks, focusing on underserved populations such as rural women, elderly customers and first-time digital users. The study evaluates how digital onboarding, Aadhaar-enabled services, biometric authentication, and UPI availability have influenced financial behaviour. A primary finding of the work is that digital financial tools significantly improve convenience, but actual usage remains low due to digital fear, connectivity issues and limited support from bank staff. The research determined that many rural customers depend on business correspondents rather than bank branches, yet agent-level service inconsistencies impact satisfaction. The study also reveals that customers appreciate AEPS withdrawals and direct benefit transfer (DBT) schemes but express concerns about biometric failures and delayed SMS alerts. The authors recommend improved digital literacy training, dedicated digital desks inside branches, and expansion of AEPS machines in remote locations. They conclude that digital inclusion can improve satisfaction, but only if service reliability and customer support are strengthened.

VIII. RESULTS AND DISCUSSIONS

8.1 DESCRIPTIVE ANALYSIS

In this research, the various measurable demographic or socio-economic factors have been taken viz. gender, age, educational background, average monthly income, Occupation or Employment, Marital Status, Size of the Family, Locality, Which type of account maintain by customer, How often (frequent) customer visit the bank, How long have been customer of a bank. The first section of the chapter deals with an outlook of demographic features of respondents who are using digital marketing. The demographic segmentation of the customers helps to understand the impacts of social economic characteristics on the subjective oriented analysis of the study. The demographic details can have influence on the customer perception towards banking services rendered by selected public sector banks.

8.1.1 Gender

Gender normally plays a very important role as the new generation marketers are providing most significance to gender segmentation in order to offer new products and services. The Indian females are changing their clutches from house responsibility to building up good careers. This new identified economic independence allow them to take their decision by own and make proper use of banking services rendered by banks. Hence, it is not viable to consider the role of gender in any research. For this purpose, gender has been divided into two namely male and female.

The table 1 identifies that out of all the respondents taken for the study, in this regard gender-wise classification of respondents it was found that out of the 784 respondents, 412 (52.50 per cent) were male respondents and the remaining 372 (47.50 per cent) were female. Hence, in the current study a majority 52.50 per cent of the respondents were male in the study area.

8.1.2 Age

The Age wise description is exposed in the Table 1. Middle age group customers are the modern, dynamic and energetic persons. Hence they will have more interest in selecting, analyzing and using the banking services rendered by banks. Now –a-days all age group of customers are more aware of details of the services provided by banks.

Table 1 reveals that, the age of the respondents shows that the highest number of the respondents have age group from 36 years to 45 years with 34.00 per cent, the second highest number of the respondents are coming under the age group from 26 years to 35 years with 23.50 per cent, then third highest number of the respondents from 46 years to 55 years with 22.50 per cent, the fourth number of the customer or respondents are below 25 years with 12.00 per cent and fifth or last number of the respondents are above 55 years with 8.00 per cent.

It may be noticed that, highest numbers of the respondents are from 36 years to 45 years of the age group with 33.80 per cent. Hence it is stated that this age cluster dominates as well as guide the other age groups in the use of banking services provided by selected public sector banks in the study area.

8.1.3 Educational Qualification

Education has a major role and helps to adapt modern principles and techniques. For this concern, the educational status of the respondents is divided into five groups such as SSLC / HSC, Diploma, Under Graduate, Post Graduate and others. Education plays a vital role in improving the knowledge, attitude, tendency and temperament of the consumers.

Table 1 discloses that, 36.50 per cent of the respondents comes under graduates, 21.50 per cent of the respondents educational qualification at diploma holders, 16.00 per cent of the respondents are qualified post graduates, 15.50 per cent of the customers are from school level and remaining 10.50 per cent of the respondents are 'others' like not completed certificate courses or drop the schooling.

Hence, it is stated that the more number of the customers or respondents are graduates which is more sufficient to using banking services effectively.

8.1.4 Monthly Income

Monthly income is an important factor for all human beings since income is needed for day to day life. Individuals have to spend their hard-earned money on different products and services. In this research, the income of the respondents has been studied deeply to see its relationship with using banking activities. The respondents' income was analyzed under four different categories. For this purpose the monthly income level of respondents are classified into five types such as below Rs.25,000, Rs.25,001 to Rs.50,000, Rs.50,001 to Rs.75,000, Rs.75,001 to Rs.1,00,000 and above Rs.1,00,000.

Table 1 clearly states that, the monthly income of the respondents at various levels did vary. It was obvious from the table 28.00 per cent of the respondents earned an income between Rs.25,001 to Rs.50,000 whereas Rs. 50,001 to Rs.75,000 was earned by 24.00 per cent of the respondents per month, followed by 21.00 per cent and 15.00 per cent of the respondents who had an income between Rs.75,001 to Rs.1,00,000 and below Rs.25,000 per month respectively. Lastly 11.50 per cent of the respondents earned above Rs.1,00,000.

Thus the greater part of the respondents (28.19 per cent) on an average earned an amount between Rs.25,001 to Rs.50, 000 monthly.

8.1.5 Occupation / Employment

Occupation wise classifications of the respondents are classified based on their employment status. Occupation is a status symbol in society. Hence the respondents are streamlined into groups such as Private, Government, Businessmen, Professionals and Others.

Table 1 demonstrates that 29.50 per cent of the respondents are belongs to private sector employees, where as 24.50 per cent of the customers are Government employees, 23.50 per cent of respondents are professionals, 17.00 per cent respondents are looking after their business and last 5.00 per cent of the respondents are 'Others' like farmers, workers from unorganized sector etc.,

It shows majority of the respondents are private and Government employees are frequent user their banking services rendered by selected public sector banks in Erode District.

8.1.6 Marital Status

Marital status of sample respondents is classified based on their social position, because in society the marital status is also one of the major factor as well as status symbol. Hence the respondents are classified into groups namely married and unmarried.

Table 1 shows the marital status wise classification of respondents. In total of 784 respondents, (510 customers) 65.00 per cent of the respondents are married. It is clear that, married respondents are more committed to using banking activities which are more useful like safety and time savings in the busy world. Next to unmarried respondents are (274 customers) 35.00 per cent.

That it shows most of the respondents belongs to the married category in the selected study area of Erode District.

8.1.7 Size of the Family

It represents the total number of family members living with the selected respondents. Since the family size of the customers may influence the level of the standard of living the respondents and it may have its own influence on their level of perception and utilization. The number of dependents in family in the present study is confined to up to Two Members, Three to Four Members, Five to Six Members and Above Six Members.

The table 1 indicates that, the important numbers of dependents in family members are up to two members which constitute 41.50 per cent, three to four members of the family are 27.50 per cent, five to six members of the families are 18.00 per cent. As a final point 13.00 per cent of the respondents constitute above six members in the family.

The analysis infers that the numbers of family members or size of the family, up to two members of the family are more (41.50 per cent) compare to others.

8.1.8 Locality

The locality or place of residence also plays a major role in the nature of using banking services. The respondents' culture and cost of living are main factor to determine the banking services and activities. For this purpose, the residential area of the respondents is classified into three categories namely, rural, semi-urban and urban.

The table 1 reveals that, the distribution of respondents as per their geographical area. In an urban area, 97 respondents have been taken for study which is 48.50 per cent. It is followed by semi urban side customers are from 36.00 per cent and rural side customers are 31 in number giving in 15.50 per cent out of the total respondents.

Finally the urban side customers or respondents (48.50 per cent) are more than the other area of the respondents.

8.1.9 Type of Account

All the banks offer several types of accounts to cater to different customer needs. The main types include savings bank account for the purpose of designed for individuals to save money, current account meant for businesses and professionals with frequent transactions, fixed deposit account stands a lump sum is deposited for a fixed tenure at a fixed interest rate, recurring deposit account means depositor invests a fixed amount every month for a fixed period and other account like NRI or some other accounts are included.

Table 1 illustrates that, the savings bank account holders are 29.50 per cent; this is the largest group, showing that a majority of people prefer savings accounts. Next to current account holders is 25.50 per cent that is significant portion of account holders use current accounts, indicating strong participation from businesses, traders and professionals who require frequent transactions. A notable percentage of customers invest in fixed deposits like 21.00 per cent, showing a preference for long-term, low-risk investments that offer higher interest rates compared to savings accounts. Recurring deposit account holders are in 17.00 per cent consists of individuals who prefer saving a fixed amount regularly. The remaining category may include holders of specialized accounts such as NRI accounts, student accounts, or joint accounts. Though smaller in number 7.00 per cent, this segment adds to the diversity of the banking customer base.

In majority the savings bank account holders are 29.50 per cent; this is the largest group, showing that a majority of people prefer savings accounts. This reflects the popularity of these accounts due to ease of use, safety, and moderate interest earnings. It suggests that most individuals use banks primarily for saving and day-to-day transactions.

8.2 STRUCTURAL EQUATION MODELING (SEM) ANALYSIS

8.2.1 Customers' Perception towards Banking Services Rendered by Selected Public Sector Banks

Structural Equation Modeling is a very basically used statistical modeling technique, which is mostly used in the behavioural sciences. It can be stated as a combination of factor analysis and regression or path analysis. The interest in SEM is often on theoretical constructs, which are characterized by the latent factors. The relationships between the theoretical constructs are confirmed by regression or path coefficient between the factors. The structural equation model involves a structure for the covariance between the observed variables, which gives the alternative name covariance structure modeling. Moreover, the model can be extended to include means of identified variables or factors in the model, which makes covariance structure modeling a less accurate name.

Structural Equation Modeling presents a convenient framework for statistical analysis that also includes many traditional multivariate procedure for example such as factor analysis, regression analysis, discriminant analysis and canonical correlation as special cases. Structural equation models are mostly often visualized by a graphical path diagram. The statistical model is usually used in a set of matrix equations.

Structural Equation Modeling has its roots in path analysis, which was framed by the geneticist Sewall Wright (Wright, 1921)¹. It is still customary to start a SEM analysis by drawing a path diagram. A path diagram consists of boxes and circles, which are connected by arrows. In Wright's notation, observed (or measured) variables are pointed by a rectangle box and latent (or unmeasured) factors by a circle or ellipse or square box. Single headed arrows or 'paths' are implied to define causal relationships in the model, with the variable at the tail of the arrow causing the variable at the point. Double headed arrows point out covariances or correlation without a causal interpretation. Statistically the single headed arrows or paths represent regression coefficients and double-headed arrows covariances. Extensions of this notation have been developed to represent variances and means (cfMcArdle, 1996)²

8.2.2 Research Model and Hypothesis Formulation

The research hypotheses have been defined on the basis of the constructs outlined above and using past research on factors influencing the various schemes for cultivation of paddy in the area of study. The following diagram is a graphic presentation of the developed hypothetical model. On the basis of above presented model, the following hypotheses are proposed.

The table 1 indicates that the communalities of the twenty five variables are identified and demonstrate high reliability with a score of 0.873. After a thorough examination, it was found that sixteen selected variables have low loading value below 0.7 and these variables were excluded from the analysis. Consequently, remaining nine variables were selected for the Structural Equation Modeling (SEM) analysis.

8.2.3 Validity of the Measurement

In structural equation modeling the confirmatory factor model is implied on the data. In this case the purpose of structural equation modeling is twofold. First its goal was to find estimates of the parameters of the model, such as the factor loadings, the variances and covariances of the factor and the residual error variances of the observed variables. The next important purpose is to assess fit of the model, i.e., to analyze whether the model itself provides a good fit to the data.

The ability of SEM to produce a meaningful representation for correlation between factors is a key strength. In multiple regression study or tool, generally presume that the independent variables are correlated as the two-headed arrows between the predictor variables. The residual error in multiple regression analysis is basically an unobserved latent variable. It is noted to fix loading of the residual error factor to one to achieve identification.

To find unstandardized and standardized regression weights, variances estimate for the residual errors and the squared multiple correlation of the dependent variable "Customers' Perception towards Banking Services Rendered by Selected Public Sector Banks". In this situation, the calculated value of chi-Square test at 97.287 on 8 degrees of freedom which obtain a p-value of 0.000 and this method is a good fit for the analysis. The real strength of SEM is to estimate more complicated path models with intervening variables between the independent and dependent variables and latent factor as well.

The table 3 reveals that the regression coefficient of the exogenous variables. It is eminent that critical ratio except the variable as "Bank Network is More Reliable and Efficient and On-Line Banking Services Helps in Promoting On-Line Shopping" of the respondents is more than the table value of 1.842 and 1.477 respectively and it is not significant at 1 and 5 per cent level. From the selected 09 variables except the variable "Bank Network is More Reliable and Efficient and On-Line Banking Services Helps in Promoting On-Line Shopping" are the highly influenced factors of Customer Perception about Departmental Stores in the area of study.

From the table 4 explains the covariance matrix it is identified that the critical ratio value of the all the combinations less than the table value. In the meantime “Banks Deliver the Document Safely (Registered Post / Courier)” is correlated with “EMI Payment System is Easy in Banks” at 5 per cent level of significance. “EMI Payment System is Easy in Banks” is correlated with “Bank Network is More Reliable and Efficient” at 1 per cent level of significance. “Bank Network is More Reliable and Efficient” is correlated with “The Branch have Adequate Parking Facilities” is not significant. “The Branch have Adequate Parking Facilities” is correlated with “Employees Co-operation is Appreciable” at 1 per cent level of significance. “Employees Co-operation is Appreciable” is correlated with “Nearest Location to Customers” at 1 per cent level of significance. “Nearest Location to Customers” is correlated with “Electronic Services Help the Customers to Send their Feedback and Queries” at 1 per cent level of significance. “Electronic Services Help the Customers to Send their Feedback and Queries” is correlated with “Using Modern Technology the Banks Send Information Through SMS” at 1 per cent level of significance. “Using Modern Technology the Banks Send Information through SMS” is correlated with “On-Line Banking Services Helps in Promoting On-Line Shopping” at 1 per cent level of significance. “On-Line Banking Services Helps in Promoting On-Line Shopping” is correlated with “Banks Deliver the Document Safely (Registered Post / Courier)” is not significant.

8.2.4 Discussion of the Result

From the path diagram measured variables with latent variables of customers’ perception towards banking services rendered by selected public sector banks in the area of study is having positive relationship and also significance at 1 and 5 per cent level. The analysis of the model, from the viewpoint of the appreciable of customers’ perception towards banking services rendered by selected public sector banks, suggests that all the measured variables are significantly have an impact of factors influencing the customers’ perception towards banking services rendered by selected public sector banks in Erode District.

IX. SUGGESTIONS

Based on the findings of the study, the researcher offers the suitable suggestions to improve the performance of the banks and services rendered by selected private sectors banks in Erode District.

1. Overdraft facilities should be given in e-banking to reputed customers.
2. Bank should maintain good relationship with customers by providing necessary and needed services to the customers.
3. Bank employees have to be trained especially in the rural branches to improve the quality of banking services.
4. The banks should charge the interest rates and service charges on the basis of its customer affordability.
5. Banks should extend services correlated to customers’ demands and expectations.
6. Banks should employ active staff and utilize deserved, responsible, effective and dynamic managers in the banks to maintain the quality of banking services.
7. The banks may necessarily have to know their customers and understand their requirements and inform them about the various services and facilities available with the banks. The bank employees may guide the customers in making the right choice among the available range of services and facilities by describing the product features.
8. Now-a-days most of the public & private sector banks are computerized, but the staffs working on with the computer related work seem to be slow learners. They take more time for transactions. So properly trained staffs must handle the systems. It will improve the quality of the banking services.
9. Time is a precious aspect for dual income households. Though ATM reduces the hassles of walking down to the bank and relieves the customers from waiting in the bee-lines in the bank counters, still it does not save time as one has to still wait in long queues outside the ATM centers. To offer prompt

services, more cash machine must be installed in prime locations.

10. Separate seating facility will make women customers feel at ease when they have to wait for a long time on the bank premises to get their work done.

X. CONCLUSION

Public sector banks continue to enjoy strong customer trust, which helps them remain competitive. However, they must improve service quality by upgrading infrastructure and physical facilities. Providing effective soft skills training to employees is also essential. Enhancing the overall retail banking experience should be a key priority. A well-managed service counter can reduce the negative impact of technical shortcomings. Dedicated employee efforts can generate positive word of mouth among customers. Employees play a crucial role in delivering quality customer service. The introduction of zero-balance account schemes has expanded the social responsibility of banks. Banks now manage and disburse government funds under various welfare programs. Rapid industrialization and urbanization have increased the complexity of banking operations. The rise of online trading and card usage has further added to this complexity. Manual processes are no longer sufficient for speed and accuracy. Automation and e-banking services are necessary to handle the growing workload. Extensive training and awareness programs are needed for both employees and customers. Overall, the Indian banking sector is transforming from manual systems to advanced technological operations.

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Table 1

Demographic Profile of the Respondents in Erode District

S.No	Factors	Classifications	Number of Respondents	Percentage
1	Gender	Male	412	52.50
		Female	372	47.50
2	Age	Up to 25 years	94	12.00
		26 – 35 years	184	23.50
		36 – 45 years	267	34.00
		46 – 55 years	176	22.50
		Above 55 years	63	08.00
3	Educational Qualification	SSLC / HSC	122	15.50
		Diploma	169	21.50
		Under Graduate	286	36.50
		Post Graduate	125	16.00
		Others	82	10.50
4	Average Monthly Income	Below ₹ 25,000	118	15.00
		₹ 25,001 to ₹ 50,000	220	28.00
		₹ 50,001 to ₹ 75,000	188	24.00
		₹ 75,001 to ₹ 1,00,000	165	21.00
		Above ₹ 1,00,000	90	11.50
5	Occupation / Employment	Private	231	29.50
		Government	192	24.50
		Businessmen	133	17.00
		Professionals	184	23.50
		Others	39	05.00
6	Marital Status	Married	510	65.00
		Unmarried	274	35.00
7	Size of the Family	Up to Two Members	325	41.50
		Three to Four Members	216	27.50
		Five to Six Members	141	18.00
		Above Six Members	102	13.00
8	Locality	Rural	122	15.50
		Semi-urban	282	36.00
		Urban	380	48.50
9	Type of Account	Savings Account	231	29.50
		Current Account	200	25.50
		Fixed Deposit Account	165	21.00
		Recurring Deposit Account	133	17.00
		Other Account	55	07.00

Sources: Primary Data

Table 1
Communalities - Before Removal of Low Loading Variables
(List of Measured Variables)

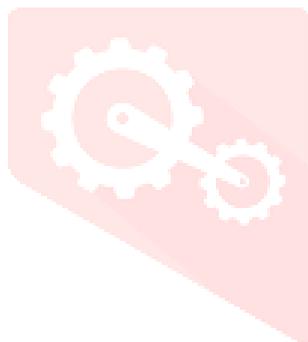
S.No	Variable	Initial	Extraction
1	Banks deliver the document safely (Registered Post / Courier)	1.000	0.936
2	The loan document comes in an attractive and protective plastic jacket package	1.000	0.590
3	The documents are delivered by the bank with in a shorter period	1.000	0.531
4	Banks ends the EMI notice regularly	1.000	0.575
5	EMI payment system is easy in banks	1.000	0.918
6	Bank update the accounts holders regularly	1.000	0.544
7	Banks deliver the first premium receipt very quickly	1.000	0.795
8	Interest charged by the bank for delayed EMI payment is high	1.000	0.796
9	Banks settle the claim quickly	1.000	0.747
10	Bank network is more reliable and efficient	1.000	0.820
11	Banks remind the monthly payment through phone care	1.000	0.635
12	The branch has sufficient seating arrangements	1.000	0.668
13	The branch have adequate parking facilities	1.000	0.956
14	The branch atmosphere is very pleasant	1.000	0.752
15	The branch is computerized	1.000	0.633
16	Employees co-operation is appreciable	1.000	0.840
17	Coverage of unbanked area	1.000	0.651
18	Nearest location to customers	1.000	0.975
19	Friendly attitude of the employees to customers	1.000	0.740
20	Information to employees regarding new offers and schemes	1.000	0.658
21	On-line activities help the customers to make the transactions outside the business house	1.000	0.770
22	Electronic services help the customers to send their feedback and queries	1.000	0.818
23	Using modern technology the banks send information through SMS	1.000	0.970
24	On-line payment services helps you to choose various services available with the banks	1.000	0.785
25	On-line banking services helps in promoting on-line shopping	1.000	0.816
Cronbach's Alpha (α) = 0.873			

Sources: Computed

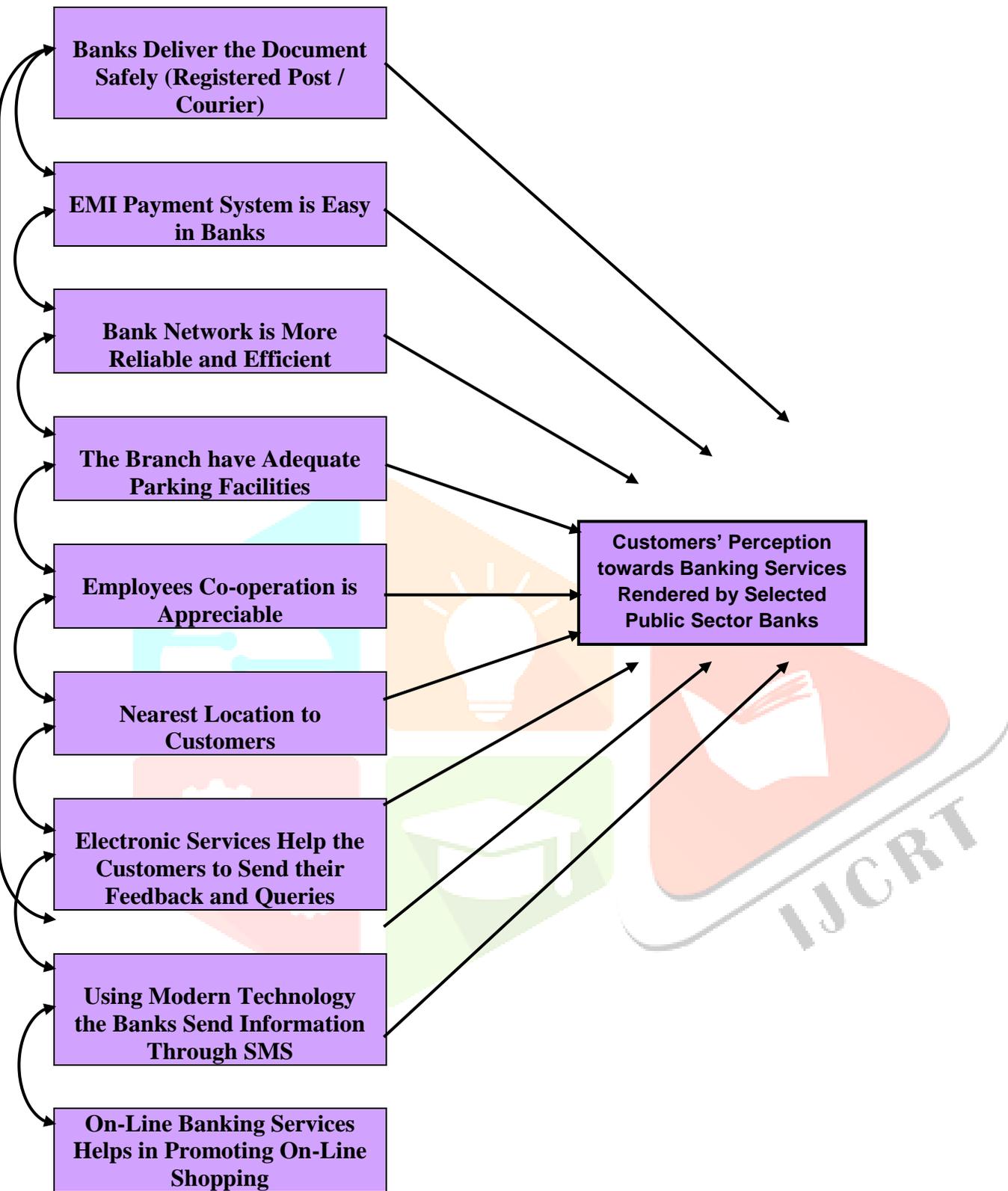
Table 2

Communalities – After Removal of Low Loading Variables**(List of Measured Variables)**

S.No	Variable	Initial	Extraction
1	Banks Deliver the Document Safely (Registered Post / Courier)	1.000	0.936
2	EMI Payment System is Easy in Banks	1.000	0.918
3	Bank Network is More Reliable and Efficient	1.000	0.820
4	The Branch have Adequate Parking Facilities	1.000	0.956
5	Employees Co-operation is Appreciable	1.000	0.840
6	Nearest Location to Customers	1.000	0.975
7	Electronic Services Help the Customers to Send their Feedback and Queries	1.000	0.818
8	Using Modern Technology the Banks Send Information Through SMS	1.000	0.970
9	On-Line Banking Services Helps in Promoting On-Line Shopping	1.000	0.816

Sources: Computed

HYPOTHESIS SUPPORTING RESEARCH MODEL



Maximum Likelihood Estimates

Table 3
Regression weights

Latent Variables	←	Measured Variables	Estimate	S.E	C.R	P
Customers' Perception towards Banking Services Rendered by Selected Public Sector Banks	←	Banks Deliver the Document Safely (Registered Post / Courier)	0.270	0.034	7.852	5%
Customers' Perception towards Banking Services Rendered by Selected Public Sector Banks	←	EMI Payment System is Easy in Banks	0.029	0.045	1.629	1%
Customers' Perception towards Banking Services Rendered by Selected Public Sector Banks	←	Bank Network is More Reliable and Efficient	0.054	0.039	1.398	NS
Customers' Perception towards Banking Services Rendered by Selected Public Sector Banks	←	The Branch have Adequate Parking Facilities	0.182	0.036	4.980	1%
Customers' Perception towards Banking Services Rendered by Selected Public Sector Banks	←	Employees Co-operation is Appreciable	0.289	0.040	7.190	1%
Customers' Perception towards Banking Services Rendered by Selected Public Sector Banks	←	Nearest Location to Customers	0.241	0.042	5.702	1%
Customers' Perception towards Banking Services Rendered by Selected Public Sector Banks	←	Electronic Services Help the Customers to Send their Feedback and Queries	0.216	0.039	5.571	1%
Customers' Perception towards Banking Services Rendered by Selected Public Sector Banks	←	Using Modern Technology the Banks Send Information Through SMS	0.062	0.052	1.192	1%
Customers' Perception towards Banking Services Rendered by Selected Public Sector Banks	←	On-Line Banking Services Helps in Promoting On-Line Shopping	0.048	0.043	1.118	NS

Sources: Computed

Table 4

Covariance: (Group Number 1 – Default Model)

Measured Variables	<-->	Measured Variables	Estimate	S.E	C.R	P
Banks Deliver the Document Safely (Registered Post / Courier)	<-->	EMI Payment System is Easy in Banks	0.072	0.035	2.046	5%
EMI Payment System is Easy in Banks	<-->	Bank Network is More Reliable and Efficient	0.157	0.046	3.369	1%
Bank Network is More Reliable and Efficient	<-->	The Branch have Adequate Parking Facilities	0.200	0.039	5.060	NS
The Branch have Adequate Parking Facilities	<-->	Employees Co-operation is Appreciable	0.067	0.037	1.799	1%
Employees Co-operation is Appreciable	<-->	Nearest Location to Customers	0.176	0.041	4.259	1%
Nearest Location to Customers	<-->	Electronic Services Help the Customers to Send their Feedback and Queries	0.021	0.043	2.486	1%
Electronic Services Help the Customers to Send their Feedback and Queries	<-->	Using Modern Technology the Banks Send Information Through SMS	0.399	0.040	5.021	1%
Using Modern Technology the Banks Send Information Through SMS	<-->	On-Line Banking Services Helps in Promoting On-Line Shopping	0.042	0.053	0.792	1%
On-Line Banking Services Helps in Promoting On-Line Shopping	<-->	Banks Deliver the Document Safely (Registered Post / Courier)	0.136	0.044	3.078	NS

Sources: Computed

Table 5

Bootstrapping - Results

Paths			Estimate	S.E	Mean	't' Value	Result
Banks Deliver the Document Safely (Registered Post / Courier)	→	Customers' Perception towards Banking Services Rendered by Selected Public Sector Banks	0.093	0.024	2.214	3.966	H ₁ Accepted
EMI Payment System is Easy in Banks	→	Customers' Perception towards Banking Services Rendered by Selected Public Sector Banks	0.021	0.032	3.704	2.655	H ₂ Accepted
Bank Network is More Reliable and Efficient	→	Customers' Perception towards Banking Services Rendered by Selected Public Sector Banks	0.033	0.027	2.307	1.200	H ₃ Accepted
The Branch have Adequate Parking Facilities	→	Customers' Perception towards Banking Services Rendered by Selected Public Sector Banks	0.229	0.026	2.309	8.915	H ₄ Accepted
Employees Co-operation is Appreciable	→	Customers' Perception towards Banking Services Rendered by Selected Public Sector Banks	0.269	0.028	2.985	9.515	H ₅ Accepted
Nearest Location to Customers	→	Customers' Perception towards Banking Services Rendered by Selected Public Sector Banks	0.112	0.030	2.576	3.766	H ₆ Accepted
Electronic Services Help the Customers to Send their Feedback and Queries	→	Customers' Perception towards Banking Services Rendered by Selected Public Sector Banks	0.056	0.027	2.022	2.050	H ₇ Accepted
Using Modern Technology the Banks Send Information Through SMS	→	Customers' Perception towards Banking Services Rendered by Selected Public Sector Banks	0.165	0.036	3.033	4.534	H ₈ Accepted
On-Line Banking Services Helps in Promoting On-Line Shopping	→	Customers' Perception towards Banking Services Rendered by Selected Public Sector Banks	0.310	0.030	1.875	10.165	H ₉ Accepted

Sources: Computed

Structural Equations: Methodology and Technical Application

The following path analysis is used to prove the selected hypothesis.

HYPOTHESIS MODEL

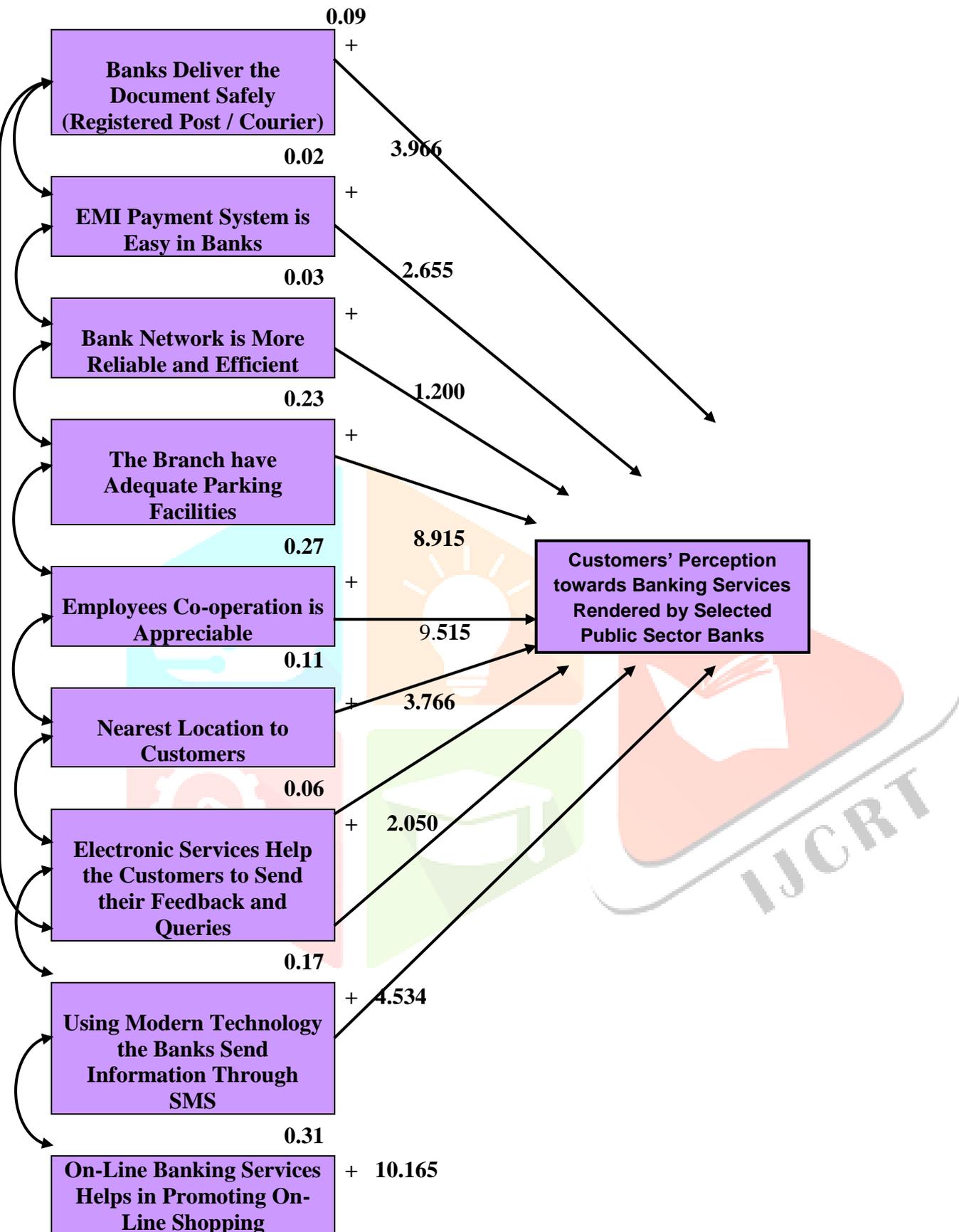


Table 6

Testing of Hypothesis

Hypothesis	Hypothetical Relationship	Result
H ₁ : There is a positive impact of “Banks Deliver the Document Safely (Registered Post / Courier) on Customers’ Perception towards Banking Services Rendered by Selected Public Sector Banks”	Positive	Confirmed
H ₂ : There is a positive impact of “EMI Payment System is Easy in Banks on Customers’ Perception towards Banking Services Rendered by Selected Public Sector Banks”	Positive	Confirmed
H ₃ : There is a positive impact of “Bank Network is More Reliable and Efficient on Customers’ Perception towards Banking Services Rendered by Selected Public Sector Banks”	Positive	Confirmed
H ₄ : There is a positive impact of “The Branch have Adequate Parking Facilities I on Customers’ Perception towards Banking Services Rendered by Selected Public Sector Banks”	Positive	Confirmed
H ₅ : There is a positive impact of “Employees Co-operation is Appreciable on Customers’ Perception towards Banking Services Rendered by Selected Public Sector Banks”	Positive	Confirmed
H ₆ : There is a positive impact of “Nearest Location to Customers on Customers’ Perception towards Banking Services Rendered by Selected Public Sector Banks”	Positive	Confirmed
H ₇ : There is a positive impact of “Electronic Services Help the Customers to Send their Feedback and Queries on Customers’ Perception towards Banking Services Rendered by Selected Public Sector Banks”	Positive	Confirmed
H ₈ : There is a positive impact of “Using Modern Technology the Banks Send Information Through SMS on Customers’ Perception towards Banking Services Rendered by Selected Public Sector Banks”	Positive	Confirmed
H ₉ : There is a positive impact of “On-Line Banking Services Helps in Promoting On-Line Shopping on Customers’ Perception towards Banking Services Rendered by Selected Public Sector Banks”	Positive	Confirmed

Sources: Computed