



COMPARATIVE ANALYSIS OF CUSTOMER SATISFACTION LEVELS IN PUBLIC AND PRIVATE BANKING INSTITUTIONS

Kuldeep Bagri
Research Scholar
Commerce

AKS University, Satna (M. P.)
Email - bagrikuldeep2011@gmail.com

Dr Dhirendra Ojha
Associate Professor and Head of Department (Commerce)
AKS University, Satna (M. P.)
Email - dhirendraojha@rediffmail.com

DECLARATION: I AS AN AUTHOR OF THIS PAPER /ARTICLE, HERE BY DECLARE THAT THE PAPER SUBMITTED BY ME FOR PUBLICATION IN THE JOURNAL IS COMPLETELY MY OWN GENUINE PAPER. IF ANY ISSUE REGARDING COPYRIGHT/PATENT/OTHER REAL AUTHOR ARISES, THE PUBLISHER WILL NOT BE LEGALLY RESPONSIBLE. IF ANY OF SUCH MATTERS OCCUR PUBLISHER MAY REMOVE MY CONTENT FROM THE JOURNAL WEBSITE. FOR THE REASON OF CONTENT AMENDMENT /OR ANY TECHNICAL ISSUE WITH NO VISIBILITY ON WEBSITE /UPDATES, I HAVE RESUBMITTED THIS PAPER FOR THE PUBLICATION.FOR ANY PUBLICATION MATTERS OR ANY INFORMATION INTENTIONALLY HIDDEN BY ME OR OTHERWISE, I SHALL BE LEGALLY RESPONSIBLE. (COMPLETE DECLARATION OF THE AUTHOR AT THE LAST PAGE OF THIS PAPER/ARTICLE)

ABSTRACT

The main goal of this study is to compare how satisfied customers are with public and private banking institutions. In the banking sector, customer satisfaction is now more important than ever because of fierce competition and the ongoing changes in technology, which both affect the quality of service and how long customers stay with a bank. The study uses data collected directly from 200 people, half of whom are customers of public banks and the other half from private banks. A questionnaire was made to check how satisfied they were with different aspects like their overall experience, how the staff acted, how easy it was to get help, the technology available, and how efficient the services were. Descriptive statistical methods and an independent samples t-test were used to check and compare how satisfied people were with the two different banking sectors. The results suggest that private bank customers are happier than public bank customers, especially when it comes to service speed and technology. On the other hand, public banks have advantages in areas like customer trust and easy access. The analysis also shows that there is a significant difference in how satisfied customers are with public banks compared to private banks. The study says public banks need to focus on improving their digital systems and making their services more efficient, while private banks should keep working on their customer-friendly approaches to keep customers happy and satisfied.

Keywords: Customer Satisfaction, Public Banks, Private Banks, Comparative Analysis, Banking Services, Service Efficiency, Technological Facilities.



1. INTRODUCTION

Banking industry is a critical sector in the economic growth of any nation as it helps in the financial transactions, mobilizing savings and as well as giving credit to individuals and companies. Over the last few years, the Indian banking sector has experienced a drastic change because of the process of liberalization, growing technological developments and the growing competition among the state- and privately-owned banks. Both the government and the privately owned banks are struggling to increase the quality of services and customer experience in order to preserve their market share and ensure customer loyalty. Given the increased awareness, customer demands and trends coupled with technological orientation of the customers, in the contemporary world, customer satisfaction has become one of the key drivers of banking performance and long term sustainability.

Customer satisfaction in banks is the level of fulfilling customer expectations in the reliability, responsiveness, convenience, staff conduct, technological facilities, and the general service provision. The conventional characteristics of the public sector banks (large number of branches, trust and government support) are contrasted with the more innovative services of the private sector banks, quick operations and high-tech digital banking services. These operational and structural disparities could result in customer perceptions and level of satisfaction being different between the two types of banks.

The gap in competitive advantages between public and private banks has been getting smaller because online and mobile banking services have grown so quickly. So, it's important to check if customers can tell the difference in the quality of service provided by these organizations. Comparing customer satisfaction helps both public and private banks understand what they are doing well and where they need to improve, which supports them in better planning their services and keeping up with what customers want.

The current research compares customer satisfaction with public and private bank financial services. The study wants to find out if there are any big differences in how satisfied customers are with these two types of banks. By looking at what customers think and how they feel about their experiences, the results show important information about how well different banks provide good service and keep customers happy in a very competitive banking industry.



1.1.Objectives of the study

O1: To compare the customer satisfaction on banking services of public and Private Banks.

1.2.Hypothesis of the study

- I.** There are no significant differences between customer satisfaction of both public and private banks.

2. LITERATURE REVIEW

Customer satisfaction is a key measure of how well a bank is doing, especially as public and private banks compete more closely with each other. It shows how well banks are doing in meeting customers' expectations when it comes to the quality of service, how quickly they respond, how easy it is to access their services, and how well they offer technology tools. Studies have shown again and again that this idea is important. They say that customers who are happy with a bank are more likely to stay with it and tell others about its good services (Oliver, 1997; Park, 2020). In recent years, scholars have given a lot of attention to comparing how satisfied customers are with public banks versus private banks.

Parasuraman, Zeithaml, and Berry (1988) introduced the SERVQUAL model, which has been widely applied in studies assessing service quality in the banking industry. This framework identifies five primary dimensions influencing customer satisfaction: reliability, responsiveness, assurance, empathy, and tangibles. Over time, this model has become a prominent tool for comparing satisfaction levels across public and private banking institutions. Furthermore, Cronin and Taylor (1992) argued that perceived service performance significantly impacts customer satisfaction, suggesting that improvements in service quality lead directly to higher levels of customer satisfaction.

Kumar (2021) observed that customers of private banks reported higher satisfaction levels, attributing this to quicker service delivery, superior infrastructure, and advanced technological offerings. Similarly, Singh (2018) concluded that private sector banks demonstrate greater effectiveness in enhancing customer satisfaction due to their higher responsiveness, availability of digital banking services, and adoption of customer relationship management practices.

Nonetheless, studies also show that the public sector banks' strong points are their extensive branch network, security, and solid reputation. According to Rai and Shrivastava (2013), public



bank customers say they feel safer and more reliable when making transactions, which positively affects their satisfaction levels. Furthermore, Ladhari et al. (2011) noted that customer satisfaction in a certain banking institution, such a public bank, is significantly influenced by personnel behavior and service accessibility.

According to most recent studies, digital banking services and technological innovation have become new approaches for public and private banks to set themselves apart (2020–24). According to Shankar and Jebararajakirthy (2019), the quality of e-services has a major impact on customer satisfaction and loyalty in financial services. Additionally, the authors found that private banking offers more efficient services and superior digital platform performance. According to Trivedi and Kairvi (2025), mobile banking, user-friendly interfaces, and quick online transactions can all greatly boost customer satisfaction, especially in privately held financial institutions.

Furthermore, Singh and Srivastava (2022) found that private banks are more likely to succeed in the area of digital service delivery, even if digital literacy, perceived utility, and ease of use have a substantial impact on customer satisfaction in both state and commercial banks. However, when it comes to long-term relationships, trust, and security, client satisfaction for state banks remains high (Mankotia, 2021).

In order to demonstrate how operational flexibility and organizational structure variation affect satisfaction levels, comparative studies have also been carried out. Because they are autonomous and customer-focused, private banks are better at adopting new services, which boosts customer satisfaction (Al-Hawari and Ward, 2006). Public sector banks, on the other hand, prioritize reach, dependability, and financial inclusion, which attracts a distinct type of clientele (Rai and Srivastava, 2013).

Even though numerous studies have been conducted to look at customer satisfaction in certain banking firms, there aren't many that document a comprehensive comparison examination of both public and private banks in the contemporary digital era. The contradicting findings in the literature show that public banks' strengths remain their reliability, accessibility, and trustworthiness, even though private banks are more likely to achieve technological breakthroughs and service efficiency. These polar opposite characteristics emphasize the



necessity of a thorough comparative study to see whether there are any notable differences between the public's and private banking institutions' satisfaction levels.

3. RESEARCH METHODOLOGY

The methodological approach for conducting a comparative examination of customer satisfaction levels in publicly traded and privately held banking institutions is described in this section. Through data collection, analysis, and interpretation in relation to the study's goals and hypotheses, the approach seeks to find data in a methodical manner.

3.1. Research Design

The research design adopts a quantitative approach to evaluate and compare customer satisfaction levels in public and private banks. A descriptive and comparative framework is employed to examine customers' perceptions of the financial services offered by both sectors. This methodology facilitates statistical comparison between the two categories of banks and enables an effective assessment of customer satisfaction levels.

3.2. Nature of the Study

The research is based on data gathered directly from bank customers in both public and private sectors, and the work is based on real-world observations. The main focus will be on analyzing and comparing how satisfied they are with different financial services, looking at aspects like service quality, how quickly they respond, how easy it is to access the services, and the availability of technical features.

3.3. Population of the Study

The study includes people who regularly use banking services from both government-run and privately owned banks. These customers include people from different age groups and backgrounds, such as students, workers, business owners, and professionals, who have bank accounts and often use banking services.

3.4. Sample Size and Sampling Technique

The paper will involve a sample of 200 participants interviewed job applicants of government and non-government banks. The respondents will be chosen from two different banking sectors within the total sample to ensure the comparison is fair and balanced. To gather information

about clients who are both available and willing to take part in the study, a non-probability convenience sampling method is used. It is believed that a sample size of 200 is enough to compare statistical analyses and come up with meaningful results.

3.5.Sources of Data

This study uses both original and existing sources of information. Primary data is gathered using a detailed questionnaire given to customers who bank with both public and private sector banks. Secondary data is collected from books, academic journals, research papers, reports, and other online databases to help build a stronger base of ideas and theories for the study.

3.6.Instrument for Data Collection

A structured questionnaire is the main tool used to gather data. The questionnaire is divided into two sections. Section A includes information about people's age, gender, job, level of education, and the kind of bank they use, like public or private. Section B looks at how satisfied customers are with banking services, and they use a five-point scale that goes from Strongly Disagree to Strongly Agree. The items cover different areas like how satisfied people are with bank services, how helpful the staff is, how easy it is to access services, the technology available, and how quickly and well the services are provided.

3.7.Reliability and Validity of the Instrument

To make sure the measuring scale is consistent within itself, the questionnaire's reliability is checked using Cronbach's Alpha. A Cronbach Alpha value higher than 0.70 is generally seen as good. The questionnaire questions are based on recent studies and articles about customer satisfaction and the quality of services that banks offer, which makes sure the content is accurate and relevant. Construct validity is kept strong because each question is connected to the particular parts of customer satisfaction that are being measured.

3.8.Variables of the Study

The study includes one main dependent variable and one grouping variable for comparison.

- **Independent/Grouping Variable:** Type of Banks
- **Dependent Variable:** Customer Satisfaction on Banking Services

3.9.Data Collection Procedure

A physical copy of the structured questionnaire is given to 200 people who go to banks to gather information. The views of the respondents are based on their experience with banking services. The responses have been coded, organized, and are now prepared for statistical analysis.

3.10. Data Analysis

The right statistical software is used to look at the data that was gathered. Descriptive stats that help explain things like who people are and how satisfied they are include how often something happens, what percentage of people it applies to, the average value, and how much the values vary. A t-test is used to look at how satisfied customers are with public banks compared to private banks and to check if there's a real difference in their satisfaction levels.

The independent sample t-test formula is:

$$t = \frac{\bar{X}_1 - \bar{X}_2}{\sqrt{\frac{S_1^2}{n_1} + \frac{S_2^2}{n_2}}}$$

Where:

\bar{X}_1 = Mean satisfaction score of public bank customers

\bar{X}_2 = Mean satisfaction score of private bank customers

S_1^2 = Variance of public bank customers

S_2^2 = Variance of private bank customers

n_1 = Number of respondents from public banks

n_2 = Number of respondents from private banks

This test assists in evaluating whether the observed difference in satisfaction levels between customers of public and private banks is statistically significant.

4. DATA ANALYSIS AND INTREPRETATION

The demographic details of the 200 respondents chosen for the study are shown in Table 1.

Table 1: Respondent' s Profile

Variables	Category	(F)	Pe (%)
Age	18–24 years	48	24.0
	25–34 years	70	35.0
	35–44 years	38	19.0
	45–54 years	28	14.0
	55 years & above	16	8.0
Gender	Male	110	55.0
	Female	84	42.0
	Others	6	3.0
Education	Undergraduate	62	31.0
	Postgraduate	96	48.0
	Professional Degree	42	21.0
Occupation	Student	54	27.0
	Private Employee	74	37.0
	Government Employee	32	16.0
	Business	24	12.0
	Others	16	8.0
Type of Bank	Public Bank	100	50.0
	Private Bank	100	50.0
Total		200	100%

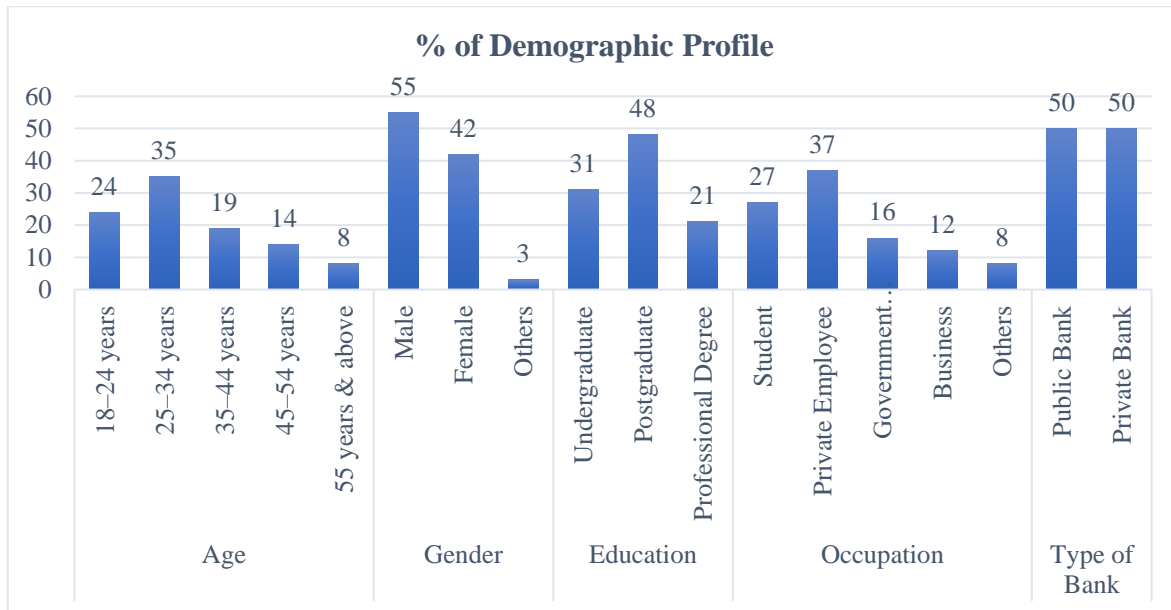


Figure 1: Graphical Presentation of Demographic Profile

The age distribution indicates that young adults constitute the largest segment of banking service users, with the majority of respondents falling within the 25–34 (35.0%) and 18–24 (24.0%) age groups. In terms of gender, there are somewhat more male responses (55.0%) than female respondents (42.0%). Given that postgraduates make up the majority of respondents (48.0%) and undergraduates (31.0%), it may be concluded that those with higher levels of education are more interested in banking services. The largest percentage is accounted for by students (27.0%) and occupationally private personnel (37.0%), indicating that students and representatives of the occupationally professional group are the primary users of the banking services. The 50:50 ratio between public and private bank customers also reflects the objective comparison of customer satisfaction in these two banking sectors.

Table 2: Mean and Standard Deviation of Customer Satisfaction (Public vs Private Banks)

Type of Bank	N	Mean	Standard Deviation
Public Banks	100	3.72	0.68
Private Banks	100	4.05	0.62

Overall	200	3.88	0.66
---------	-----	------	------

Table 2 shows the mean and standard deviation of public and private bank customer satisfaction. Private banks have a higher mean satisfaction score (4.05) than public banks (3.72), indicating higher client satisfaction. The mean satisfaction score of 3.88 indicates respondents' positive view of banking services. The degree of satisfaction's standard deviation is close, reflecting consistent responses across public and private banks (0.68 and 0.62, respectively).

Table 3: Dimension-wise Mean Scores of Customer Satisfaction

Dimensions of Satisfaction	Public Banks (Mean)	Private Banks (Mean)
Service Efficiency	3.65	4.12
Staff Behaviour	3.78	4.01
Accessibility	3.82	3.95
Technological Facilities	3.54	4.20
Overall Satisfaction	3.72	4.05

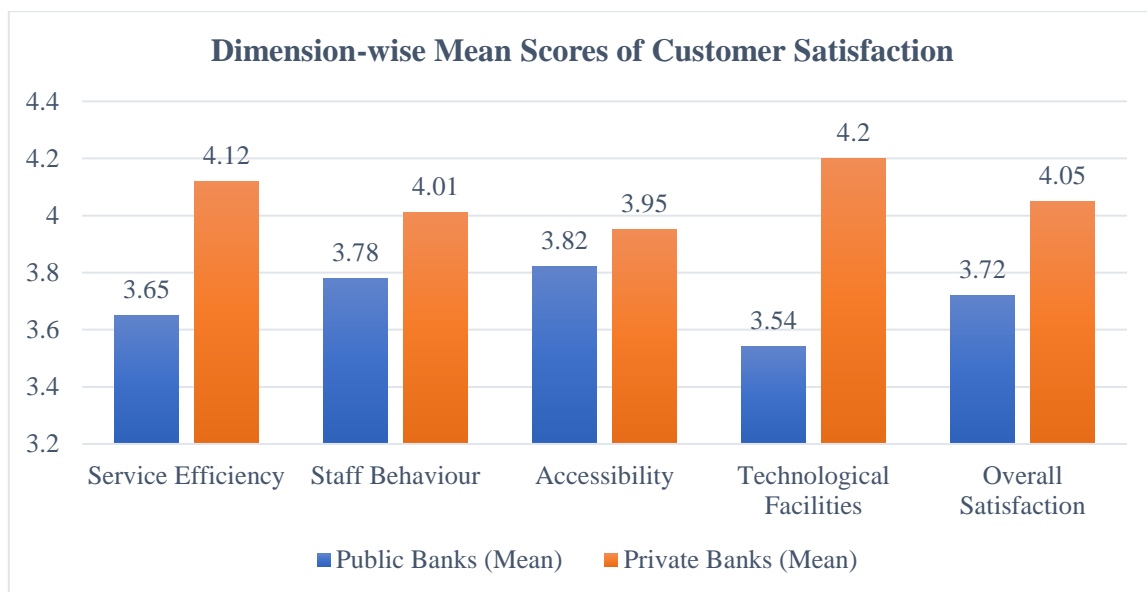


Figure 2: Mean scores of Customer Satisfaction

Table 3 compares public and private bank customer satisfaction by several categories. Private banks have more resources in all areas, but especially in technology (4.20) and service efficiency (4.12), where they outperform in digital services and faster processes. However, public banks have more branches and may be easier to contact (3.82). Private banks had higher customer satisfaction (4.05) than public banks (3.72), implying that public banks are less efficient and technologically advanced.

Table 4: Independent Sample t-Test Comparing Customer Satisfaction

Variables	Mean (Public)	Mean (Private)	t-value	p-value	Result
Customer Satisfaction	3.72	4.05	3.48	0.001	Significant

Table 4 shows the independent samples t-test results for private and public sector bank customer satisfaction. The data show that private banks have a higher mean satisfaction score (4.05) than state banks (3.72). The two banking sectors have statistically significant differences in customer satisfaction, as shown by the t-value of 3.48 and p-value of 0.001. Thus, the null hypothesis—that public and private banks have similar satisfaction levels—is rejected. These studies demonstrate that private bank customers are much happier than public bank customers.

Table 5: Overall Level of Customer Satisfaction in Public Banks (n = 100)

Level of Satisfaction	F	%
Highly Satisfied	18	18.0
Satisfied	42	42.0
Neutral	20	20.0
Dissatisfied	12	12.0
Highly Dissatisfied	8	8.0
Total	100	100%

Customer satisfaction among public bank respondents is shown in Table 5. Bank services are well-liked by most public bank customers (42.0%) and highly satisfied (18.0%). However, 12.0% are disappointed, 8.0 percent are seriously dissatisfied, and 20.0 percent are indifferent, demonstrating that certain clients have concerns with response, technology, and service efficiency. According to the table, public banks can improve service delivery and technology innovation while maintaining modest customer happiness.

Table 6: Overall Level of Customer Satisfaction in Private Banks (n = 100)

Level of Satisfaction	Frequency (F)	Percentage (%)
Highly Satisfied	32	32.0
Satisfied	44	44.0
Neutral	14	14.0
Dissatisfied	6	6.0
Highly Dissatisfied	4	4.0
Total	100	100%

Table 6 displays private bank customer satisfaction overall. The high percentage of respondents (44.0) and high satisfaction (32.0) suggests they like private banking services. Few clients (14.0) are neutral, 6.0 are somewhat dissatisfied, and 4.0 are extremely disappointed. According to these figures, personal banks have more customer satisfaction than social banks since they offer superior services, technology, and consumer input.

Table 7: Overall Comparative Customer Satisfaction

Type of Bank	Highly Satisfied	Satisfied	Neutral	Dissatisfied	Highly Dissatisfied	Total
Public Banks	18	42	20	12	8	100

Private Banks	32	44	14	6	4	100
Total	50	86	34	18	12	200

Table 7 compares public and private bank customer satisfaction. Private bank customers are more satisfied (32) than public bank customers (18), with a higher number of neutral and unhappy customers. Public banks (20) have a far larger percentage of unhappy and severely displeased personnel than private banks (10 combined), indicating lower satisfaction in the public sector. The table shows that private banks outperform public ones in customer satisfaction. This emphasizes the importance of client service, technology, and customer-focused activities in private banking.

5. CONCLUSION AND FUTURE SCOPE

This study shows that most banking customers are young, educated, and employed. Statistical results show that public banks are more accessible due to their extensive branch networks, while private banks have higher satisfaction ratings in service efficiency, technological facilities, and service delivery. Furthermore, the independent samples t-test shows a statistically significant difference in customer satisfaction between public and private banks, rejecting the null hypothesis. The survey found that private banks meet customer expectations better through customer-centric initiatives, faster service delivery, and improved technology. Public banks remain dominant in customer trust and confidence. Thus, improving responsiveness, digital banking infrastructure, and service efficiency may help public banks compete with private banks and boost customer satisfaction.

Current research has guided future research. First, adding additional participants and sampling responses from different places can raise the universality of future study. Second, future research can incorporate trust, perceived value, digital banking experience, and service recovery to better understand consumer satisfaction.

Comparative studies of regional rural banks, cooperative banks, and overseas banks can help assess the scope. Future research can examine the impact of mobile banking apps, AI-powered

customer care, and digital payment. Secondary research can be longitudinal to track consumer satisfaction as technology and banking policies change.

In conclusion, future studies should focus more on behavioral, technological, and service elements that affect customer satisfaction in the dynamic and competitive banking environment.

REFERENCES

1. Al-Hawari, M., & Ward, T. (2006). The effect of automated service quality on Australian banks' financial performance and the mediating role of customer satisfaction. *Marketing Intelligence & Planning*, 24(2), 127-147.
2. Ali, A., & Bisht, L. S. (2018). Customers' satisfaction in public and private sector banks in India: A comparative study. *J Fin Mark. 2018; 2 (3): 27-33. J Fin Mark 2018 Volume 2 Issue 3*, 28.
3. Cronin Jr, J. J., & Taylor, S. A. (1992). Measuring service quality: a reexamination and extension. *Journal of marketing*, 56(3), 55-68.
4. Khan, M. W. (2018). A comparative study of customer satisfaction between public and private banks in Lahore, Pakistan. *Journal of Policy Options*, 1(2), 50-60.
5. Kumar, S. (2021). *A Comparative Study of Marketing Strategies Adopted by Selected Public Sector and Private Sector Banks in India to Offer Banking Financial Products* (Doctoral dissertation, Gujarat Technological University).
6. Ladhari, R., Ladhari, I., & Morales, M. (2011). Bank service quality: comparing Canadian and Tunisian customer perceptions. *International Journal of Bank Marketing*, 29(3), 224-246.
7. Mankotia, S. (2021). Service Quality Evaluation of Himachal Pradesh University Website: A Study of Demographic Influences On Service Quality Perceptions. *HIMACHAL PRADESH JOURNAL OF SOCIAL SCIENCES*.
8. Oliver, R. L. (1997). Satisfaction: A behavioral perspective on the consumer.
9. Parasuraman, A. B. L. L., Zeithaml, V. A., & Berry, L. (1988). SERVQUAL: A multiple-item scale for measuring consumer perceptions of service quality. *1988*, 64(1), 12-40.
10. Park, S. (2020). *Marketing management* (Vol. 3). Seohee Academy.
11. Rai, A. K., & Srivastava, M. E. D. H. A. (2013). The Antecedents of Customer Loyalty: An Empirical Investigation in Life Insurance Context. *Journal of competitiveness*, 5(2).



12. Shankar, A., & Jebarajakirthy, C. (2019). The influence of e-banking service quality on customer loyalty: A moderated mediation approach. *International Journal of Bank Marketing*, 37(5), 1119-1142.
13. Singh, S., & Srivastava, R. K. (2022). Mobile banking adoption and customer satisfaction: Moderating role of digital literacy. *Journal of Retailing and Consumer Services*, 65, 102873.
14. Trivedi, I. A., & Kairvi, R. (2025). *An Analytical Study on Customer Satisfaction Towards Online Banking Services for Selected Public Sector and Private Sector Banks Special Reference to Gujarat State* (Doctoral dissertation, Department of Management, Faculty of Business and Commerce, Atmiya University).
15. Virk, N., & Mahal, P. K. (2012). Customer satisfaction: A comparative analysis of public and private sector banks in India. In *Information and Knowledge Management* (Vol. 2, No. 3, pp. 01-07).



AUTHOR'S DECLARATION

As an author of the above research paper/article, here by, declare that the content of this paper is prepared by me and if any person having copyright issue or patent or anything otherwise related to the content, I shall always be legally responsible for any issue. For the reason of invisibility of my research paper on the website /amendments /updates, I have resubmitted my paper for publication on the same date. If any data or information given by me is not correct, I shall always be legally responsible. With my whole responsibility legally and formally have intimated the publisher (Publisher) that my paper has been checked by my guide (if any) or expert to make it sure that paper is technically right and there is no unaccepted plagiarism and hentriacontane is genuinely mine. If any issue arises related to Plagiarism/ Guide Name/ Educational Qualification /Designation /Address of my university/ college/institution/ Structure or Formatting/ Resubmission /Submission /Copyright /Patent /Submission for any higher degree or Job/Primary Data/Secondary Data Issues. I will be solely/entirely responsible for any legal issues. I have been informed that the most of the data from the website is invisible, shuffled, or vanished from the database due to some technical fault or hacking and therefore the process of resubmission is there for the scholars/students who find trouble in getting their paper on the website. At the time of resubmission of my paper I take all the legal and formal responsibilities, If I hide or do not submit the copy of my original documents (Andhra/Driving License/Any Identity Proof and Photo) in spite of demand from the publisher, then my paper may be rejected or removed from the website anytime and may not be consider for verification. I accept the fact that as the content of this paper and the resubmission legal responsibilities and reasons are only mine then the Publisher (Airo International Journal/Airo National Research Journal) is never responsible. I also declare that if publisher finds any complication or error or anything hidden or implemented otherwise, my paper may be removed from the website, or the watermark of remark/actuality may be mentioned on my paper. Even if anything is found illegal publisher may also take legal action against me.

Kuldeep Bagri
Dr Dharendra Ojha
