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## A STUDY OF CUSTOMER LOYALTY WITH REFERENCE TO PRIVATE AND PUBLIC SECTOR BANKS IN WESTERN MAHARASHTRA

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### ABSTRACT

Every time a customer approaches your business, they arrive with the set of expectations; it may be related to services offered or new product developments. They have an expectation that accompanies their interest in your business. A good experience may increase their loyalty and tendency to purchase again and poor experience may transfer their business to competitor. The ability to recognize this process forms the basis for studying customer loyalty which is the main objective of the present research work. Loyal repeat customers can form a significant competitive advantage. This helps to form a strong market share base. Thus cost to sale for existing customers is far less than the cost of acquiring new customers. Today Bankers can no longer view the customers in snapshot. But it's time to adopt a comprehensive view of the lifecycle of the relationship.

### KEYWORDS

customer loyalty, snapshot, lifecycle, competitive advantage, market share base.

### INTRODUCTION

Every time a customer approaches your business, they arrive with the set of expectations; it may be related to services offered or new product developments. They have an expectation that accompanies their interest in your business. A good experience may increase their loyalty and tendency to purchase again and poor experience may transfer their business to competitor. The ability to recognize this process forms the basis for customer relationship management. Loyal repeat customers can form a significant competitive advantage for a business in many ways. Truly loyal customers form a strong market share base. Thus cost to sale for existing customers is far less than the cost of acquiring new customers.

Today Bankers can no longer view the customers from the perspective of specific products or a snapshot in time. To maximize lifetime profitability from valued customers, banks must abandon the traditional silo mindset. In simpler days; it was easy for one to select the bank. One used to choose the local bank; the branch manager knew him or her by name, because the family had conducted business for years. Technology, commoditization, and globalization forever changed the face of banking. The model of the personal neighborhood bank is a quaint memory, replaced by national and multi-national service providers, ATMs, Internet banking, and a proliferation of product choices, this competitive scene has brought a wealth of choices, yet it has eliminated the personalized nature of traditional banking. A typical financial institution has thousands of local, regional, national and global competitors. Most players hold a relatively small and unreliable market share. It's time to adopt a comprehensive view of the customer as part of a continuum, not just a sale, and to manage, but the *lifecycle* of the relationship.

There are few reasons to retain the customers.

- Customer stays loyal for longer time
- Buys more as the bank introduces new services and upgrades existing services
- Talks favorably about the bank and its services
- Pays less attention to competing brands and advertising and are less sensitive to price.
- Acquiring new customers can cost five times more than the cost involved in satisfying and retaining existing customers due to routinized transactions.

Hence identifying potential customers, treating them according to the service level they deserve track and record the details of transactions for further reference through supply chain and other modes of intermediaries, enterprise has to introspect customer relationship management and set business policies and procedures that are designed to create and grow long term –relationships, which is foundation of competitive advantage, growth and profitability. Therefore researcher has selected the study entitled “*A study of customer loyalty with reference to private and public sector banks in western Maharashtra*” for further in depth study.

### OBJECTIVES OF THE STUDY

The present research work is undertaken with the prime objective of studying customer relationship management in banks in western Maharashtra. This prime objective is supported by following sub objectives.

1. To study the existing customer organization relationships
2. To know the customers expectations from their banker along with their relative importance.
3. To understand the problems of banking sector in managing customer relationships
4. To know who the major competitors are in banking sector.
5. The existing customer base of the respective competitor.
6. The potential growth prospects by managing customer organization relationships.
7. To put forth constructive suggestions on the basis of the study.

### RESEARCH METHODOLOGY

#### HYPOTHESES OF THE STUDY

Ho: Income level the respondents and choice of deposits are independent

Ho: Maintaining long term relationship with customers of bank and increase in deposit business of bank are independent.

#### SCOPE OF THE STUDY

The scope of the study is limited in respect of topical coverage, geographical coverage and analytical coverage. Topical scope of the study is limited being the researcher has studied customer relationship management which is one part of marketing process. Again focusing on some of the many units in western Maharashtra region couldn't reveal deeper aspects of the study.

#### QUOTA SAMPLING METHOD

Quota sampling a special type of stratified sampling method is applied considering characteristics of the population under study.

#### SURVEY METHOD

A survey method was adopted; at the outset a pilot survey was conducted to finalize certain key issues. After the pilot survey, the selected units i.e. 10 banks were visited and responses collected. A comprehensive questionnaire was administered by personally visiting the selected organizations.

**1) PRIMARY DATA**

These were collected through the use of structured questionnaire, pretested and then suitably amended. The questionnaire was administered by personally visiting to the concerned banks offices in the selected units. While preparing the questionnaire care was taken to develop likerts type scale for certain questions.

**2) SECONDARY DATA FOR THEORETICAL FRAMEWORK**

Review of the literature and statistical data in respect of the present study were necessary, and hence secondary sources were made use of for this purpose the data has been collected through.

**SAMPLE DESIGN**

In the sample design, sufficient care has been taken to embody the universe comprehensively by selecting the banks from each district in western Maharashtra. The researcher has selected overall 500 customers of selected bank units in western Maharashtra as a sample size for its study.

While selecting two sampled banks from the study universe, western Maharashtra, ample care has been taken. Researcher has adopted following criteria to select the banks from the universe.

- 1) To have the best sample as against the total population from each bank researcher has chosen quota sampling technique for selecting 500 respondents' bank customers as each from two sampled banks (i.e. 50 from private sector and 50 from public sector) from total 10 banks.
- 2) For the final selection of banks, the researcher has taken into consideration 10% of average customer base of the bank branch in the study universe i.e. 5000 customers per branch. The average customer growth rate per year of the bank branches is 10% and thus this criterion is considered for selecting sample size for the present study.
- 3) To maintain the consistency and for effective comparison amongst private and public sector banks 50 customers from each bank branch from the study area western Maharashtra were selected.
- 4) In order to solicit the proper responses the researcher has focused on those respondents who are willing to participate and cooperate in doing the present study. Therefore researcher has made use of convenient quota sampling method in this study.
- 5) Diverse categories of customer groups including business class, service class, housewife's, and students were selected with the intention to get clear picture about customer relationship management with respect to all types of customers to obtain comprehensive picture of customer relationship management practices adopted in the study universe, western Maharashtra.

**CHOICE OF THE REGION**

The area of western Maharashtra comprises five districts viz Kolhapur, Sangli, Satara, Solapur, Pune which comes under Pune administrative region. This region is selected for the present study as, most of the regional head quarters are in Pune.

**CRITERIA FOR BANK SELECTION**

The researcher has selected the banks in western Maharashtra keeping in view the following parameters.

- 1) **Largest in its operation**-Total No. of branches, ATMS, and asset size
- 2) **Ease in access**: Due to the diverse spread of the study area the bank those are accessible were selected.

**TABLE - 1.1: BANK WISE SELECTION OF CUSTOMERS**

Sr. No	Western Maharashtra Regions	No.of.customers selected (Public sector)	No of customers selected (Private sector)	Total
1	Kolhapur district	Bank of India (50)	Kotak Mahindra (50)	100
2	Sangli district	Bank of Baroda (50)	HDFC Bank (50)	100
3	Satara district	Union bank of India (50)	AXIS Bank (50)	100
4	Solapur district	State bank of India (50)	ICICI Bank (50)	100
5.	Pune district	Corporation Bank (50)	INDUSIND Bank (50)	100
	Total customers	250	250	500

**DATA PRESENTATION AND ANALYSIS**

**TABLE 3.1: GENDER WISE CLASSIFICATION**

S.No	Responses		No .of. Respondents		Percentage	
			Private	Public	Private	Public
1	Gender	Male	222	208	88.8 %	83.2 %
		Female	28	42	11.2%	16.8 %

The above data in this table represents the gender response rate of the survey and it is found that 222(88.8%) respondents are males and only 28(11.2%) are females in private banks and similarly 208(83.2%) respondents are males and only 42(16.8%) are females in public sector banks respectively. Furthermore it is also evident that these females are either having their salary account as savings account or they are holding the account as alternative joint signatory authority for current account which is mandatory to hold the account.

It seems that less number of females are active in banking .Gender issues need significant attention to improve banker- customer relationship.

**TABLE 3.2: AGE WISE CLASSIFICATION**

Sr. No	Responses		No .of. Respondents		Percentage	
			Private	Public	Private	Public
2	Age	16-25	27	40	10.8%	16%
		25-35	105	97	42.0%	38.8%
		35-50	89	79	35.6%	31.6%
		50-60	25	26	10.0%	10.4%
		60 & Above	04	08	1.6%	3.2%

The aforesaid table brings out the information about age wise classification of the respondents holding the accounts in private and public sector banks. Age is an important influencing factor. And from the study it is understood that majority of the respondents i.e. 105(42%) young respondents in private and 97(38.8%) respondents transact with public sector banks, followed by 89(35.6%) in private & 79(31.6%) in public sector belong to middle age group of 35-50.10.8% in private & 16% in public sector are very young under the age group of 16-25 and 10% both in private and public sector belong to the age group of above 50 including the senior citizens.

In terms of age it is further revealed that most of the respondents in private sector are youngsters.

**TABLE 3.3: OCCUPATION**

S.No	Responses		No .of. Respondents		Percentage	
			Private	Public	Private	Public
4	Occupation	Business	105	69	42.0%	27.6%
		Professional	24	31	9.6%	12.4%
		Employee	105	109	42%	43.6%
		Others	16	41	6.4%	16.4%



The above table depicts occupation of the respondents. Occupation is the predominant factor that reveals the consumers social class, life style and willingness to buy and ability to buy because occupation provides the income which influences the purchases and services. From the table it is evident that 105 (42%) in private and 69(27.6%) in public sector banks are businessmen. similarly 105(42%) in private and 109(43.6%) in public sector banks are employees those work for various private and government organizations. Followed by 24(9.6%) in private and 31(12.4%) in public sector banks are professionals like engineers, lawyers and chartered accountants. And remaining 16(6.4%) in private and comparatively higher 41(16.4%) of the public sector belong to the others category like house wives, students, contract workers etc.

It seems that income and occupation are closely interrelated in preferring various banking services. Service class customers i.e. employees in both private and public sector dominate the business group. Professionals have shown more preference to private sector banks due to their busy schedule they expect quick service.

TABLE 3.4: ANNUAL INCOME

S.No	Responses		No .of .Respondents		Percentage	
			Private	Public	Private	Public
6	Annual income	Below Rs.1 lakh	31	49	12.4%	19.6%
		Rs.1-5 lakh	124	148	49.6%	59.2%
		Rs.5-10 lakh	62	39	24.8%	15.6%
		Rs.Above 10 lakh	33	14	13.2%	5.6%

The aforesaid table brings out the information pertaining to income level of the respondents and it is evident from the fact that majority of the respondents both in private and public sector banks i.e. 124(49.6%) and 148(59.2%) respectively belong to the income group of 1-5 lakhs.

Followed by 62 (24.8%) in private and 39 (15.6%) belong to income range of 5-10 lakh. Further it is observed that 31(12.4%) in private and 49(19.6%) in public sector belong to lower income group. Remaining 33 (13.2%) in private and 14 (5.6%) in public sector bank are in the range of above 10 lakhs annual income category.

The results of the study indicate that private sector banks are offering services for special group of customers i.e. class banking surprisingly it was further revealed that high income customers do not bother in paying extra charges levied by the banks for variety of personalized and value added services rendered by these banks. Whereas public sector banks are rendering services to the mass customers with its wide product range, infrastructure and investment.

TABLE 3.5: HOW LONG ASSOCIATED WITH BANK

S. No	Responses		No of respondents		Percentage	
			Private	Public	Private	Public
1	Holding account since	1-3 Yrs	134	100	53.6%	40%
		4-6 yrs	82	87	32.8%	34.8%
		7-9 yrs	20	34	8%	13.6%
		More than 9 yrs	14	29	5.6%	11.6%

The above table deals with the fact to know how long the customers are associated with the bank.It are very crucial for the banks to have competitive advantage to retain the customers on long term basis.

From the above table it is inferred that great majority of the respondents i.e. 134(53.6%) private and 100(40%) public sector banks have association of 1-3 yrs. Whereas 82(32.8%) private and 87(34.8%) public sector bank customers are associated with their bank since 4-6 yrs.Followed by 20(8%) private and 34(13.6%) public sector banks customers have longer association with their banks. Significantly it is found that 14(5.6%) private and 29(11.6%) public sector bank customers have a very long association with their banks. Hence it is clear that majority of the respondents from public sector bank customers are holding longer relationship with their banks as compare to private sector banks. It is credit worthy that they have sustained and maintained these customers for a very longer period they should not neglect these customer but now they have to see how this loyalty bond will be stronger. Also they have to ensure to make these customers profitable for long term.

TABLE 3.6: (A) PREFERRED TO OPEN ACCOUNT BECAUSE-PRIVATE BANK

Sr. No	Responses	No of respondents ranking					Mean score	Percentile	Rank
		Lowest	Low	Med	High	highest			
1	Convenient Location	6	8	31	95	105	4.16	83.26	Excellent
2	Reputation of the Bank	2	4	51	125	63	3.99	79.83	Good
3	The Bank is Fully Aware of Customers Problem	4	17	44	97	83	3.97	79.42	Good
4	Does Not Take Much Time in Opening the Bank A/C	4	8	33	121	79	4.7	81.46	Excellent
5	You are Not Kept Waiting for Long Time	6	17	38	106	78	3.95	79	Good
6	The Employees of Bank are Cooperative	5	14	43	99	84	3.99	79.8	Good
7	You Feel Deposits are Safe in this Bank	6	7	24	129	79	4.09	81.87	Excellent

TABLE 3.6: (B) PREFERRED TO OPEN ACCOUNT BECAUSE-PUBLIC BANK

Sr. no	Responses	No of respondents ranking					Mean score	Percentile	Rank
		Lowest	Low	Med	High	highest			
1	Convenient Location	11	14	35	72	112	4.06	92	Superb
2	Reputation Of The Bank	13	12	47	97	75	3.85	77	Good
3	The Bank Is Fully Aware Of Customers Problem	17	31	59	77	60	3.54	70.8	Good
4	Does Not Take Much Time In Opening The Bank A/C	16	21	50	88	69	3.70	74	Good
5	You Are Not Kept Waiting For Long Time	17	33	63	68	63	3.52	70.4	Good
6	The Employees Of Bank Are Cooperative	18	17	58	73	78	3.72	74.4	Good
7	You Feel Deposits Are Safe In This Bank	7	11	42	71	113	4.11	82.2	Excellent

An attempt was made to study the factors for which customers prefer to open bank account with particular bank especially with respect to private and public sector banks and the respondents on aforesaid dimensions have revealed some important facts and it is observed as follows.

**Convenient Location** :The statement has received Excellent mean score by private sector respondents of 4.16 (83.26) and 4.6(92) Superb ranking mean score by public sector respondents which is slightly higher criteria preference than private sector bank respondents.

**Reputation of the Bank** : The statement has received Good mean score by private sector respondents of 3.99 (79.83) and 3.85(77) Good ranking mean score by public sector respondents which is very similar.

**THE BANK IS FULLY AWARE OF CUSTOMERS PROBLEM**

It is observed that the statement has received Good mean score by private sector respondents of 3.97(79.42) and 3.54(70.8) Good ranking mean score by the public sector respondents which is also the near equal criteria.

**Does Not Take Much Time in Opening the Bank A/C**:The statement has received Excellent mean score by private sector bank respondents of 4.7(81.46) and 3.70(74) Good ranking mean score by public sector banks which is quite lower as compared to private sector banks respondents.

**You Are Not Kept Waiting For Long Time:** The statement has received Good mean score by private sector bank respondents of 3.95(79) and 3.52(70.4) Good ranking mean score by public sector banks which is nearly equal.

**The Employees of Bank Are Cooperative:** The statement has received Good mean score by private sector bank respondents of 3.99(79.8) and 3.72(74.4) Good ranking mean score by public sector banks which is nearly equal.

**You Feel Deposits Are Safe In This Bank:** The statement has received Excellent mean score by private sector bank respondents of 4.09(81.87) and 4.11(82.2) Excellent ranking mean score by public sector banks which is closely related.

As it is seen from the graphical representation of the mean scores majority of the respondents responses fall above average level this indicates respondents show positive criteria's. The ranges of the mean values are to 79-83.26 in private sector and 70.4 to 92 respectively in public sector. Equal scores in both private and public sector banks indicate that all the factors are quite important and relevant.

The fact remains crystal clear that proximity to residence or work place i.e. convenient banking service and safety of deposits are the prime factors for both private and public sector banks for opting to open the account in bank.

**TABLE 3.7: CUSTOMERS PREFERRING DEPOSIT SCHEMES**

S.No	Responses		No .of Respondents		Percentage	
			Private	Public	Private	Public
1	Dealing with deposits	Yes	70	117	28%	46.8%
		No	180	133	72%	53.2%

The above table focuses on the preferences and customers dealing with deposit schemes and it is observed that out of 500 customers from both private and public sector banks 180(72%) of private and 133(53.2%) of public sector banks are not dealing with any type of deposit schemes offered by the banks.

Rest 70 (28%) of the private sector and 117(46.8%) of the respondents deal with different types of deposits schemes. It is revealed that public sector banks surpass the private sector banks in providing and attracting the mass class for deposits business due to one very important attribute that private sector cannot assure is safety of the deposits.

**TABLE 3.8: KINDS OF DEPOSIT SCHEMES**

S.No	Responses		No .of Respondents		Percentage	
			Private	Public	Private	Public
1	Kinds of deposits	Fixed	57	86	81.4%	73.50%
		Recurring	12	23	17.14%	19.65%
		Demand	3	17	4.28%	14.52%
		Tax saver	13	8	18.57%	6.8%

From the above table it is found that out of total 187 customers preferring deposit schemes from private and public sector banks are categorized as follows.

57(81.4%) of private and 86(73.50%) of public sector banks are dealing with fixed deposits schemes offered by the banks. Again it is seen that 12(17.14%) private and 23(19.65%) public sector banks customers are dealing with Recurring type of deposit schemes offered by the banks

Very few 3(4.28%) of the private sector and 17(14.52%) public sector bank customers are dealing with demand deposit schemes.

Rest 13(18.57%) of the private sector and 8(6.8%) public sector bank customers are dealing with Tax saver deposit schemes

Interestingly it is revealed that different perceptual factors like security, influence of Medias, advantage of saving tax, investment avenues are some of the important preferred criteria's customers consider in availing the deposit schemes. Furthermore it is also observed from the table that there are multiple deposit account holders out of total 187 depositors some of the depositors hold two to three deposit accounts consisting of total 219 deposit accounts.

**TABLE 3.9: REASONS FOR PREFERRING DEPOSIT SCHEMES**

Responses		No of.respondents		Percentage	
		Private	Public	Private	Public
Reasons for preferring the deposit	Service	36	21	51.42%	17.94%
	Varieties of schemes	13	5	18.57%	4.2%
	Safety	16	84	22.85%	71.79%
	Interest rates	5	7	7.14%	5.98%

To figure out which factors specifically play a crucial role in attracting the depositors for preferring the deposit schemes it was analyzed that Majority of the respondents i.e. 36(51.42%) of the private bank respondents preferred to opt for deposit schemes for better service provided by the banks and remarkably less 21 (17.94%) of the public sector bank customers preferred it for services rendered.

On the contrary 84(71.79%) of public sector banks customers preferred to various deposit schemes for the safety of deposits as against 16(22.85%) of the private sector bank depositors. Remaining 13 (18.57%) of the private and 5(4.2%) of the public sector respondents opined that they preferred the deposit schemes for varieties of schemes offered by the bank. Rest very few respondents i.e. 5(7.14%) of private and 7(5.98%) of public sector banks respondents opined that interest rates as important criteria for preferring deposit schemes. It reveals from the fact that safety of the deposits is important factor considered to prefer the public sector banks by the depositors and quick and prompt service by the private sector banks in opting for various deposit schemes offered by the bank.

**TABLE 3.10: CUSTOMERS AVAILED LOAN FROM BANK**

S.No	Responses		No .of Respondents		Percentage	
			Private	Public	Private	Public
1	Avail any loan from bank	Yes	40	94	16%	37.6%
		No	210	156	84%	62.4%

The above table focuses on the preferences and customers dealing with loan facilities provided by the banks and it is observed that out of 500 customers from both private and public sector banks 40(16%) of private and 94(37.6%) of public sector banks are availing loan facilities. Rest very high 210 (84%) of the private sector and 156(62.4%) of the respondents are not availing loan facilities. It is revealed that public sector banks surpass the private sector banks in providing and attracting the mass class for loan facilities also. Surprisingly researcher has found that not a single private sector bank is inclined towards providing loan facilities to the mass class. The credit appraisal system of private sector bank specifically offers the loan facilities only to high net worth individuals.

**TABLE 3.11: KINDS OF LOAN AVAILED**

S.No	Responses		No .of Respondents		Percentage	
			Private	Public	Private	Public
1	Kinds of loan	Housing loan	18	34	45%	36.17%
		Personal loan	8	24	20%	25.53%
		Business loan	19	27	47.5%	28.72%
		Jewel loan	1	7	2.5%	7.44%
		Vehicle loan	4	32	10%	34.04%
		Agriculture loan	0	8	0	8.51%

From the above table it is found that out of total 134 customers preferring loan facilities from private and public sector banks are categorized as follows. 19(47.5%) of private and 27(28.72%) of public sector banks are availing business loans offered by the banks. Again it is seen that 18(45%) private and 34(36.17%) of public sector banks customers are availing housing loan facilities offered by the banks. Furthermore 8(20%) of the private and 24(25.53) of the public sector banks respondents avail personal loan. Again 4(10%) of private and 32(34.04%) of public sector banks respondents avail jewel loan. Very few 8(8.51%) of the public sector bank respondents are availing agricultural loan.

It is evident from the fact that private sector banks are reluctant in providing loan facilities. And these banks focus more attention towards business loans and selected category of home loans and other loan products. One can conclude that public sector banks are providing various kinds of loans for all purpose and purpose.

Furthermore it is also observed from the table that there are multiple loan accounts. Account holders having business loans also have other categories of loans like housing, vehicle, from their respective banks. From the table it is evident that out of total 134 loan customers there are 182 loan accounts which indicate positive and significant relationship ties with their respective banks.

TABLE 3.12: (A) MOST PREFERRED COMPETITORS

Sr. no	Responses	No of Respondents ranking					Mean score	Percentile	Rank
		Lowest	Low	Med	High	highest			
1	AXIS	35	26	64	62	54	3.30	66	Fair
2	ICICI	23	26	47	83	62	3.56	71.2	Good
3	STATE BANK OF INDIA	10	16	36	66	113	4.06	92	Superb
4	UNION BANK	12	38	70	78	43	3.42	68.4	Fair
5	HDFC	22	22	69	67	61	3.51	70.2	Good
6	BANK OF BARODA	24	26	84	48	59	3.38	67.6	Fair
7	CORPORATION BANK	30	55	77	43	36	3.0	60	Fair
8	BANK OF INDIA	27	18	55	74	67	3.56	71.2	Good
9	KOTAK MAHINDRA	39	70	75	37	20	2.70	54	Poor
10	INDUSLAND BANK	40	90	56	34	21	2.60	52	Poor
	NR	9							

TABLE 3.12: (B) MOST PREFERRED COMPETITORS

Sr. no	Responses	No of respondents ranking					Mean score	Percentile	Rank
		Lowest	Low	Med	High	highest			
1	AXIS	9	13	54	75	91	3.93	78.67	Good
2	ICICI	11	9	41	104	77	3.93	78.76	Good
3	STATE BANK OF INDIA	10	28	50	68	86	3.79	75.86	Good
4	UNION BANK	6	36	93	86	21	3.33	66.61	Fair
5	HDFC	5	6	56	68	107	4.09	81.98	Excellent
6	BANK OF BARODA	13	27	90	89	23	3.33	66.77	Fair
7	CORPORATION BANK	16	35	89	84	18	3.21	64.38	Fair
8	BANK OF INDIA	12	20	68	75	67	3.68	73.63	Good
9	KOTAK MAHINDRA	31	26	72	63	50	3.30	66.19	Fair
10	INDUSIND BANK	25	44	74	55	44	3.20	64.04	Fair

From the above table customer's preference to the most preferred banks with respect to private and public sector banks is studied and it is observed as follows. **AXIS:** The bank has received Fair mean score by private sector respondents of 3.30 (66) and 3.93(78.67) Good ranking mean score by public sector respondents which is slightly higher than private criteria preference.

**ICICI:** The bank has received Good mean score by private sector respondents of 3.56 (71.2) and 3.93(78.76) Good ranking mean score by public sector respondents which is quite similar.

**STATE BANK OF INDIA:** It is observed that the bank has received moderate range Superb mean score by private sector respondents of 4.6(92) and 3.79(75.8) Good ranking mean score by the public sector respondents which is also the closer criteria.

**UNION BANK:** The bank has received Fair mean score by private sector bank respondents of 3.42(68.4) and 3.33(66.61) Fair ranking mean score by public sector banks which is closely related.

**HDFC:**The bank has received Good mean score by private sector bank respondents of 3.51(70.2) and 4.09(81.98) Excellent ranking mean score by public sector banks which is slightly higher than the private sector bank respondents.

**BANK OF BARODA:** The bank has received Fair mean score by private sector bank respondents of 3.38(67.6) and 3.33(66.77) Fair ranking mean score by public sector banks which is nearly equal.

**CORPORATION BANK:** The bank has received Fair mean score by private sector bank respondents of 3(60) and 3.21(64.38) Fair ranking mean score by public sector banks which is again a closer criteria.

**BANK OF INDIA:** The bank has received Good mean score by private sector bank respondents of 3.56(71.2) and 3.68(73.63) Good ranking mean score by public sector banks which is slightly similar.

**KOTAK MAHINDRA:** The bank has received Poor mean score by private sector bank respondents of 2.70(54) and 3.30(66.19) Fair ranking mean score by public sector banks which is slightly higher than the private sector bank respondents

**INDUSIND BANK :**The bank has received Poor mean score by private sector bank respondents of 2.60(52) and 3.20(64.4) Fair ranking mean score by public sector banks which is slightly higher than the private sector bank respondents.

As it is seen from the graphical representation of the mean scores majority of the respondents responses fall above average level this indicates respondents show positive criteria's. The ranges of the mean values are 52 to 92 in private sector and 64.04 to 81.98 respectively in public sector. Equal scores in both private and public sector banks indicate that all the factors are quite important and relevant.

One can conclude from the fact that state bank of India (SBI) is the most preferred criteria by the private sector bank respondents whereas HDFC bank is one most preferred prime factor criteria bank by public sector banks in comparison with other banks.

TABLE 3.13: (A) COMPARATIVE RATING SCALES BETWEEN BANK AND ITS COMPETITORS

Sr. no	Responses	No of respondents ranking					Mean score	Percentile	Rank
		Lowest	Low	Med	High	highest			
1	Quality in service	9	14	54	105	66	3.82	76.53	Good
2	Interest Rates	1	19	98	80	50	3.64	72.82	Good
3	Quick service	6	11	49	101	81	3.96	79.35	Good
4	Reliability	6	13	55	118	56	3.82	76.53	Good
5	Security	5	7	49	115	72	3.97	79.51	Good

**TABLE 3.13: (B) COMPARATIVE RATING SCALES BETWEEN BANK AND ITS COMPETITORS**

Sr. no	Responses	No of respondents ranking					Mean score	Percentile	Rank
		Lowest	Low	Med	High	highest			
1	Quality in service	18	11	54	82	82	3.80	76	Good
2	Interest Rates	6	15	88	89	49	3.64	72.8	Good
3	Quick service	19	21	53	78	76	3.69	73.8	Good
4	Reliability	8	17	64	75	83	3.84	76.8	Good
5	Security	11	5	48	87	96	4.02	84	Excellent

From the above table customers comparison with its competitors criteria's are assessed with five parameters of important banking services with Respect to private and public sector banks respondents on aforesaid dimensions have revealed some interesting facts and it is observed as follows.

**Quality in service**

The statement has received Good mean score by private sector respondents of 3.82 (76.53) and 3.80(76) Good ranking mean score by public sector respondents which is very closer criteria preference.

**Interest Rates**

The statement has received Good mean score by private sector respondents of 3.64 (72.82) and 3.64(72.8) Good ranking mean score by public sector respondents which is very similar.

**Quick service**

It is observed that the statement has received higher range Good mean score by private sector respondents of 3.96(79.53) and 3.69(73.8) lower range Good ranking

Mean score by the public sector respondents which is also the closer criteria.

**Reliability**

The statement has received Good mean score by private sector bank respondents of 3.84(76.53) and 3.84(76.8) Good ranking mean score by public sector banks which is closely related.

**Security**

The statement has received Good mean score by private sector bank respondents of 3.97(79.51) and 4.02(84) Excellent ranking mean score by public sector banks which is slightly higher than the private sector bank respondents.

As it is seen from the graphical representation of the mean scores majority of the respondents responses fall above average level this indicates respondents show positive criteria's. The ranges of the mean values are 72.82 to 79.53 in private sector and 72.8 to 84 respectively in public sector. Equal scores in both private and public sector banks indicate that all the factors are quite important and relevant.

Furthermore it can be concluded that quick service is the important criteria preferred by the private sector bank respondents whereas security is one of the prime factor criteria preferred by public sector banks in comparison with its competitors.

**TABLE 3.14: SATISFACTORY LEVEL OF VALUE ADDED SERVICES YOU HAVE EXPERIENCED**

Value added services		Good	Moderate	Poor	Total weight	Average	Rank
	Weight(W)	5	4	3	(WX)	(WX/W)	
ATM	Private	203	30	9	1162	96.83	Superb
	Public	160	37	23	1017	84.75	Excellent
Locker facility	Private	121	80	02	931	77.58	Good
	Public	92	40	9	647	53.91	Poor
Net banking	Private	169	43	02	1023	85.25	Excellent
	Public	85	56	16	697	58.08	Poor
Mobile banking	Private	165	40	02	991	82.58	Excellent
	Public	98	31	22	680	56.66	Poor

An attempt made to scrutinize different modern value added services used by the customers that influence and help attracting and maintaining better relationship with its customers in both private and public sector banks and it is observed considering following several value added services. ATM services received superb weight score by private sector respondents of 96.83 as against 84.75 Excellent by the public sector banks respondents. Again Locker facility received Good weight score by private sector respondents of 77.58 as against 53.91 Poor by the public sector banks respondents. Furthermore Net banking facility received excellent weight score by private sector respondents of 85.25 as against 58.08 Poor by the public sector banks respondents. Finally mobile banking services received excellent weight score by private sector respondents of 82.58 as against 56.66 Poor by the public sector banks respondents. It is crystal clear from the above table that private sector banks surpass the public sector banks in modern value added services. Customers of public sector banks were found to be using fewer IT enabled services as compared to private sector banks.

**HYPOTHESIS TESTING -1**

Ho: Income level of the respondents and choice of deposits are independent.

H1: Income level of the individuals is beneficial to consider for choice of deposits.

**TABLE 3.15:- INDIVIDUALS INCOME INFLUENCE ON DEPOSITS BUSINESS**

Deposits Income level	Fixed deposits	Demand Deposits	Recurring Deposits	Tax saver Deposits	Total
Below 1 lakh	12	1	3	1	17
1-5 lakh	85	15	16	6	122
Above 5 lakh	40	3	23	14	80
Total	137	19	42	21	219

Chi-square value : 21.8 ;Degrees of freedom: 6 Level of significance:5% P value=0.001

Source: Field survey

**TABLE 3.15- INDIVIDUALS INCOME INFLUENCE ON DEPOSITS BUSINESS**

Deposits Income Level	Fixed deposits	Demand Deposits	Recurring Deposits	Tax saver Deposits	Total
Below 1 lakh	10.6	1.47	3.26	1.63	17
1-5 lakh	76.3	10.6	23.4	11.7	122
Above 5 lakh	50.0	6.94	15.3	7.67	80
Total	137	19	42	21	219

Chi-square value : 21.8 ;Degrees of freedom: 6 Level of significance:5% P value=0.001

Source: Using MS Excel 2007

It is divulged from the Table 3.15 that the calculated chi-square value is greater than the P value and the result is significant at 5 % level. Hence the Hypothesis Ho is rejected and the alternative hypothesis H1 is selected .from the analysis, it is concluded that Income level of the individuals is beneficial to consider for choice of deposits.

**HYPOTHESIS TESTING –II**

Ho: Maintaining long term relationship with customers of bank and increase in deposit business of bank are independent.

H1: Banks which maintain long term relationships with its customers generally experience increase in its deposit business

**TABLE 3.16: ASSOCIATION WITH BANK AND ITS INFLUENCE ON DEPOSITS**

Deposits No. of yrs associated	Fixed deposits	Demand Deposits	Recurring Deposits	Tax saver deposits	Total
1-3 years	51	4	21	11	87
4-6 years	51	10	11	7	79
Above 7 years	37	5	9	2	53
Total	139	19	41	20	219

Chi-square value : 9.09 ; Degrees of freedom:6 Level of significance:5% P value=0.169

Source: Field survey

**TABLE 3.16: ASSOCIATION WITH BANK AND ITS INFLUENCE ON DEPOSITS**

Deposits No. of yrs associated	Fixed deposits	Demand Deposits	Recurring Deposits	Tax saver deposits	Total
1-3 years	55.2	7.55	16.3	7.95	87
4-6 years	50.1	6.85	14.8	7.21	79
Above 7 years	33.6	4.60	9.92	4.84	53
Total	139	19	41	20	219

Chi-square value : 9.09 ; Degrees of freedom:6 Level of significance:5% P value=0.169

Source: Using MS Excel 2007

It is divulged from the Table 22 that the calculated chi-square value is greater than the P value. And the result is significant at 5 % level. Hence the Hypothesis Ho is rejected and the alternative hypothesis H1 is selected .from the analysis, it is concluded that Banks which maintain long term relationships with its customers generally experience increase in its deposit business.

**FINDINGS BASED ON CUSTOMER’S OPINION SURVEY**

**DEMOGRAPHIC PROFILE FINDINGS**

The demographic profile of both private and public sector banks are very diverse, less number of females i.e. (11.2%) of private and (16.8%) of the public sector bank customers are active in banking. and it is seen that major share of respondents i.e. 42.8 of private and 38.8% of public sector bank customers are youngsters. Service class customers i.e. employees 42% & 43.6 % in both private and public sector respectively dominate the business group. Professionals have shown more preference to private sector banks due to their busy schedule and hence they have high expectation of quick service. Income and occupation are closely interrelated in preferring various banking services.

Again it is seen that less educated customers (45.6 %) are preferring public sector banks as compared to private sector banks 62%. This trend is observed due to large presence of public banks and wide range of product. And post graduates and educated respondents are inclined towards private sector banks. Evidently educational levels in both private and public sector bank are significantly higher. Furthermore private sector banks are offering services for special group of customers only i.e. class banking for high income customers (13.2%) for variety of personalized and value added services rendered by these banks thereby charging higher services. Where as public sector banks are rendering services to the masses with wide product range due to its infrastructure and investment. This infers that more customized banking services are needed to be designed and catered to the diverse type and needs of customers. Hence the need of these customers should not be neglected. [Ref.Table 1-6]

**BANKING DETAILS**

In bank account holding details it is seen that majority of the private sector bank respondents (28.63%) have their alternative account in State Bank of India ,and public sector bank respondents (18.97%) in Axis bank. Majority of the Account holders both from private and public sector bank customers have savings account i.e. (70% & 73.6%) and (25.2%) customer’s hold current account from private sector and (15.2%) are loan account holders in public sector banks. Public sector bank customers are holding longer relationship with their banks as compare to private sector banks. Working hours of private sector banks is round the clock i.e. 8 to 8 banking and it is found that banking convenience is utmost in private sector banks as compare to public sector banks. Private sector banks focus on few customers those are really profitable.

Private sector banks surpass the public sector banks in quick service as compared to public sector banks. On the contrary it is found that public sector banks are highly accessible due to its high network of branches and ATM services. [Ref. Table 7-13]

**CUSTOMERS BANK SELECTION AND PREFERENCE CRITERIA’S**

It is also observed that Excellent opinion is obtained on convenient banking service and safety of deposits as the prime factors preferred by the customers for selecting the banking service by both private and public sector bank customers. Public sector banks surpass the private sector banks in providing and attracting the mass class service for deposits business due to one very important attributes i.e. safety of the deposits.

Again it is seen that Safety of the deposits is important factor considered to prefer the public sector banks (71.79%) by the depositors. Where as quick and prompt service provided by the private sector banks (51.42%) is the prime reason customers prefer various deposit schemes offered by these banks. Further it is also observed that for current account or business account customers prefer private sector banks and for fixed deposits and loan, customers prefer public sector banks.

Private sector banks are advertising heavily to attract and retain their high net worth depositors by various schemes and offers by promoting the higher interest rates on current and saving account. In addition to this it is analyzed that majority of the respondents (97.14%) and (85.47%) are satisfied with the deposit schemes offered by both the private and public sector banks respectively. But number of non investors is more as compare to existing depositors. Both private and public sector banks need to provide keen attention on this aspect and try to find out feasible solutions for these as rate of interest is lower and as there are various other options for customers to invest like securities, mutual funds.

Again findings regarding loan facilities revealed that public sector banks(37.6%) surpass the private sector banks(16%) in providing and attracting the mass class service for loan facilities. Surprisingly it is found that not a single private sector bank is inclined towards providing loan facilities to the mass class or general customers. The credit appraisal system of private sector bank specifically offers the loan facilities only to the selected or high net worth individuals. Also it is seen that for both private and public sector banks customers are dissatisfied with the loan processing and sanction. Especially private sector bankers need to consider this factor as pressing problem to retain the customer’s in future. Further it is also revealed that most of customers are unaware about loan foreclosure facility and those that are aware are dissatisfied. It is found that private sector banks in comparison with public sector banks are organizing maximum number of customers meet to maintain a very strong bond of relationship with its core customers. From the findings it clearly reveals that customers while selecting and preferring banking services clearly stated that safer, speedier and convenient service as important criteria for selecting banking service. [Ref. Table 14-29]

**SUGGESTIONS****MAINTAIN AND SUSTAIN EXISTING CUSTOMER BASE**

In banking services safer speedier and cost effective service is the prime expectation of customers. As far as safety and reliability is concerned public sector banks has successfully managed its brand image intact due to the long standing banking experience. This is the prime reason it is seen that majority of the customers are holding longer relationship with public sector banks.

Hence public sector bankers are advised to learn from existing customers that as customers have trust in them they have to overcome the speedier and cost effective service by regular interactions with profitable customers those provide various new and rich information in augmenting the banking services.

Similarly the existing major share of customer base should not be overlooked. Because the existing customers are generating new customers for the banks. Similarly the private sector banks are advised to maintain the same quality of banking service they are rendering to its customers. However the potential drawbacks need to be removed from their current banking service like high charge levied on various value added service. Putting oneself in the shoes of customer to feel as he or she feels and by not forgetting old customers while looking for new is the key for understanding truly the customer experience management.

**GENERATE PROSPECTIVE CUSTOMERS THROUGH REFERRALS**

It is suggested to both private and public sector bankers to ensure that every branch should generate at least 10 new and prospective customers list every month, similarly they have to provide satisfactory service levels to existing customers by understanding their problems in their respective regions. So that these customers will generate referral sales. This customers list will be also useful in managing promotional activities and when the respective branch managers will track and record every detail of existing customers they will communicate their problems to their branch heads. And thus there will be more referral generated by existing customers.

**IMPLEMENT LOYALTY PROGRAMS**

As all the banks are offering free account opening and other value added banking services. Customer switching cost is becoming very low. Both the private and public sector banks should focus on strengthening the loyalty of customers. For this they have to implement effective loyalty programs. Specifically for most profitable customers. Some of these techniques include reminders of festivals, birthday or anniversary reminder cards, offering holiday packages, use of corporate gifts, family get together and so on. This will be significant in forming strong contractual and social bonding between customers and banks. Higher cost of switching may maintain relationship but when there is price difference gap customers may switch. It is because commitment that is based affection or calculative commitment.

*Commitments* normally increase the switching costs, such as social bonds, financial bonds, and contractual bonds with the customers. *Affective commitment* is based on feelings towards benefits and *Calculative commitment* is based on monetary losses if customers switched the bank. On the contrary it is observed that *Trust* plays an important role under uncertainty. A perception of genuine concern for customer equity and service may override other short term transactional determinants like relational bonds and termination costs. Contractual bonds are not important to maintain relationship with customers as faith and perception of intention is very important in long term. Similarly it is seen that *Repeat purchase* is because of behavioral loyalty. *Attitudinal loyalty* is due to emotional connect. Bankers are advised to attract the customers on attitudinal loyalty. So that it would be difficult to break the relationship easily with the bank.

**CUSTOMER VALUE MANAGEMENT**

Adding value to the banking service is really challenging which in turn adds value to its customers. Managing value in the banking service can surely help in maintaining long term relationship with the customers. By various campaign management systems there has to be some differential factor over the competitor that may attract and retain the customers. It is necessary for the bankers of both private and public sector to understand their core competence in the service and accordingly they can add the value to the existing service to foster the customer loyalty for gaining maximum market share for the longer period of time.

Public sector banks are advised to concentrate on value added services as compared to its counterparts as they are far behind in providing the value added services. This certainly is necessary for favorable brand image building for the banks in western Maharashtra. When it comes to phone banking, SMS banking, NEFT/ RTGS, and modern third party services, public sector banks are found to be less preferred by the customers instead of these customers prefer private sector banks. Hence due weightage should be given by public sector banks to these services. There is need to address these issues by changing the mindset of public sector bankers in western Maharashtra region to deliver promising service to their customers as value addition.

**CREATE AWARENESS AND ENCOURAGE WOMEN FOR ACTIVE BANKING**

Banks need to be more sensitive to encourage more female customers especially in western Maharashtra because very few women are active in banking and those active are joint account holders only as signatory authority supporting spouse in business as banking partner. Hence by introducing program like special women account benefits,

Can encourage women customers and this segment can emerge as significant share of wallet for bankers. As females are more sensitive they are more emotional than male customers and due care be taken to build socio economical bond with these customers. Micro financing, special housewife account, joint mother and kid's account, micro saving account for self help group, these new and innovative accounts can attract more female customers. Banks can specifically recruit some females to take care of these customers so that clients may feel more comfortable interacting with bank employees similar to them in gender and age group.

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