EMPIRICAL STUDY ON CUSTOMERS SATISFACTION OF BANKING SERVICES – A CROSS SECTIONAL ANALYSIS BETWEEN PUBLIC AND PRIVATE SECTOR BANKS IN RURAL AND SEMI-URBAN AREAS

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ABSTRACT

In the context of Electronic banking and healthy competition among Public and Private Sector banks in the discharge of banking service, an empirical study on the customers satisfaction of bankers assumes high significance and importance. Based on the results of micro study, a macro project of survey was undertaken in rural villages and semi-urban areas of Villupuram District regarding comprehensive services of banking. Based on stratified random Sampling, one thousand samples of bank customers drawn both from public and private sector banks were questioned with reference to a structured interview schedule. The collected primary data were subject to rigorous statistical analyses using SPSS 20 and necessary tables were formulated and their interpretations were made. Among the various null hypotheses formulated, many of them were rejected and only a few were accepted. The results proved that there is significant difference among bank customers in respect of public and private sector banks, urban and rural areas, male and female, age group, educational qualifications, occupations, monthly income, period of account holding with banks, etc. The bank customers are yet to be fully aware of and fully utilize all services of banking, especially e-banking in both rural and urban areas.

KEYWORDS: Customers, Dimensions of banking service, E-Services, Level of satisfaction, Public and Private sector banks, Urban and Rural areas.
INTRODUCTION

Banks play a role of considerable economic significance as intermediaries in mobilizing public savings and canalizing the flow of funds for productive purposes, keeping on the process of the economic growth of the country. Realizing the importance of the role of the banks in economic development, Government of India, Reserve Bank of India took several major initiatives after the country attained independence to gear the banking system to serve the national objective.

One of the most momentous of such initiatives was the substitution of private ownership by public ownership, through the medium of an ordinance of the 14 largest commercial banks in the private sector on 19th July 1969. This has popularly come to be known as nationalization of these banks without which it would not have been possible to transform the class banking into mass banking and align bank credit to serve the planned priorities and social needs. Branch expansion programme formulated by the Reserve Bank of India aimed at making available necessary banking facilities in all parts of the country specially the unbanked rural and semi-urban areas. This was perceived as essential for implementation of project for rural development and upliftment of economically weaker sections and also spreading the banking habit even in the remote areas of the country.

Banks assisted in the rehabilitation of sickly weak industrial units and in the prevention of unemployment, which would result from the closure of industrial units for want of credit measures thus mentioned substantially contributed to the canalizing of the bank credit to the various sectors of the economy which involved inter alia, flow of credit to sectors, which were hitherto neglected or the so called priority sectors.

An efficient financial sector is an engine for economic growth. It converts the fuel of savings into kinetic energy for the economy. The banking industry which is at the core of the financial sector must take the lead. The reform process started in the early 90s has given the industry a great opportunity. Not only must the sector become more efficient it must also identify sectors having growth opportunities and devise strategies to move savings into these sectors. In the world of services, Banking services assumes significance and importance in the proper utilization all other services. Banking services has changed a lot since its advent. Even though it has been modernised through Electronic banking, there is hectic competition among various Public and Private sector banks in both urban and rural areas.

LITERATURE REVIEW

A study on public and private sector banks and their study shows that quality gap between expectations of consumers and perceptions of service delivered is highest in public sector banks and lowest in private sector banks(using gap 5). Another study found out that public sector banks are better than private sector banks. Other studies and their findings are given below

Joseph M. et al (1999) - The study investigates role of technology on Australian banking sector and 300 customers were surveyed. The findings suggested that except from convenience/accuracy and efficiency e banking services did not match with importance rating specified by customers.
Lassar, et al (2000) - The study compared two models, that is, SERVQUAL and technical/functional quality model of technology using 65 bank customers using SERPERF SCALE. The findings revealed that technical/functional quality model was better than SERVQUAL because latter was lacking technical dimensions. 2 models were having distinct and unique strength for measuring service quality aspects.

Bahia, K and J Nantel (2000)- The paper suggested an alternative scale for measuring service quality in retail banking. The study developed a scale called as Banking Service Quality Scale which contained factors like effectiveness and assurance, access, price, tangibles, service portfolio and reliability. This model was found to be more reliable than SERVQUAL.

Jamal, A., Naser, K., 2002-The study examined key drivers of customer satisfaction using 167 customers and it was found that core and relational performances had impact on customer satisfaction and there was negative relationship between customer expertise and customer satisfaction.

Sureshchandar et al (2002) - The study examined relationship between service quality and customer satisfaction in Indian banking sector. These were found to be independent but closely related. Both constructs vary significantly in core services, human element, systematization of service delivery, tangibles and social responsibility.

Gani A,Mushtaq Bhatt(2003)-The study is conducted to do a comparative study of service quality of commercial banks and its dimensions in commercial banks. SERVQUAL is used and sample size was 800 customers. The study found out that CITI bank and Standard chartered bank are good in tangibility and in reliability also they are good. In responsiveness parameter Indian banks are inferior to foreign banks. In Assurance and empathy Indian banks are inferior.

Navdeep Aggarwal and Mohit Gupta (2003) - This study basically finds out the primary dimensions and sub dimensions of service quality. Informal structured interviews are conducted with branch managers and academicians to formulate a banking service quality model. The study found out that service time and personal interactions are very important along with ambience for service quality.

Zhou, L (2004)- The study analysed impact of service quality in banks on customer satisfaction in china’s retail banking and it was found out that reliability and assurance were the primary drivers of customer satisfaction. It was also found out that there were significant variations in expectations and perceptions in customers.

Arora S (2005) - This study analysed factors influencing customer satisfaction in public sector, private sector and foreign banks in northern India. 300 customers were given questionnaires which revealed that significant differences exist in customer satisfaction level of customers in each group of banks regarding routine operation and situational and interactive factors. Foreign banks were found to be the leaders in mechanization and automation.

Debashis and Mishra(2005)-The study analyzed and measured customer satisfaction in branch services provided by nationalized banks in northern India . 1200 customers were given
questionnaires and it was found out that computerization, accuracy in transactions, attitude of staff and availability of staff influenced customer satisfaction. Least important factor was promotion of the products and various schemes.

Mushtaq M Bhat (2005) - This study finds out service quality parameters in bank through SERVQUAL and influence of demographic variables. The study was limited to SBI, PNB, Jammu and Kashmir bank, Citi bank and Standard Chartered Grind lay’s bank. Sample size was 800 and study found out that foreign banks are better than Indian banks. SBI was found to be relatively poor on reliability and responsiveness. Banks in Delhi were comparatively better in service quality.

Alka Sharma, Varsha Mehta (2005) - The study focuses on service quality of four leading banks and their comparison.

Joshua A J, V Moli, P. Koshi (2005) - The study evaluated and compared service quality in old and new banks using sample size of 480. The study found out that customers were satisfied in reliability, empathy and price and for other parameters the difference between expectations and perceptions were smaller than public sector banks.

Mohammad et al (2005) - The study tries to develop a comprehensive model of banking automated service quality taking into consideration unique attributes of each delivery channel and other dimensions which influence service quality.

Raul and Ahmed (2005) - The study investigated customer service in public sector banks in 3 districts in Assam and it was found that customers were dissatisfied with the management, technology and interactive factors along with high service charges. Communication gap was the root cause of poor service and service was different in rural and urban sectors.

Sharma and Sharma (2006) - The study analysed customer delight in urban consumer banking. The study found out that customers were satisfied with loan facilities, bank environment, routine work procedures, location, interest rates etc and were dissatisfied with loan formalities and promotion through media.

NEED AND IMPORTANCE OF THE STUDY

In the era of modern and E-Banking, a study in depth, especially in semi-urban and rural areas is important in all aspects of banking. Hence a micro study covering all dimensions of banking in both Public and Private sector banks situated in urban as well as rural areas was felt and undertaken. The study attempted to find out whether the bank customers, especially in rural areas is fully aware and utilizing all the banking services, especially E-Banking.

STATEMENT OF THE RESEARCH PROBLEMS

In the context of the electronic and Internet banking, whether all the customers especially in rural areas are aware of these facilities in banking and to what extent the customers in rural and semi-urban areas use the traditional, technological and social aspects of banking. Whether the
customers in these areas are satisfied with different aspects of banking, if not what are the causes of deficiencies in banking services are to be explored.

OBJECTIVES OF THE STUDY

With reference to need and importance of study and statement of research problems, the following objectives were set for the study:

1. Whether different factors of socio-economic profiles affect customers’ satisfaction differently or not?
2. Whether the bank customers are satisfied with various aspects of bankers’ services in general and to make a comparative analysis of customer satisfaction between public and private sector banks.
3. Whether there is difference in satisfaction between urban and rural area bank customers in different dimensions of banking.
4. Whether customers are much influenced by e-banking services and whether they are fully utilizing such services.

HYPOTHESES OF THE STUDY

With reference to different objectives of the study, the following hypotheses were formulated for this study:

1. Ho: Different factors of socio-economic profiles do not affect customers’ satisfaction.
   Hal: Different factors of socio-economic profiles affect customers’ satisfaction.

2. Ho: Bank customers are satisfied with various aspects of Banking services in both Public and Private sector banks in India.
   Hal: Bank customers are not satisfied with various aspects of banking service in both Public and Private sector banks in India.

3. Ho: There is no significant difference in customers’ satisfaction between and Private sector banks in India.
   Hal: There is significant difference in customers’ satisfaction between Public and Private sector banks in India.

4. Ho: There is no significant difference in customers’ satisfaction between urban and rural area customers.
   Hal: There is significant difference in customers’ satisfaction between urban and rural area customers.
RESEARCH METHODOLOGY

For the purpose of study a structured interview schedule was prepared after consulting top bank officials, subject experts, statistical experts and some of customers. And the questionnaire was administered on a small sample of 50 customers selected on the basis of systematic random sampling. On the basis of this pilot study, the questionnaire was revised on the basis of ten variables of banking services on a five point likert scale. In view of the main study, a large sample of one thousand was targeted and selected from fifty branches of Public and Private Sector banks situated both in urban and rural areas. Among the Public sector banks in Villupuram District of Tamil Nadu, SBI, IB and IOB were chosen and from private sector banks in Villupuram District of Tamil Nadu, Lakshmi Vilas Bank Ltd, Karur Vysya Bank Ltd, and ICICI Bank were selected. For interviewing 1000 customers from 50 branches, the following method was adopted using Stratified Random Sampling:

\[ N = 100, \quad n = 50 \]

Proportional allocation has been done to select the number of branches from each stratum. In order to determine the number of branches, the following formula has been applied:

\[ n = \frac{n}{N} \times N \]

PUBLIC SECTOR BANKS

State Bank of India \( -n_1 = \frac{40}{80} \times 24 = 12 \) branches
Indian Bank \( -n_2 = \frac{40}{80} \times 45 = 22 \) branches
Indian Overseas Bank \( -n_3 = \frac{40}{80} \times 11 = 06 \) branches

PRIVATE SECTOR BANKS

Lakshmi Vilas Bank Ltd. \( -n_4 = \frac{10}{20} \times 9 = 05 \) branches
Karur Vysya Bank Ltd. \( -n_5 = \frac{10}{20} \times 7 = 03 \) branches
ICICI BANK \( -n_6 = \frac{10}{20} \times 4 = 02 \) branches

Judgment sampling has been used as the researcher has to use his prudence and judgement in identifying the sample respondents who would understand the questions in the correct perspective and answer them with patience. Using judgment sampling, 20 customers from each branch have been selected and the sample size work out to 1000.

The collected responses of the customers were coded in excel formats and they were subject to statistical analyses using SPSS 20. Both descriptive and inferential statistical tools necessary were applied and analyses carried out. The results are given in the form of tables and their interpretations.
4.3 INFERENTIAL ANALYSIS OF SAMPLE

Differences between two groups in the mean scores of variables which are studied using Student t test are discussed in this section. Also Chi-square test, Correlation Analysis and Regression analysis are used here to verify the hypotheses stated in the first chapter.

HYPOTHESIS I (i)

Null Hypothesis: There is no significant difference between male and female customers in respect of satisfaction of dimensions of Banking Service.

TABLE 1.1 T TEST FOR SIGNIFICANT DIFFERENCE BETWEEN MALE AND FEMALE CUSTOMERS IN RESPECT OF SATISFACTION OF DIMENSIONS OF BANKING SERVICE

<table>
<thead>
<tr>
<th>Dimension of Banking Service</th>
<th>Gender</th>
<th></th>
<th></th>
<th>t value</th>
<th>P value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Male</td>
<td>Female</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mean</td>
<td>SD</td>
<td>Mean</td>
<td>SD</td>
</tr>
<tr>
<td>Tangibles</td>
<td></td>
<td>26.47</td>
<td>4.59</td>
<td>25.41</td>
<td>5.42</td>
</tr>
<tr>
<td>Deposit Schemes</td>
<td></td>
<td>14.56</td>
<td>3.17</td>
<td>13.86</td>
<td>3.32</td>
</tr>
<tr>
<td>Credit Facility and Interest Rate</td>
<td></td>
<td>27.41</td>
<td>5.27</td>
<td>26.10</td>
<td>6.16</td>
</tr>
<tr>
<td>Technology</td>
<td></td>
<td>25.42</td>
<td>6.95</td>
<td>24.92</td>
<td>7.94</td>
</tr>
<tr>
<td>Corporate Social Responsibility</td>
<td></td>
<td>15.55</td>
<td>4.41</td>
<td>14.85</td>
<td>5.17</td>
</tr>
<tr>
<td>Employee Behavior</td>
<td></td>
<td>13.41</td>
<td>3.11</td>
<td>13.01</td>
<td>3.47</td>
</tr>
<tr>
<td>Agency Services</td>
<td></td>
<td>22.18</td>
<td>4.54</td>
<td>20.73</td>
<td>5.30</td>
</tr>
<tr>
<td>General Utility Services</td>
<td></td>
<td>24.39</td>
<td>5.91</td>
<td>21.86</td>
<td>7.17</td>
</tr>
<tr>
<td>Service Quality</td>
<td></td>
<td>15.84</td>
<td>3.78</td>
<td>15.07</td>
<td>4.65</td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td></td>
<td>21.66</td>
<td>3.21</td>
<td>20.63</td>
<td>4.36</td>
</tr>
</tbody>
</table>

Source: Primary Data from bank customers
Table 1.1 shows Mean, SD, t value and P value of comparative customer satisfaction between male and female bank customers in Villupuram district of Tamil Nadu. Since P value is less than 0.01, the null hypothesis is rejected at 1% level with respect to Tangibles, Deposit schemes, Credit facility and Interest rate, Agency services, General Utility Services, Customer satisfaction. Hence there is significant difference between male and female customers with regard to Tangibles, Deposit schemes, Credit facility and Interest rate, Agency services, General Utility Services, Customer satisfaction.

The table 1.1 also shows that based on the mean scores, the male bank customers are more satisfied than female bank customers. It is owing to the fact that male bank customers are more observing, interacting and availing of all dimensions of banking services. The table 1.1 also reveals that there is significant difference between male and female bank customers with regard to variables of Corporate Social Responsibility and Service Quality. Since P value is less than 0.05 in these variables, the null hypothesis is rejected at 5% level.

The table 1.1 also reveals that there is no significant difference between male and female bank customers in respect of Technology and Employee behaviour, since P value is greater than 0.05, the null hypothesis is accepted with regard to those variables. The mean scores of male customers is slightly more than female customers in those variables, but not significant at 5% level.

**HYPOTHESES I (II)**

**NULL HYPOTHESIS:** There is no significant difference among age group of customers in respect of satisfaction of dimensions of banking service.
1.2 ONE WAY ANOVA TEST FOR SIGNIFICANT DIFFERENCE AMONG AGE GROUP OF CUSTOMERS IN RESPECT OF SATISFACTION OF DIMENSIONS OF BANKING SERVICE

<table>
<thead>
<tr>
<th>Dimension of banking service</th>
<th>Age Group in years</th>
<th>F value</th>
<th>P value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Below 35</td>
<td>35-40</td>
<td>40-45</td>
</tr>
<tr>
<td>Tangibles</td>
<td>25.43&lt;sup&gt;a&lt;/sup&gt; (4.99)</td>
<td>25.93&lt;sup&gt;a&lt;/sup&gt; (4.62)</td>
<td>26.88&lt;sup&gt;b&lt;/sup&gt; (4.64)</td>
</tr>
<tr>
<td>Deposit Schemes</td>
<td>13.86&lt;sup&gt;a&lt;/sup&gt; (3.26)</td>
<td>14.11&lt;sup&gt;a&lt;/sup&gt; (3.10)</td>
<td>15.03&lt;sup&gt;b&lt;/sup&gt; (3.19)</td>
</tr>
<tr>
<td>Credit Facility and Interest Rate</td>
<td>25.95&lt;sup&gt;a&lt;/sup&gt; (6.03)</td>
<td>27.23&lt;sup&gt;b&lt;/sup&gt; (5.44)</td>
<td>28.07&lt;sup&gt;b&lt;/sup&gt; (5.09)</td>
</tr>
<tr>
<td>Technology</td>
<td>24.86 (7.39)</td>
<td>24.83 (6.79)</td>
<td>26.24 (7.18)</td>
</tr>
<tr>
<td>Corporate Social Responsibility</td>
<td>14.60&lt;sup&gt;a&lt;/sup&gt; (4.75)</td>
<td>15.14&lt;sup&gt;ab&lt;/sup&gt; (4.32)</td>
<td>16.19&lt;sup&gt;c&lt;/sup&gt; (4.46)</td>
</tr>
<tr>
<td>Employee Behaviour</td>
<td>12.89&lt;sup&gt;a&lt;/sup&gt; (3.26)</td>
<td>13.04&lt;sup&gt;a&lt;/sup&gt; (2.98)</td>
<td>13.78&lt;sup&gt;b&lt;/sup&gt; (3.10)</td>
</tr>
<tr>
<td>Agency Services</td>
<td>21.47 (5.35)</td>
<td>21.51 (4.78)</td>
<td>22.36 (4.24)</td>
</tr>
<tr>
<td>General Utility Services</td>
<td>22.94&lt;sup&gt;a&lt;/sup&gt; (7.22)</td>
<td>23.24&lt;sup&gt;a&lt;/sup&gt; (6.24)</td>
<td>25.02&lt;sup&gt;b&lt;/sup&gt; (5.18)</td>
</tr>
<tr>
<td>Service Quality</td>
<td>14.80&lt;sup&gt;a&lt;/sup&gt; (4.42)</td>
<td>15.30&lt;sup&gt;a&lt;/sup&gt; (3.74)</td>
<td>16.30&lt;sup&gt;b&lt;/sup&gt; (3.53)</td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td>20.33&lt;sup&gt;a&lt;/sup&gt; (4.16)</td>
<td>21.32&lt;sup&gt;b&lt;/sup&gt; (3.05)</td>
<td>22.02&lt;sup&gt;c&lt;/sup&gt; (3.03)</td>
</tr>
</tbody>
</table>

Source: Primary Data from bank customers
Note: 1. The value within brackets refers to SD

2. ** Denotes significant at 1% level

3. * Denotes significant at 5% level

4. Different alphabets between age group denotes significant at 5% level using Duncan Multiple Range Test (DMRT)

Table 1.2 shows Mean, SD, F and P values. Since P value is less than 0.01, the null hypothesis is rejected at 1% level with regard to Tangibles, Deposit schemes, Credit facility and Interest rate, Corporate Social Responsibility, Employee behaviour, General Utility Services, Service Quality. Hence there is significant difference between age groups and dimension of banking service in customer satisfaction with regard to above said variables of Banking Service.

Based on Duncan Multiple Range Test, the mean of age group below 35 and 35-40 significantly differ with the mean of age group 40-45 and above 45 in respect of Tangibles, Deposit Schemes, Employee Behaviour, General Utility Services, and Service Quality at 1% level. In the variable Credit Facility and Interest rate, age group below 35 significantly differ with other age group. In the variable Corporate Social Responsibility, the age group 40-45 significantly differ with the age group below 35 and 35-40. In the variable Customer Satisfaction, the age group below 35 and 35-40, significantly differ with other age groups.

There is no significant difference between age groups regarding the variables Technology and Agency Services, since the P value is greater than 0.05, the null hypothesis is accepted with regard to the above mentioned variables. The mean scores of age groups as to variables Technology and Agency Services slightly differ with one another but not significant at 5% level.

**HYPOTHESIS II**

**NULL HYPOTHESIS:** Bank customers are satisfied with various aspects of banking services in both Public and Private sector banks in India.

Table 1.3 shows the descriptive statistics like aggregate Mean of each Dimension of Banking Service, Mean of variables in each dimension and Standard deviation of customer responses of the study regarding different dimensions of Banking Service. The Mean of variables in each dimension of banking service above 2.5 reveals the customers satisfaction under 5 point Likert Scale of questionnaire.
Table 1.3 shows that the mean value of variables under the heading Tangibles in banking service is 3.28. It reveals that customers are satisfied with Infrastructure facilities of Banks, as the mean is above the average score of 2.5 under 5 point Likert scale. The mean of variables under Deposit schemes is 3.60 which are more than the average mean score of 2.5. It reveals that the customers are satisfied with Deposit Schemes of banks. The mean of variables under Credit Facility and Interest Rate is 3.39 shows that the customers are satisfied with such facilities of the banks.

The mean of variables in Technology is 3.17 which reveal that the customers are much satisfied with Technological facilities of banks. The mean of variables under Corporate Social Responsibility of banks is 3.08 which brings out that the customers are satisfied about this...
dimension of banking service. The mean of variables under Employee Behaviour is 3.33 which show that the customers are much satisfied about Employee Behaviour of Banks. The mean of variables under Service Quality is 3.14 which evidence that the customers are well satisfied regarding Service Quality of banks.

The mean of variables under Customer Satisfaction is 3.57 which prove that the customers are much satisfied in respect of this variable. The customers are well satisfied with Agency services of Banks whose mean value of its variables is 3.65. The customers are much satisfied about General Utility Services of banks when its mean value of variables is 3.87. With respect of E-Banking services also, the customers are well satisfied whose overall mean value of its 16 variables is 3.57. Hence from all the above analysis, it is proved that the null hypothesis ‘Bank customers are satisfied with various services rendered by banks in general’ is accepted.

HYPOTHESIS III

NULL HYPOTHESIS: There is no significant difference between Public and Private sector banks in respect of satisfaction of dimensions of Banking service.

1.4 T TEST FOR SIGNIFICANT DIFFERENCE BETWEEN PUBLIC AND PRIVATE SECTOR BANKS IN RESPECT OF SATISFACTION OF DIMENSIONS OF BANKING SERVICE

<table>
<thead>
<tr>
<th>Dimension of banking service</th>
<th>Sector of Bank</th>
<th>t value</th>
<th>P value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Public sector</td>
<td>Private sector</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Mean</td>
<td>SD</td>
<td>Mean</td>
</tr>
<tr>
<td>Tangibles</td>
<td>25.79</td>
<td>4.57</td>
<td>28.10</td>
</tr>
<tr>
<td>Deposit Schemes</td>
<td>14.14</td>
<td>3.16</td>
<td>15.50</td>
</tr>
<tr>
<td>Credit Facility and Interest Rate</td>
<td>26.88</td>
<td>5.51</td>
<td>28.19</td>
</tr>
<tr>
<td>Technology</td>
<td>24.99</td>
<td>6.81</td>
<td>26.63</td>
</tr>
<tr>
<td>Corporate Social Responsibility</td>
<td>15.03</td>
<td>4.30</td>
<td>16.89</td>
</tr>
<tr>
<td>Employee Behaviour</td>
<td>13.09</td>
<td>3.14</td>
<td>14.27</td>
</tr>
<tr>
<td>Agency Services</td>
<td>21.81</td>
<td>4.77</td>
<td>22.16</td>
</tr>
<tr>
<td>General Utility Services</td>
<td>23.61</td>
<td>6.25</td>
<td>24.89</td>
</tr>
<tr>
<td>Service Quality</td>
<td>15.42</td>
<td>3.81</td>
<td>16.75</td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td>21.01</td>
<td>3.38</td>
<td>23.20</td>
</tr>
</tbody>
</table>

Source: Primary Data from bank customers  Note: 1 ** Denotes significant at 1% level
Table 1.4 shows that since P value is less than 0.01, the null hypothesis is rejected at 1% level with respect of Tangibles, Deposit Schemes, Credit Facility and Interest rate, Technology, Corporate Social Responsibility, Employee Behaviour, General Utility Services, Service Quality, Customer Satisfaction. Hence there is significant difference between Public and Private sector Banks as to the above mentioned variables. Based on the mean scores, the Private sector bank customers are more satisfied than Public sector bank customers with regard to all except one dimensions of banking service studied. It is because of the facts that Private sector banks are providing better infrastructural facilities, contact their customers personally, offer comparatively better interest on deposits, offer better information technological facilities, intimate and more friendly relationship with customers, instant resolving of their customers problems, etc.

Table 1.4 also shows that there is no significant difference between Public and Private sector banks, since the P value is greater than 0.05, the null hypothesis is accepted at 5% level in respect of Agency Services of bankers. The mean score of Private sector bank customers in respect of Agency services is slightly more than Public sector bank customers, but not significant at 5% level.

**HYPOTHESIS IV**

**NULL HYPOTHESIS:** There is no significant difference between Rural and Urban area customers with regard to satisfaction of dimension of Banking services.

**1.5 T TEST FOR SIGNIFICANT DIFFERENCE BETWEEN RURAL AND URBAN AREAS WITH REGARD TO SATISFACTION OF DIMENSION OF BANKING SERVICES**

<table>
<thead>
<tr>
<th>Dimension of banking service</th>
<th>Residence</th>
<th>t value</th>
<th>P value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rural</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Urban</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mean</td>
<td>SD</td>
<td>Mean</td>
<td>SD</td>
</tr>
<tr>
<td>Tangibles</td>
<td>25.80</td>
<td>4.89</td>
<td>26.70</td>
</tr>
<tr>
<td>Deposit Schemes</td>
<td>14.19</td>
<td>3.23</td>
<td>14.63</td>
</tr>
<tr>
<td>Credit Facility and Interest Rate</td>
<td>26.58</td>
<td>5.75</td>
<td>27.68</td>
</tr>
<tr>
<td>Technology</td>
<td>24.58</td>
<td>7.27</td>
<td>26.04</td>
</tr>
<tr>
<td>Corporate Social Responsibility</td>
<td>14.91</td>
<td>4.72</td>
<td>15.88</td>
</tr>
<tr>
<td>Employee Behavior</td>
<td>12.99</td>
<td>3.21</td>
<td>13.65</td>
</tr>
</tbody>
</table>
Table 1.5 shows that since P value is less than 0.01, the null hypothesis is rejected at 1% level with respect to Tangibles, Credit facility and Interest rate, Technology, Corporate Social Responsibility, Employee behaviour, Agency services, General Utility Services, Customer satisfaction. Hence there is significant difference between Rural and Urban Bank branches in respect of above said variables of banking service. Based on mean scores, the urban bank customers are more satisfied with regard to studied dimensions of banking service. It is due to the fact that urban bank customers are fully observing and utilizing all dimensions of banking service.

Table 1.5 also shows that since P value is less than 0.05, the null hypothesis is rejected at 5% level with regard to Deposit schemes. Hence there is significant difference between Rural and Urban bank customers with regard to Deposit schemes of banks. Based on the mean scores, the urban bank customers are more satisfied than rural bank customers. It is owing to the fact that urban bank customers are fully utilizing the different Deposit Schemes of banks.

Table 1.5 also brings out that there is no significant difference between Urban and Rural bank customers in regard to Service quality of banking service since the P value is greater than 0.05, the null hypothesis is accepted. The mean score of Urban bank customers is slightly more than their Rural counterparts as to Service Quality, but not significant at 5% level.

**FINDINGS OF THE STUDY**

With reference to the objectives and different hypotheses set for the study, the following findings are made:

1. Demographic factors of customers such as Gender, Age Group, Educational qualifications, Occupations, Monthly Income, place of Residence, period of Account holding, etc. significantly affect customer satisfaction about different banking services.

2. Customers are well satisfied with different dimensions of banking service since Arithmetic Mean of their responses recorded through 5 point Likert Scale of questionnaire is much above average Arithmetic Mean of 2.5.
3. There is significant difference between Public and Private sector customers in the satisfaction of different dimensions of banking service. Based on the mean scores, the Private sector bank customers are more satisfied than Public sector bank customers with regard to ten except one dimensions of banking service studied. It is because of the facts that Private sector banks are providing better infrastructural facilities, contact their customers personally, offer comparatively better interest on deposits, easily and quickly sanction loans, offer advanced information technological facilities, maintain intimate and more friendly relationship with customers and instant resolving of their customers problems, etc.

4. There is significant difference between customers of Rural and Urban Bank branches in respect of studied dimensions of Banking service, such as Tangibles, Deposit Schemes, Credit Facility and Interest Rate, Employee Behaviour, etc. Based on mean scores, the urban bank customers are more satisfied with regard to studied dimensions of banking service. It is due to the fact that urban bank customers are more interested, fully observing and utilizing all dimensions of banking service.

RECOMMENDATIONS OF THE STUDY

With reference to the findings and observations of this study, the following recommendations are made to the Banking authorities concerned:

1. The Banks should allot separate staff in their branches for ill informed and ignorant customers especially in rural areas for helping them fill up different forms, fulfil bank formalities for various facilities and motivate customers to be aware and fully utilize latest E-Banking facilities.

2. The Bank staff and Managers should kindly and whole heartedly inform customers about latest changes in banks procedures and formalities, about advanced E-Banking facilities without any hesitation and mockery.

3. Both the Public and Private sector Banks should provide adequate and satisfactory parking facilities for the vehicles of their customers.

4. Both the Public and Private sector Banks should improve their infrastructural facilities, such as, spacious building, proper ventilation and lighting, adequate seating facilities, adequate writing facilities, adequate forms and stationeries, adequate staff with computer training, adequate number of counters, etc.

5. Customers of both Public and Private sector banks should be encouraged to fully utilize latest Agency and General Utility Services of Banks especially, cheque writing and collection, bill payments on standing instructions, portfolio management, insurance by banks, bank lockers, credit and trade reference, mutual funds by banks, merchant banking services, etc. in both semi-urban and rural areas.
6. The Public sector banks on par with Private sector banks should offer attractive interest on deposits, process loan applications easily and quickly, maintain cordial relationship, instantly solve their customers’ problems, etc.

CONCLUSIONS

In the era of electronic and net banking, the researcher desired to ascertain the reaction and responses of customers and their satisfaction in various dimensions of banking service especially in semi-urban and rural areas of an educationally and economically backward district like Villupuram of Tamil Nadu. It has been found that bank customers in semi-urban and rural areas lack information and under utilize many of the banking services. About many of the e-banking, agency and general utility services, large number of customers are ignorant and never utilize such services.

LIMITATIONS OF RESEARCH

The research covered only major commercial banks and not every commercial bank and cooperative banks and the study covered only selected urban and rural areas of Villupuram district of Tamil Nadu.

SCOPE FOR FURTHER RESEARCH

There is scope for including cooperative banks to ascertain customer satisfaction and extending the areas of research to the rest of semi-urban and rural areas of Tamil Nadu and India.

REFERENCES


Bhatt, A. (1990), Study of Marketing Research in Banking, NIBM Pune, 5


