



A COMPARATIVE STUDY BETWEEN PUBLIC AND PRIVATE SECTOR BANKS

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ABSTRACT:

Private Sector banks adopt modern technology to provide banking facilities to customers. Public sector banks face difficulties to deliver banking services properly due to various factors such as poor infrastructure, inadequate knowledge of employees about modern technology, security threat etc. Many people avoid private sector banks due to high bank charges. Private sector banks have very few branch in villages as they provide banking facilities mostly to urban people. Many people rely on public sector banks more than private sector banks. The main objective of public sector banks is to develop the economy of the country. Public sector banks provide banking services to the rural masses. The work culture of private sector banks is very satisfactory. Many employees of public sector banks are not aware about advance technology. The work culture of public sector banks should be developed so that they can fulfill the expectations of customers. Customer satisfaction depends on various factors such as accessibility, cost, security etc. Banks emphasize on service quality to increase the level of customer satisfaction. Private sector banks provide better internet banking services to customers than public sector banks. The study is based on both primary and secondary data. In this paper, an attempt has been made to compare between public sector banks and private sector banks from various aspects.

KEYWORDS:

BANK, CUSTOMER, PUBLIC SECTOR BANKS, PRIVATE SECTOR BANKS.

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I. INTRODUCTION

Private sector banks adopt modern technologies to increase customer satisfaction and customer loyalty. Private sector banks emphasize to increase the efficiency of their employees so that they can provide better banking facilities to customers. Customer satisfaction plays significant role behind customer retention in both private sector banks and public sector banks. Many employees of public sector banks have inadequate knowledge about modern technologies. Urban people can avail the banking facilities very easily but rural people face difficulties to avail banking services due to poor infrastructure of banks, inadequate number of bank branches, poor internet service etc. Private sector banks have very few branches in rural areas. Rural masses depends on public sector banks to avail banking services. Public sector banks deliver services to both urban customers and rural customers whereas private sector banks deliver banking facilities mostly to urban customers. Private sector banks focus on profitability more than public sector banks. Public sector banks should take necessary steps to compete with public sector banks. The objective of the study is to compare

between public sector banks and private sector banks from various aspects.

II. LITERATURE REVIEW

Banks need to analyze customer reviews to improve their products and services. Banks should ensure that the digital communication they develop and provide are informative, upto date and transparent. Banks should use digital communications to alert customers regarding fraud (Sharp et al., 2024). The role of Indian banking industry is remarkable regarding credit expansion, lower incidence of non-performing assets, financial inclusion etc. The performance of banks is very significant over the past decade (Kapparashetty, 2020). E-banking is also known as net banking or internet banking. The development of e-banking industry is remarkable in India (Yuvaraj et al., 2023). In commercial banks, the term working conditions signifies working environment and various matters affecting labour in work place such as legal rights and responsibilities, job hours and workload (Adah et al., 2020). Banking industry is facing several challenges that put its profitability at risk (Svoboda, 2023). Indian

banking sector is changing due to financial liberalization, technological innovation and regulatory changes in corporate sector (Sreenivasamurthy, 2022). Customer satisfaction depends on the fulfillment of customer expectations (Ghimire and Agarwal, 2024). The role of banks is very important in the development of Indian economy (Kamboj et al., 2022). Banking system plays significant role in capital allocation and economic development. Uncertainty in the banking system may damage economic growth (Huang et al., 2023). Banking sector is the backbone of financial system. The prosperity of a country depends on the expansion of banking sector. Banks provide loans to many sectors of the economy (Rehman and Lakshmi, 2024). Training inculcate a sense of responsibility in employees. Training inspires employees of banking sector to become more dedicated to their work (Takeed et al., 2024). E-banking has brought remarkable changes in banking industry. E-banking has significant impact on service quality (Subedi and Adhikari, 2024). Internal control plays very significant role in banking industry to prevent fraud (Samuel et al., 2024). Banks play essential role in the development of economy of developing countries (Goud, 2021). Private sector banks in India including Axis bank, ICICI bank and HDFC bank are able to grow due to liberalization of banking sector (Roy et al., 2023). A bank is a financial institution that provides banking services such as disbursing loans and receiving deposits (Singh, 2023). Banks should modernize their functionality to retain their customers in competitive and dynamic environment (Padhy, 2023). The future of banks is under threat due to the change in customer needs (Jhumb, 2022). Online banking is replacing traditional banking as it provides banking services to customers round the clock (Kavitha, 2024). Banking sector is changing due to economic reforms (Purbey, 2020). Indian banking sector is modifying with the advancement of the technology (Sah, 2024).

III. METHODOLOGY AND DATA ANALYSIS

The infrastructure of private sector banks is better than public sector banks. Private sector banks have very few branches in villages. The study is based on primary data. Primary data has been collected from the state of West Bengal. The sample size of the study is 200. 64% of the respondents are male and 36% of the respondents are female. 32% of the respondents are between the age of 20-30 years. 27% of the respondents are between the age of 30-40 years. 21% of the respondents are between the age of 40-50 years. 14% of the respondents are between the age of 50-60 years. 6% of the respondents are above years of age. 28% of the respondents have studied upto class twelve. 63% of the respondents are graduates. 9% of the respondents are post graduates. 3% of the respondents are employed in public sector organizations. 46% of the respondents are employed in private sector organizations. 27% of the respondents are businessmen. 18% of the respondents are self employed. 6% of the respondents are unemployed. 58% of the respondents live in urban areas. 42% of the respondents live in rural areas. 72% of the

respondents agree that the employees of private sector banks are more active than the employees of public sector banks. 81% of the respondents agree that the work culture of private sector banks is better than public sector banks. 62% of the respondents agree that online banking services of private sector banks are better than public sector banks. 74% of the respondents agree that public sector banks are more reliable than private sector banks. 87% of the respondents agree that the cost of banking of public sector banks is less than private sector banks. 91% of the respondents agree that private sector banks have inadequate number of bank branches in rural areas. 52% of the respondents agree that the employees of public sector banks are not aware about modern technologies. 67% of the respondents agree that private sector banks adopt better technologies than public sector banks. 89% of the respondents agree that the contribution of public sector banks towards rural development is more than private sector banks. 66% of the respondents agree that the automated teller machine facilities of private sector banks are better than public sector banks. 82% of the respondents agree that private sector banks are more aware about customer satisfaction than public sector banks.

IV. CONCLUSION

The employees of public sector banks should be properly trained. Training enables the employees to deliver banking facilities properly to the customers. Both public sector banks and private sector banks should provide banking facilities properly to rural masses. The number of bank branches of private sector banks must be increased in rural areas. Banks should take proper steps to increase banking habits among rural masses. The work culture of private sector banks is much better than public sector banks. Banks emphasize on internet banking services to increase the level of customer satisfaction. The online banking facilities of private sector banks are better than public sector banks. Many people depend on public sector banks more than private sector banks. The bank charges of private sector banks are more than public sector banks. Private sector banks adopt modern technologies more than public sector banks. The contribution of private sector banks towards the economy of rural India is less than public sector banks. Private sector banks emphasize on customer satisfaction more than public sector banks.

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