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Customer Preferences for Banking Products between Private and Public Sector Banks in Chennai City

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Abstract

The reform process initiated in the banking sector in the country has brought in the New Age private banks, which are quite aggressive in their operation. They are now playing a crucial role in attracting deposits from the customers, providing advances to various sections of society and thereby giving a tough competition to the public sector banks (PSBs) not only in terms of quantity, but also in terms of quality. The private sector banks have brought in many new products like credit cards, debit cards. ATMs, internet banking etc. The PSBs have been forced to extend these facilities, which they are struggling to do, since decision making takes time. Private sector banks have also extending facilities like share trading, commodity trading, saving and current accounts and term deposits with new features. This has led to the situation, where the customers now opine that the private sector banks are aggressive and more tech savvy in their operations in attracting customers and in providing more and newer products to them, while the PSBs are less efficient and not quite forthcoming in extending new facilities to their customers. However, there is also a general opinion that the public sector banks are more secured compared to the private sector banks, since the former are backed directly by the Government, which provides a lot of satisfaction to their customers. The PSBs score over the private sector banks on one count, while the later score over the former on another count. This calls for a close scrutiny from the view point of customers regarding their preferences for the saving and investment products provided by the banks that belong to the two sectors with the help of primary data, which is the basic thrust of the present study.

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Introduction

Capital formation is the foremost requisite for development in any country and especially so in a developing country.

People need to channelize their surplus income into saving products, which can be then converted into investment with the help of banks. When banks offer handsome interest on savings, people can be induced to direct their savings from wasteful activities to banks, moreover the Government of India has now undertaken many measures including better financial inclusion for the economic reconstruction of the country. Banks can generate an adequate volume of credit and supply it along useful productive channels.

Banking System in India

The banking system plays an important role in the economic development of any country. It comprises of the banking institutions functioning in the country and it includes from the central bank to all banking institutions which are functioning and providing financial facilities to any developmental sector like agriculture, industries, trade, etc. Under the Indian banking structure, central bank in the name of the Reserve Bank of India (RBI) regulates, directs and controls the banking institutions. Separate institutions are functioning to meet the financial requirement of different sectors of the economy.

Competition in the Banking Sector

After the reform process has been initiated in the banking sector, many new private banks have been entered, which are being called as New Age – Tech Savvy Banks along with the foreign banks. This has clearly increased the level of competition in the commercial banking segment of the banking sector in the country. Though private banks have been in operation even before 1991, the arrival of new age banks have considerably altered the picture. The public sector commercial banks which did not face any serious competition in the pre – 1991 period, now compelled to pull up their socks to compete with the new private banks. These New Age Tech Savvy banks are quite aggressive in introducing the new banking products, better service delivery and also customer sastisfaction.

Significance of the Problem

The reform process initiated in the banking sector in the country has brought in the New Age private banks, which are quite aggressive in their operation. They are now playing a crucial role in attracting deposits from the customers, providing advances to various sections of society and thereby giving a tough competition to the public sector banks (PSBs) not only in terms of quantity, but also in terms of quality. The private sector banks have brought in many new products like credit cards, debit cards. ATMs, internet banking etc. The PSBs have been forced to extend these facilities, which they are struggling to do, since decision making takes time. Private sector banks have also extending facilities like share trading, commodity trading, saving and current accounts and term deposits with new features. This has led to the situation, where the customers now opine that the private sector banks are aggressive and more tech savvy in their operations in attracting customers and in providing more and newer products to them, while the PSBs are less efficient and not quite forthcoming in extending new facilities to their customers. However, there is also a general opinion that the public sector banks are more secured compared to the private sector banks, since the former are backed directly by the Government, which provides a lot of satisfaction to their customers. The PSBs score over the private sector banks on one count, while the later score over the former on another count. This calls for a close scrutiny from the view point of customers regarding their preferences for the saving and investment products provided by the banks that belong to the two sectors with the help of primary data, which is the basic thrust of the present study.

Objectives of the Study

To analyse the expansion of the sample banks from the two sectors in India.

To analyse the products and services used by the respondents from the selected banks in the study area.

To examine the preferences for the banking products by the sample respondents.

Methodology of the Study

The main aim of this study is to examine the customer's preferences for the various banking products being offered by public and private sector banks in Chennai city. For this purpose, three major public sector banks, viz., State Bank of India (SBI), Punjab National Bank (PNB) and Bank of Baroda (BoB) have been selected, and from the private sector, ICICI Bank, HDFC Bank, and Axis Bank, have been selected as the sample private banks. The extent of expansion of the public and the private sector banks in general and that of the six sample banks at the All-India level have been examined with the help of secondary data during the period 2000 – 01 to 2014 - 15. The choice of the customers for the banking products provided by the public and private sector banks have been gathered through a field survey.

Sampling Design

The sampling technique used in this study is multi – stage purposive sampling method. To begin with, Chennai city has been purposively selected since all major public and private sector banks operate in this city and they provide all products and services. In the next stage, Adayar has been selected as the study area, since it is one of the highly developed areas, both residential and business term wise. The selected bank branches each have more than 30,000 customers, though some of them operate their account vary rarely. Hence, it was difficult to determine the exact number of active accounts in each and so, a proportionate sampling technique could not be attempted. Thus a total of 300 customers each from the Public and private sector banks have been selected as the sample respondents and hence, a total of 600 respondents form the sample size of the present study.

Analytical Tools Used In the Study

The following statistical tools have been used in this study in order to analyse the secondary and primary data: ratio analysis, charts and diagrams, summary statistics.

According to Athukorala and Jayasuriya (1994) (1), individual's willingness to take financial risk is an important factor in investment. Some are more security motivated than others. Their security motivation is seen in all phases of life, but is particularly apparent regarding financial risk. Some are more risk oriented than others. Their risk tolerance is seen in all phases of life, but it is particularly apparent regarding financial risk.

King and Levine (1994) (2), noted that savings become investment particularly among those who earn sufficiently higher. They expect some return from their savings and thus, invest in such assets like bank or post office deposits, and others. However, investment in land, which involves huge amount, cannot take place among all the households.

Jha *et al.*, (2009) (3), Opined that after financial liberalization, with more efficient financial intermediation, greater opportunities for diversification across financial assets and market related returns, financial savings has gained increasing importance. Within financial assets, there has been a change in the preference of saving instrument in recent years.

Jain (2011) (4), examined the preferences made by investors among various saving and investment products in Gujarat and found that there is a significant relationship between the level of education and the nature of products opted by investors, since those with less education opted for the traditional products like chit funds, private finance, gold and silver, while those with higher education opted for modern products like pension funds, mutual funds, Government investment bonds and also share market.

The table indicates that the number of commercial banks in India has gone up quite considerably from 89 in 1969, at the time of nationalization of banks to 222 in 2006, a rise of around 150% cumulatively during the four decades period. However, since then the number of commercial banks has declined continuously to 151 in 2014, a decline by 32% in just eight years. The growth in the number of scheduled commercial banks too has witnessed a similar pattern, as its number has gone up from 73 to 218 between 1969 and 2006, but has come down to 146 in 2014. The number of regional rural banks has decreased quite markedly from 133 to 57 in the last eight years, witnessing a decline of 57%, which underscores the fact that growing urbanization has been reducing the necessity of rural banks in the country.

The number of bank branches has grown quite tremendously from 8262 in 1969 to 69471, a growth of more than 740% for a period of four decades, signifying the importance and success of nationalization of banks, which had a main objective of increasing the rural spread of the banking activities. The number of branches has gone further up to 1,17,280 in 2014, a growth of more than 68% in eight years. Hence though the number of commercial banks has come down in the last eight years, the number of bank branches has gone up in the same period.

Deposit mobilized by the commercial banks has grown from Rs.46 billion in 1969 to Rs.21090 billion in 2006, which has produced a seven percent growth per annum over the period, while it has gone up to Rs.79,134 billion in 2014, which indicates a growth of 3.4% per annum over the period.

Thus, the deposit mobilized per bank branch has moved up from Rs.5.6 million in 1969 to Rs.674.70 million in 2014. The credit extended by the commercial banks has increased from Rs.36 billion in 1969 to Rs.61,390 billion in 2014, which is 46% growth per annual over the period. The contribution of the commercial banks can further be understood when it is noted that the deposits gathered by them as percentage of national income has gone up from 15.5% in 1969 to 86.3% in 2014, while the share of priority sector lending by the commercial banks has also moved up from 15% to 35.7% in the same period. This brings out the fact that the commercial banks have grown over the period quite remarkably and their contribution to the economy in terms of deposit mobilization, lending in general and also to the priority sector has also been quite significant.

It is observed from the table that the Market share of the selected banks in terms of their deposits indicates that the highest share is held by SBI with 17.6% which is followed by 7.2% in case of BoB and 5.7% in the case of Punjab National Bank. However, in the case of private sector banks, none of them could reach more than 5% market share, as 4.6% for HDFC Bank, 4.2% for Axis Bank and 3.5% for ICICI Bank. This suggests that the three PSB's jointly account for 30.5% of the total market share in terms of their deposits. The net interest margin (NIM) earned by the banks is an important indicator in understanding their capacity, since banks are now allowed to fix their own rate of interest for both deposits and lending. The table shows that the Tier I capital adequacy ratio is quite higher in the case of the private sector banks compared to that of the public sector banks. All the public sector bans have a ratio of less than 10%, while it is 14.1% in the case of ICICI Bank, 13.5% for HDFC Bank and 10.2% for Axis Bank. This is not surprising given the fact that public sector banks depend on the Government to strengthen their capital adequacy, while it is not so in the case of the private sector banks. This makes the latter to be much safer in terms of their capital adequacy as mandated by the RBI.

Preferences For The Products & Services Used By The Respondents

The sample respondents make use of various products and services that are provided by the selected banks in the study area. All banks provide almost all products and services, though not all of them are used by all customers. Moreover, the extent of preferences for the products and services also stem from the level of satisfaction and safety enjoyed by the customers from the same. Thus, it is quite important to understand the nature of products and services being used by the respondents, which is done in this section. Table 3 presents the sector wise preferences of the respondents for the products and services used by them.

It is inferred from the table that a total of 133 respondents prefer using mobile banking, which consists of 41 (30.8 per cent) from the public sector banks and 92 (69.2 per cent) from the private sector banks. Thus, the use of mobile banking is more among the respondents who hold their accounts in the private sector banks than in the case of the public sector banks, since the former feel more secure and safe in carrying out their banking transactions through their mobile phone and it also offers a hassle free service. A total of 239 respondents make use of net banking which include 84 (35.1 per cent) belonging to the public sector banks and 155 respondents (64.9 per cent) from the private sector banks, which again reiterates the fact that the use of technology based mode of banking is higher among the respondents who are associated with the private sector banks than in the case of public sector banks.

This underscores the technological advancement of the private sector banks over that of the public sector banks, since the customers opine that the former provides a better and faster and also a safer service without any glitches compared to that of the public sector banks.

Locker facility is another service being offered by the banks, which is used by 325 respondents, which consist of 194 (59.7 per cent) who are linked with the public sector banks and 131 respondents (40.3 per cent) who are associated with the private sector banks. Hence, the use of locker facility is more in the case of those who hold their accounts with the public sector banks than in the case of the private sector banks, as the respondents view that the charges need to be paid for locker facility is less in the case of the former than in the case of the latter and it is also opined that the former is much safer.

Money transfer is another facility which has been introduced by the banks of late, through which customers can transfer money to recipients without any paper work from their bank branches, apart from the mobile and net banking facilities. This is done with the help of debit cards issued by the banks, which eases the way in which the transaction is carried out. Among the respondents, 338 indicate that they make use of this facility, in which 129 (38.2 per cent) are from the public sector banks, while the remaining 209 respondents (61.8 per cent) are from the private sector banks. Moreover, cash deposit machines are also now used, like cash withdrawal machines by the banks in order to reduce the waiting time of their customers. This again underscore the dominance of the private sector banks, which first introduced the use of debit cards and has reduced the use of cheque books and thus quite eco-friendly in nature.

The savings account facility too has now become more futuristic with many facilities and the current account facility also provides important add-on benefits like over-draft. While saving account facility is more used by those who are associated with the public sector banks, the current account facility is more used by those who are linked with private sector banks. Similarly, the use of term deposits like the RD and FD are used more by the customers who belong to the public sector banks than that of the private sector banks, since they opine that the former provide a better rate of interest than that of the latter. The service minded nature of the public sector banks is more evident in these facilities compared to the private sector banks, which are driven more by profit earning.

Table.1 Commercial Banks in India at a Glance, 1969 to 2014

Important Indicators	**1969**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
No. of Commercial Banks	89	222	183	175	170	169	169	173	155	151
(a) Scheduled Commercial Banks	73	218	179	171	166	165	165	169	151	146
Of which: Regional Rural Banks	-	133	96	91	86	82	82	82	64	57
(b) Non-Scheduled Comm. Banks	16	4	4	4	4	4	4	4	4	5
Number of Offices of Scheduled Commercial Banks in India	8262	69471	71839	76050	80547	85393	90263	98330	105437	117280
(a) Rural (in %)	22.2	44.0	42.5	40.9	39.3	38.2	37.3	37.0	37.2	38.5
(b) Semi-Urban (in %)	40.5	22.4	22.8	23.2	23.6	24.3	25.3	26.2	26.7	26.8
(c) Urban (in %)	19.2	17.3	18.1	18.9	19.5	19.9	19.4	19.1	18.9	18.3
(d) Metropolitan (in %)	18.2	16.3	16.6	17.0	17.6	17.6	18.0	17.7	17.2	16.4
Population per office (in thousands)	64	16	15	15	14.5	13.8	13.4	12.3	11.9	10.8
Deposits of Scheduled Commercial Banks in India (Rs. Billion)	46	21090	26119	31969	38341	44928	52080	59091	69343	79134
of which: (a) Demand	21	3646	4297	5243	5231	6456	6417	6253	7672	8272
(b) Time	25	17444	21822	26726	33110	38472	45663	52838	61671	70862
Credit of Scheduled Commercial Banks in India (Rs. Billion)	36	15071	19312	23619	27755	32448	39421	46119	53932	61390
Deposits of Scheduled Commercial Banks per office (Rs. Million)	5.6	303.6	363.1	420.4	476	526.1	577	600.9	657.7	674.7
Credit of Scheduled Commercial Banks per office (Rs. Million)	4.4	216.9	268.5	310.6	344.6	380	436.7	469	511.5	523.5
Per Capita Deposits of Scheduled Commercial Banks (Rs.)	88	19276	23468	28327	33471	38062	43034	48732	55445	62252
Per Capita Credit of Scheduled Commercial Banks (Rs.)	68	13774	17355	20928	24230	27489	32574	38033	43123	48294
Deposits of Scheduled Commercial Banks as percentage of National Income	15.5	73.8	79.1	84.4	88.1	86.6	82.3	81.1	84.0	86.3
Scheduled Commercial Banks' Advances to Priority Sector (Rs. Bill.)	5	5468	7038	8248	9674	11384	13373	14909	18180	21549
Share of Priority Sector Advances in Total Credit of Scheduled Commercial Banks (per cent)	14	37.2	36.5	34.9	34.8	35.1	33.9	32.3	33.7	35.1
Share of Priority Sector Advances in Total Non-Food Credit of Scheduled Commercial Banks (per cent)	15	38.2	37.4	35.6	35.4	35.6	34.5	32.9	34.3	35.7
Credit Deposit Ratio	77.5	71.5	73.9	73.9	72.4	72.2	75.7	78	77.8	77.6
Investment Deposit Ratio	29.3	35.5	30.3	30.4	30.4	30.8	28.8	29.4	28.8	28.3
Cash Deposit Ratio	8.2	6.6	7.5	8.6	6.7	6.8	6.7	6.1	5.6	5.4

Source: Indian Banking Sector at a Glance, Reserve Bank of India, Mumbai, 2014-15.

Table.2 Important Indicators of the Selected Banks, 2014-15

Bank	Market Share (%)	NIM (%)	Tier I Capital (%)	RONW (%)	Gross NPA (%)
State Bank of India	17.6	3.2	9.6	11.3	4.2
Punjab National Bank	5.7	3.1	9.2	24.2	2.1
Bank of Baroda	7.2	3.0	9.9	24.6	1.6
ICICI Bank	3.5	2.7	14.1	11.5	4.1
HDFC Bank	4.6	3.6	13.5	17.3	1.3
Axis Bank	4.2	4.1	10.2	16.9	1.3

Source: Balance Sheet of the respective banks, 2014-15.

Table.3 Sector-wise Products and Services used by the Respondents from the Selected Banks

Products and Services	Sector				Total	
	Public Sector		Private Sector			
	No.	%	No.	%	No.	%
Mobile banking	41	30.8	92	69.2	**133**	**100.0**
Net banking	84	35.1	155	64.9	**239**	**100.0**
Locker facility	194	59.7	131	40.3	**325**	**100.0**
Money transfer	129	38.2	209	61.8	**338**	**100.0**
Savings account	262	52.8	234	47.2	**496**	**100.0**
Current account	49	38.3	79	61.7	**128**	**100.0**
Term deposits	248	58.9	173	41.1	**421**	**100.0**
Demat account	24	31.2	53	68.8	**77**	**100.0**
OD facility	86	41.0	124	59.0	**210**	**100.0**

Source: Computed from primary data.

Table.4 Sector-wise Ranking of Reasons for Banks' Preference by the Respondents

Rank	Reasons	Mean	SD	Min	Max
	Public Sector Banks				
1	Reliability	3.286	4.325	1	3
2	Rate of Interest	3.756	4.962	1	4
3	Banking charges	4.365	5.462	2	4
4	Access to banks	4.965	5.887	3	5
5	Overdraft facility	5.625	6.134	4	6
6	ATM network	6.146	6.867	4	7
7	Anytime Banking	6.829	8.104	5	8
8	Working efficiency	7.334	8.668	4	9
9	Use of technology	7.904	9.128	6	10
10	Quick completion of work	8.650	9.799	5	12
11	Security of sites	9.457	10.658	7	12
12	Approach of bank staff	9.886	11.865	7	13
13	Working hours	10.324	13.462	8	13
	Private Sector Banks				
1	Use of technology	3.270	4.234	1	2
2	Working efficiency	3.892	4.823	2	4
3	Working hours	4.780	5.334	3	5
4	Approach of bank staff	5.440	5.732	4	7
5	Security of sites	6.211	6.035	6	8
6	Anytime Banking	6.811	6.732	5	9
7	Quick completion of work	7.782	7.865	7	10
8	ATM network	8.357	8.425	9	11
9	Overdraft facility	9.014	9.117	8	12
10	Access to banks	9.296	9.886	8	13
11	Reliability	10.016	10.896	9	12
12	Rate of Interest	10.409	12.235	10	13
13	Banking charges	10.732	13.762	11	13

Note: SD – Standard Deviation. Source: Computed from field survey data.

Sampling Design

Public Sector	No. of Sample Respondents	Private Sector	No. of Sample Respondents
Bank of Baroda	80	ICICI Bank	120
Punjab National Bank	90	HDFC Bank	95
State Bank of India	130	Axis Bank	85
Total	300	Total	300

Demat account facility is of recent origin, which has become a reality with the SEBI allowing the transaction of shares in electronic form. This allows the customers to buy, sell and hold their shares in both primary and secondary markets through internet facility. The private sector banks started to provide such facility, which is now also being done by the public sector banks. The data indicate that 77 respondents make use of such facility, which includes 24 (31.2 per cent) from the public sector banks and the remaining 53 respondents (68.8 per cent) from the private sector banks. This suggests that the facilities like locker facility, savings account and term deposits used more by those who are associated with the public sector banks, while in the case of other facilities like mobile banking, net banking, money transfer, current, demat and OD facility is used more by those who are linked with the private sector banks than in the case of the public sector banks.

Ranking The Reasons For Bank's Preferences by the Respondents

The respondents prefer the banks between the public sector and private sector depending on various reasons and obviously these reasons vary among them. For this purpose, the respondents have been asked to rank the reasons for the choice of their banks. In this section, these ranks are analysed on the basis of the ranks given by them. The mean, standard deviation, minimum and maximum values have been calculated on the basis of the ranks given by them. The reason which receives the least rank is the most important reason for the choice of the bank. Moreover, these mean ranks are calculated separately for the two sectors and Table – 5.16 presents the sector-wise summary statistics of the ranks given by the respondents for the reasons for their preferences.

A cursory glance at the table indicates that the ranks given to each of the reason differs between the public sector banks and private sector banks, depending on their mean values. For instance, in the case of the public sector banks, 'reliability' attains the first rank, followed by 'rate of interest', and 'banking charges', while in the case of the private sector banks, the reason which attains the first rank is 'use of technology' and it is followed by 'working efficiency' and 'working hours' for the third rank. This clearly underlines the fact that the reasons that attract the respondents for their preference for the banks differ among them.

It is noted that in the case of the public sector banks, the first rank is attained by 'Reliability' by the respondents with a mean value of 3.286, since the respondents opine that the public sector banks are more reliable, as they are directly backed by the Government and they view that their hard earned money is quite safe and secure with the public sector banks. Even at the times of any eventuality, respondents opine that the Government will vouch them safe. The standard deviation value of 4.325 indicates that the variation in the values of rank given by the respondents do not deviate much. Moreover, the rank ranges from a low of 1 to a high of 3. Thus, the respondents have given the highest rank to the reliability of the public sector banks as the foremost reason for preferring them.

This is followed by, 'rate of interest' as the second preferred reason for the selection of the public sector banks with a mean value of 3.756 and a standard deviation value of 4.962. It ranges from a low of 1 to a high of 4. This underlines the fact that the public sector banks which are regulated by the RBI and have the social responsibility to serve the society, provide better rate of interest for the savings and investment made by the customers, while the interest charged by them for the loans taken by the customers is also quite competitive. This has made the respondents to assign the second rank to this reason for their preference of the public sector banks.

Charge levied by the public sector banks for various services and products rendered by them, the respondents opine is the third most important reason for the preference given to the public sector. It has attained the mean score of 4.365 with a minimum of 2 and a maximum rank of 4 and hence, the standard deviation value is 5.462. As noted above, the public sector banks are driven more by their social commitment, which makes them to charge reasonably, which is preferred mostly by the respondents.

'Access to banks' is given the fourth rank by the respondents as the reason for preferring the public sector banks with a mean score of 4.965 and a standard deviation value of 5.887 and it ranges from a low of 3 and a high of 5, which underlines the fact that there is less variations in the opinions given by the respondents. This suggests that the opinions given by the public sector bank customers rank access to the banks as the important reason for preferring them. This is followed by other reasons like, 'overdraft facility' with a mean score of 5.625 with a minimum value of 4 and a maximum value of 6; the 'ATM network' of the public sector banks has attained the sixth rank with a mean value of 6.146 and its low rank is 4 and the high rank is 7; 'anytime and anywhere banking' has given the seventh rank with a mean score of 6.829 and its standard deviation value is 8.104; the reasons that succeed are: 'working efficiency' with the mean value of 7.334 for the eighth rank; 'use of technology' for the ninth rank with a mean score of 7.904; tenth rank is attained by 'quick completion of work' as it has taken the mean value of 8.650; 'security of the websites' of the public sector banks has attained the 11th rank and its mean value is 9.457; 'approach of bank staff' with a mean score of 9.886 has taken the 12th rank and finally, 'working hours' has taken the 13th rank with a mean value of 10.324 and its rank ranges from a low of 8 to a high of 13. Thus, the last three ranks have been give to the reasons like security of websites of the public sector banks, approach of their staff members and their working hours, since they are least preferred reasons, as opined by the respondents.

In the case of the private sector banks, the foremost reason for preferring them is 'use of technology' as it has taken the lowest mean value of 3.270 with a standard deviation value of 4.234, which underscores the minimum variation in the opinions, since it ranges from a low of one to a high of two. The respondents opine that the use of technology in various spheres of the banking activities of the private sector has enabled it to become the most preferred sector from their view point. This enables them to carry out their banking transactions in a quicker and better manner.

'Working efficiency' of the private sector banks has taken the second rank with a mean value of 3.892 and it ranges from a minimum of 2 to a maximum of 4 and thus, it standard deviation is 4.823. The use of technology along with efficient staff members has enabled the private sector banks to attain better working efficiency, which attracts the customers to this sector. The third rank is attained by 'working hours' since it has the mean score of 4.780 with a standard deviation value of 5.334 and the rank ranges from 3 to 5. The private sector banks work for longer hours compared to the public sector banks, which do not work beyond 4.00 PM in the evening. The longer working hours being offered by the private sector banks enable their customers to carry out their banking activities even in late hours and they quite enjoy such facility.

The respondents opine that approach of the staff members in the private sector banks is quite courteous and responsive, which enable them to complete their banking transactions quite quickly and efficiently. Thus, this reason has attained the mean value of 5.440 for the fourth rank and it ranges from a low of 4 to a high of 7 and this has resulted in the standard deviation value of 5.732.

'Security of the websites' has attained the fifth rank with a mean value of 6.211 and it ranges from a minimum rank of 6 and a maximum rank of 8; the sixth rank is taken by 'anytime and anywhere banking' since its mean score stands at 6.811 and it is followed by reasons like 'quick completion of work' for the seventh rank with a mean value of 7.782, 'ATM network' for the eighth rank as its mean score is 8.357; 'overdraft facility' stands at the ninth position with a mean value of 9.014; 'access to banks' is ranked tenth, since its mean score is 9.296; 'reliability' has taken only the 11th rank, since the respondents opine that the private sector banks are not as dependable as the public sector banks, as they do not have the direct backing of the Government, even though they are regulated by the norms of the RBI; 'rate of interest' has taken a mean value of 10.409 for the 12th rank, while the final rank is attained by 'banking charges' with a mean score of 10.732. Hence, the rate of interest and the charges levied by the private sector banks, which are driven by their profit motive are more for all transactions. Hence, the ranking of the reasons for preferring the two sectors by the respondents indicates that in the case of the public sector banks, the top three reasons are: reliability, rate of interest and banking charges, which are more preferred, while the least preferred reasons are: security of websites, approach of bank staff and working hours. On the other hand, in the case of the private sector banks, the three foremost reasons are: use of technology, working efficiency and working hours, while the least preferred reasons are: reliability, rate of interest and banking charges.

This study analysed the growth of the banking sector in India, products and services offered by the public sector and private sector banks to their customers, the degree of preferences for the same, the level of satisfaction derived by them and the reasons that influence their level of satisfaction.

While it is true that the public sector banks play a far more important role in mobilising deposits from the public and lending to the most important sectors like agriculture, small traders, businessmen, emerging areas like green energy, etc., they also suffer from the political intervention in the form of shortage of manpower and growing NPAs. Hence, they are not able to compete with the private sector with all their vigour and vitality; it seems they are competing with one hand tied. However, the public sector banks are still able to post sizeable growth in terms of deposits, investments, advances, interest income and also net profit, though the rate of growth is quite less.

It is also noted from the analysis that the political burden and lack of adequate middle level and top level officials in the public sector banks hamper their way of functioning and they are not able to have sufficient capital in order to have the level of technology they would like to have otherwise. Hence, this study shows that respondents prefer the new products and services offered by the private sector banks, which are mostly technology oriented and also the kind of security they provide for online transaction. While it is true that the rate of interest and the bank charges by the private sector banks are higher compared to that of the public sector banks, the former also lack similar reliability that enjoyed by the latter.

The private sector banks willingly enter new areas, markets and also bring in more customers and play quite aggressively, which has resulted in their higher growth rate of deposits, interest income and also profit. Hence, the private sector banks need to get the confidence of the customers in terms of their dependability and reliability, while the public sector banks have to put in advanced technology regime, which requires sufficient political support that will result in a level playing field between the two sectors.

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