

# CUSTOMER SATISFACTION IN PUBLIC AND PRIVATE SECTOR BANKS: A COMPARATIVE STUDY IN BILASPUR, CHHATTISGARH

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**Abstract:** *As a cornerstone of the financial system, the banking sector drives economic expansion by providing essential financial services. Customer satisfaction is vital for maintaining an existing clientele and drawing new customers to expand operations. As competition intensifies daily across business sectors, an organisation's ultimate success hinges on customer contentment. In Bilaspur, Chhattisgarh, both public and private banks offer financial services, with differing policies and strategies that result in varying levels of customer satisfaction. This study aims to assess customer satisfaction levels in "various public and private sector" banks in Bilaspur, Chhattisgarh. This research seeks to determine how satisfied people are with public and private banks. It will examine differences in satisfaction levels and explore why people feel satisfied or dissatisfied with each type of bank. The study utilised primary data collected through a structured field survey involving 150 customers from both public and private banks to assess satisfaction levels. Overall, customers of both types of banks expressed satisfaction, although certain tangible aspects and employee behaviours still need improvement due to strategic issues and employee inefficiencies. Enhancements in these areas are essential. This research can help develop strategies to improve the quality of banking services. The findings will be valuable for creating approaches to upgrade banking activities and service levels.*

**Keywords:** *Public Sector Banks, Private Sector Banks, Customer Satisfaction*

## INTRODUCTION

The banking sector is crucial for a country's economic development as it provides essential financial services. Customer satisfaction is key to retaining existing clients and attracting new ones, which ultimately drives business growth. This study investigates the levels of customer satisfaction, the variations in these levels, and the factors contributing to them in public and private sector banks in Bilaspur, Chhattisgarh. In this region, banks offer a wide range of financial services with a customer-centric approach aimed at maintaining high satisfaction levels. The research is based on primary data collected from customers of both public and private sector banks, set against the backdrop of India's diverse banking landscape, which includes 12 public sector banks, 21 private sector banks, as well as numerous foreign, co-operative, and rural banks.

## LITERATURE REVIEW

Customer satisfaction in the banking sector has been extensively researched due to its critical role in determining customer loyalty and overall business success. This literature review examines key studies that explore various factors influencing customer satisfaction in banking services.

Sari, Amelia, Handayani and Hou (2025) state that the main purpose of the research is to assess the impact of employee service quality on customer satisfaction at BTPN Sharia Bank, East Siantar Branch. This study is collaborative and quantitative in nature, which means that it examines the correlation or effect of one variable on another. The study population consisted of a total of 1,163 customers of BTPN Sharia Bank, East Siantar Branch in 2023. From this population, 92 customers were selected as the sample. For

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data analysis, this study used simple regression analysis and hypothesis testing using SPSS version 25. The findings of this study showed that employee service quality has a positive and significant impact on customer satisfaction at BTPN Sharia Bank, East Siantar Branch. Additionally, the primary reason for customer satisfaction at BTPN Sharia Bank, East Siantar Branch is the independent variable 'service quality', while the remaining 47.5% of customer satisfaction is influenced by other unknown variables, including factors such as product quality and location.

With an emphasis on trust, engagement, and achieving objectives, Zaman, Aamir, Alam and Khan (2025) investigated the role of relationship marketing and service quality in fostering client retention. This study examines the relationship between cultural factors, digital banking adoption, and service quality via the lens of the SERVQUAL model, the Commitment-Trust Theory, and the Unified Theory of Technology Acceptance and Use (UTAUT). A systematic survey was used to gather data from banking clients throughout Pakistan, using a quantitative technique. Customer satisfaction, engagement, and cultural differences were examined as moderators and mediators of retention in this research using structural equation modelling (PLS-SEM). Service quality seems to have a less impact on retention compared to customer trust and financial goal accomplishment, according to the data. Also, although digital banking interaction boosts happiness, it doesn't exactly inspire loyalty. The findings point to the need for open communication, ethical banking, and tailored financial solutions for retaining customers. The rising significance of digital trust and customer-centric financial planning is highlighted in this research, which challenges the conventional concept of service quality. Implications for practice stress the need of AI-powered banking experiences, predictive analytics, and automated/relationship marketing hybrid customer service models. This study adds to the growing body of knowledge on customer loyalty programmes in banking and sheds light on how the financial industry in Pakistan may improve retention rates.

According to Sugiarto and Octaviana (2021), the goal of this research is to find out which aspects of service quality influence BRI service users' happiness. Observation, interviews, questionnaires, and a literature review using a Likert scale comprise the study's model. The multiple linear regression approach is used for the analysis. All of the service quality dimensions—tangible (X1), responsive (X3), assured (X4), and empathic (X5)—had a favourable effect on customer satisfaction, according to this study's findings. Satisfaction among customers was positively and significantly affected by services' palpable (touchable) quality, reliability, and empathy. Also, the responsiveness and assurance that make up service excellence did not have

any backing. When consumers are happy and loyal, they are more likely to use your services again and again, which means that service quality is crucial. The term "service quality" refers to the degree to which actual service delivery meets or exceeds customer expectations. Service quality is defined as the degree to which a customer's expectations for a company's performance meet or exceed those expectations. A company that excels in providing high-quality service can meet the demands of its customers and stay ahead of the competition in its field.

Justin, Arun and Garima (2016) said that the efficient services provided by private banks, quick access to knowledgeable staff, efforts to reduce transaction processing times, familiarity with bank products, and employee feedback are all positively correlated with customer satisfaction. In contrast, delays in service and a limited understanding of banking products and services in public sector banks negatively impact customer satisfaction.

Vijay and Agarwal (2013) argue that customer support behaviours significantly affect customer satisfaction. Staff behaviour plays a crucial role in determining customer satisfaction. Additional factors, such as tangibility and empathy, also contribute to customer contentment. Enhancing areas where customers feel deficient can boost their satisfaction levels.

Patidar and Verma (2013) compared public and private banks in Indore in their study. They found that customers preferred the services of private banks more. However, in public banks, customers have more confidence that the bank will help them. There is no big difference in terms of timely completion of work in both types of banks.

Mishra, Mishra, Praharaaj and Mahapatra (2011) highlighted the difficulties in attracting and retaining customers. Their research found that public-sector banks are more effective than private-sector banks in this aspect. When establishing new accounts, customers consider the bank's location and reputation. Established commercial entities typically aim to maintain and expand their current standing, leading them to prefer reputable public-sector banks. While private sector banks focus primarily on core banking services, public sector banks must also fulfil certain social obligations.

Singh and Arora (2011) discovered that stress management training for customer-facing employees is highly effective. Their study also revealed that state-owned banks offer fewer amenities than private banks, along with poorer employee behaviour and infrastructure. However, customers expressed dissatisfaction with the high fees, accessibility, and communication of private and foreign banks.

Mishra, Sahoo, Mishra and Patra (2010) stated that the banking industry encounters significant challenges in providing

high-quality services, ensuring customer satisfaction, and promoting customer retention and loyalty. To tackle these challenges, banks implement various strategies designed to quickly build brand loyalty among customers, which in turn enhances their efforts in customer acquisition and retention.

Liang et al. (2004) discussed two types of attributes in the banking sector: product-related and non-product-related. Their findings strongly emphasised that customer satisfaction generates trust, which in turn transforms a customer into a loyal customer.

A study by Boyd et al. (1994) in the USA revealed that interest rates on loans and deposits, along with brand loyalty, were more influential in the selection of financial institutions than employee friendliness, modern facilities, and service quality.

Anderson and Sullivan (1993) noted that banks should prioritise improving customer satisfaction to cultivate long-term relationships with their clients. In the banking sector, customer satisfaction is crucial for fostering a strong relationship between service providers and customers. Fornell (1992) suggested that high levels of customer satisfaction lead to increased business loyalty and reduce the risk of losing customers to competitors.

## Research Problem

- Identifying and analysing the factors that contribute to differences in customer satisfaction levels between public and private sector banks.
- Examining how demographic factors like gender and occupation influence customer preferences and satisfaction with different types of banks.
- Evaluating the impact of specific banking services (e.g. staff helpfulness, online banking, ATM facilities, fees) on overall customer satisfaction.
- Assessing the technological gap between public and private banks and its effect on service quality and customer experience.
- Investigating the reasons behind lower satisfaction with certain aspects of public bank services, such as ATM availability and staff technological proficiency.
- Analysing how banks can improve their services to better meet customer expectations and enhance satisfaction levels.
- Exploring strategies to address the challenges faced by public sector banks in competing with private banks on service quality and customer satisfaction.
- Examining the relationship between customer satisfaction and loyalty in the banking sector in this specific region.

- The study could aim to provide insights to help both public and private banks improve their services and customer satisfaction levels in Bilaspur, Chhattisgarh.

## Research Objectives

The objectives of this research are as follows:

- To measure customer satisfaction levels in both private and public sector banks.
- To compare the satisfaction levels of customers between public sector banks and private sector banks.
- To identify the reasons contributing to low customer satisfaction.
- To provide recommendations for improving customer satisfaction.

## Scope

The study on customer satisfaction in public and private sector banks in Bilaspur, Chhattisgarh encompasses a comprehensive scope. It focuses geographically on Bilaspur and examines both public and private sector banks. The research involves a sample of 150 customers, comprising 96 men and 54 women, from 10 banks (5 public and 5 private). Key aspects evaluated include overall customer satisfaction levels, factors influencing satisfaction such as staff helpfulness, online banking, ATM facilities, and fees. The study also investigates differences in satisfaction between public and private banks and the impact of demographic factors like gender and occupation on bank preferences. Data collection is conducted through a structured questionnaire using a 5-point Likert scale. The analysis approach involves a comparative analysis of public versus private banks. Specific areas of investigation include service quality, technological capabilities, and ATM availability. This comprehensive scope allows for a thorough examination of customer satisfaction in the banking sector of Bilaspur, Chhattisgarh.

*Hypothesis (H1): There is no significant difference in customer satisfaction between public and private banks.*

## RESEARCH METHODOLOGY

### Questionnaire Design and Data Collection

The study employed a questionnaire approach for data collection, utilising a carefully designed survey instrument to gather important information. This method ensured a systematic and structured process, which could enhance the reliability and comparability of the results. The choice

of methodology influences the depth and scope of insights gained, as well as the study’s overall applicability.

This study targeted customers from various public and private banks located in Bilaspur, Chhattisgarh. To collect primary data, self-administered questionnaires were distributed among the respondents, who provided valuable insights into their banking experiences and perceptions. The survey design was clear, easy to understand, and transparent, with questions tailored to address the study’s hypotheses. Most items used a five-point Likert scale, with each point clearly defined. The questionnaire included topics such as gender, occupation, and banking services.

### Sample

The study consisted of a sample of 150 participants, drawn from 10 banks in Bilaspur, Chhattisgarh, comprising five public sector banks and five private sector banks. The respondents varied in age, gender, and profession, utilising a range of banking services. Out of the total sample, 96 participants were men (45 from private banks and 51 from public banks), while 54 were women (30 from private banks and 24 from public banks). Data was collected from several public banks, including the “State Bank of India (SBI), Bank of India (BOI), Bank of Baroda (BOB), Punjab National Bank (PNB), and Union Bank of India. The private banks

included Axis Bank, HDFC Bank, ICICI Bank, IDBI Bank, and Yes Bank”.

### Data Collection and Analysis

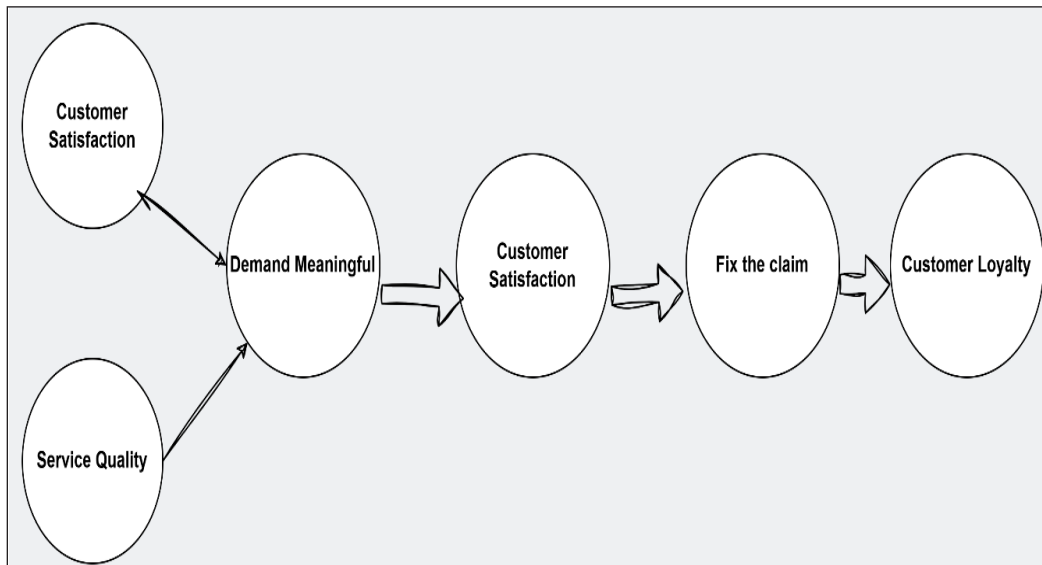
Random sampling methods were used to collect data from customers of both public and private sector banks. The questionnaire primarily utilised a five-point Likert scale, with each category accompanied by a specific description. For analytical purposes, the responses were categorised as follows: “Strongly Disagree and Disagree = Below Average, Moderate = Average, Agree and Strongly Agree = Satisfactory”. The collected data was then subjected to a comprehensive analysis to derive meaningful results and insights.

Reliability Statistics	
Cronbach's Alpha	N of Items
.750	06

Here the value of Cronbach alpha is .750 which is acceptable.

*Hypothesis (H1): There is no significant difference in customer satisfaction between public and private banks.*

### The Importance of Customer Satisfaction



This framework effectively illustrates how customers compare their expectations with the actual service provided by banks. When the quality of service aligns with expectations, it becomes meaningful to the customer.

However, If the services offered by bankers fall short of expectations, customer satisfaction may decline. Customer satisfaction is a measurable indicator of how pleased consumers are with a company’s

products, services, and overall experience. Collecting customer satisfaction data through surveys, ratings, and feedback enables banks and businesses to: identify areas for improvement in their products and services, Notify and address customer concerns promptly, Enhance customer loyalty and retention, and inform strategic decisions to drive business growth and competitiveness. Collecting customer satisfaction data through surveys and ratings can help banks and businesses identify areas for improvement or modification in their offerings. The customer satisfaction formula has far-reaching applications, transcending industry boundaries to encompass: Retail and wholesale sectors, Service-based industries, Retail companies,

Government institutions, and Non-profit organisations Its versatility makes it an indispensable tool for businesses and organisations seeking to gauge customer sentiment, identify areas for improvement, and drive growth.

### DATA ANALYSIS AND INTERPRETATION

This research identifies and analyses specific criteria to generate findings that assist bankers in their interactions with customers. The study’s results provide valuable insights for financial professionals in managing client relationships.

**Table 1: The Respondents Based on Gender**

Respondent		Types of Banks		Total
		Public Bank	Private Bank	
Men	No. of Respondents	51	45	96
	Percent	68%	64%	64%
Women	No. of Respondents	24	30	54
	Percent	32%	40%	36%
Total		75	75	150
		100%	100%	100%

We initially divided the 150 respondents into two groups based on gender. Among them, there were 45 men from private banks and 51 men from public banks. The 54 women were also divided between the two types of banks, with 30

from private banks and 24 from public banks (Table 1). The study’s findings indicated a notable gender disparity in banking preferences, with women demonstrating a stronger affinity for private banks compared to their public sector counterparts.

**Table 2: Categorise Respondents by Profession**

Respondent Type		Types of Banks		Total	
		Public Bank	Private Bank		
Classification of Respondents Based on Profession	Govt. Employee	21	10	31	
		28%	13.33%	20.67%	
	Private Employee	13	18	31	
		17.33%	24%	20.67%	
	Businessmen	12	20	32	
		16%	26.67%	21.33%	
	Students	10	7	17	
		13.33%	9.33%	11.33%	
	Other Professional	14	11	25	
		18.67%	14.67%	16.67%	
	Housewife	5	9	14	
		6.67%	12%	9.33%	
	Total		75	75	75
			100%	100%	100%

Respondents from private and public banks, including government employees, were classified into six distinct

occupational categories, 10 used private banks, while 21 preferred public banks, indicating a stronger tendency

towards public institutions (Table 2). In contrast, private sector employees favoured private banks. Entrepreneurs, on the other hand, showed a greater inclination for private banks, citing the superior customer service provided by their staff as a key reason. Students demonstrated a higher interest in public banks, attracted by the various financial

benefits and stipends offered by government-run institutions. Professionals also exhibited a preference for public banks. Housewives generally sought to minimise their involvement in banking transactions, whereas private bank personnel were noted for facilitating smoother customer interactions during financial operations.

**Table 3: A Likert Scale was Employed to Measure and Evaluate the Classification of Various Banking-Related Activities**

Statement Categories	Public Bank				Private Banks			
	Below Average	Average	Satisfactory	Total	Below Average	Average	Satisfactory	Total
Supportive and Caring Approach of the Staff	15	40	20	75	20	40	15	75
	20 %	53.33 %	26.67 %	100%	20.67%	53.33%	20 %	100%
Internet Banking Services	14	40	21	75	5	31	39	75
	18.67%	53.33%	28%	100%	6.67%	41.33%	52%	100%
ATM Services	19	51	5	75	3	25	47	75
	25.33%	68%	6.67%	100%	4%	33.33%	62.67%	100%
Extra Charges	3	27	45	75	7	52	16	75
	4%	36%	60%	100%	9.33%	69.33%	21.34%	100%

Table 3 compares customer feedback for public and private banks across four service categories: staff helpfulness, online banking, ATM facilities, and additional fees. The findings reveal:

- *Staff Helpfulness:* The public bank received more satisfactory ratings (26.67%) than private banks (20%).
- *Online Banking:* A larger proportion of Public Bank customers (53.33%) rated internet banking as average compared to Private Banks (41.33%).
- *ATM Facilities:* The Public Bank saw a higher percentage of average ratings for ATM services (68%) than Private Banks (33.33%).
- *Additional Fees:* More customers of the public bank (60%) found the extra charges satisfactory compared to those of Private Banks (21.34%).

In summary, public banks appear to have an edge in customer satisfaction regarding staff assistance and fee structures, while Private Banks seem to perform better in online banking and ATM services. However, it's crucial to note that this data represents a limited sample, and a more extensive survey would be necessary to draw definitive conclusions.

## Obstacles

The scarcity of ATM booths from public banks in Bilaspur, Chhattisgarh, and their inconvenient locations pose a challenge. Private bank staff offer enhanced services to their clientele, resulting in a significant disparity in

customer satisfaction between public and private banks. Private banks have superior internet-enabled devices compared to public banks, contributing to the reduced effectiveness of public bank employees in utilising technology. Private banks impose additional fees on public bank transactions, leading to dissatisfaction among private bank customers. Entrepreneurs prefer private banks due to the personalised attention provided by bankers, as they engage in more frequent transactions and expect special care, which private banks deliver. Housewives seek to minimise transaction-related activities, and private bank staff are more accommodating in facilitating smooth banking operations for customers.

## Limitation

Geographical limitation, sample limitation, time period limitation, lack of funds, limitations in interpreting dimensions of service quality.

## Suggestions

Establish an adequate number of public bank ATM booths throughout Bilaspur Chhattisgarh and issue sufficient cards for transactions, enabling public bank customers to withdraw money from any ATM. Evaluate the technological proficiency of all public bank employees to identify skill gaps and organise training sessions to enhance their performance in the technology sector. Private sector banks utilise more

advanced technology, resulting in improved customer service. Locate banks in easily accessible areas, with marketplaces or industrial zones being preferred locations. As money is a crucial factor in customer satisfaction, the additional charges imposed by private banks are a source of irritation for customers. We recommend reducing these extra fees to improve customer satisfaction in private banks.

## CONCLUSION

- Overall satisfaction levels are similar between urban and rural areas, but private banks demonstrate greater success in addressing customer needs compared to public banks.
- Public banks have an advantage in staff helpfulness and fee structures, while private banks perform better in online banking and ATM services.
- Gender differences exist, with women showing a stronger preference for private banks. Occupation also influences bank choice, with government employees favouring public banks and entrepreneurs preferring private institutions.
- Major challenges for public banks include limited ATM availability and outdated technology, while private banks face issues with higher fees.
- To remain competitive, public sector banks must enhance their technological capabilities, expand ATM networks, and improve employee training. Private banks should consider reducing additional charges to improve customer satisfaction.
- Both bank types should focus on tailoring services to different customer segments, optimising bank locations, and implementing regular customer feedback mechanisms.

In conclusion, while both public and private sector banks have strengths and areas for improvement, addressing the identified issues and implementing the suggested recommendations could significantly enhance overall customer satisfaction in the banking sector of Bilaspur, Chhattisgarh.

## RECOMMENDATIONS

- *Expand ATM Network:* Public banks should establish more ATM booths throughout Bilaspur to improve accessibility and convenience for customers.
- *Enhance Technological Capabilities:* Evaluate and improve the technological proficiency of public bank employees through targeted training programmes to bridge the gap with private banks.

- *Optimise Bank Locations:* Situate banks in easily accessible areas, preferably near marketplaces or industrial zones, to improve customer convenience.
- *Reduce Additional Fees:* Private banks should consider lowering extra charges to enhance customer satisfaction and competitiveness.
- *Improve Staff Helpfulness:* Public banks should focus on enhancing customer service skills of their employees to match the personalised attention provided by private banks.
- *Upgrade Online Banking Services:* Public banks need to improve their internet banking platforms to compete with the more advanced systems of private banks.
- *Tailor Services to Customer Segments:* Banks should consider the preferences of different customer groups (e.g. entrepreneurs, housewives) when designing and delivering services.
- *Enhance ATM Card Functionality:* Ensure public bank customers can use their cards at any ATM to improve flexibility and convenience.
- *Address Gender Disparities:* Banks should investigate and address the factors causing women to prefer private banks over public banks.
- *Modernise Systems:* Public banks should upgrade their outdated systems to improve overall service quality and efficiency.
- *Conduct Regular Satisfaction Surveys:* Implement ongoing customer feedback mechanisms to continuously monitor and improve service quality.
- *Develop Targeted Retention Strategies:* Create specific approaches to retain different customer segments based on their preferences and needs.

These recommendations aim to help both public and private sector banks in Bilaspur, Chhattisgarh improve their services, enhance customer satisfaction, and remain competitive in the evolving banking landscape.

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