

A Comparative Study of Customer Satisfaction in SBI and ICICI Bank

S. C. Batra¹ and Shilpa²

¹Faculty of Commerce and Management, Baba Mastnath University, Asthal Bohar, Rohtak, Haryana, India

²Department of Commerce, Baba Mastnath University, Rohtak, Haryana, India

Abstract

Banking industry is passing through a challenging phase. The demonetisation policy introduced by the government has affected the banking industry to a great extent. This industry plays a significant role in the economic development of a country but it is facing huge challenges due to increased competition, technological developments, changing customers' needs and policies of government. In this competitive and fast changing era, it becomes imperative for a bank to satisfy the needs of the customers. They need to keep a close eye on the satisfaction level of customers. Satisfying customers is the key to retain them for a longer period. Banks need to frame policies and strategies for satisfying and retaining customers. The cost of making new customers is high than the cost of retaining customers. The banks are spending a lot of time and energy to frame policies about customer satisfaction. The study has been conducted to compare the satisfaction level of customers of SBI (Public Sector Bank) and ICICI (Private Sector Bank). The study will provide information about the differences in satisfaction level of customers of both banks and banking sectors and will be helpful for framing new policies relating to the customers. The study has been conducted on SBI and ICICI bank in Delhi-NCR.

Keywords: Customer, Customer Satisfaction, Overall Customer Satisfaction, Promotional Material, Prices and Procedural Complexities, Service Quality

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1. Introduction

Indian banking industry is developing rapidly. Indian government has played a significant role in the development of banking industry. The industry has undergone enormous changes after liberalisation. Many new private sector banks were established and they augmented the competition in banking industry. At the same time new foreign banks entered the industry with new technologies posing a great challenge for the banking industry. The technological advancements have totally changed the banking operations. Now all the banks operate through computers. The banking operations are not limited to branch banking but they also operate through ATM, Mobile Banking, and Internet Banking. ECS debit, ECS credit, stop payment and RTGS have made the banking easy. The banks have enhanced their operations. Now their functions are not limited to accepting deposits and providing loans but they are also providing various types of investment schemes, insurance schemes and other services to customers. Customer care services are a big support for the customers; these services are available 24×7 for the customers. The customers can enquire anytime and get information sitting any-

where from the concerned bank. All banks are offering similar type of products and services which has further increased the competition and made it difficult for the banks to attract new customers. The banks have to provide similar type of services differently to satisfy the existing customers and attract new customers. A satisfied customer remains with the bank for a longer period and gives positive feedback about the bank. The dissatisfied customer gives negative feedback about the bank and harms the goodwill of the bank. Hence it becomes imperative for the banks to keep a close eye on the satisfaction level of customers.

2. Customer Satisfaction

Customer satisfaction is the performance indicator of a business. It is used as a measurement of how well expectations of customers are met by the service provider. A customer is satisfied if his expectations are met and dissatisfied if his expectations are not met by the service provider. Customer satisfaction has been defined differently by different researchers.

Parasuraman (1985)⁶ have defined satisfaction as a predictor of service quality.

Gundersen et al (1996)³ have defined satisfaction as a post consumption evaluative judgement regarding a product or service.

Oliver (1980)⁵ defined satisfaction as a result of comparison between pre purchase expectations and the actual performance during and after consumption.

LIU Huiqun and ZHAO Xin, (2009), Positive disconfirmation gives satisfaction and negative disconfirmation gives dissatisfaction better performance than the expected product or service results in satisfaction and worse performance than the expected product or service results in dissatisfaction.

Customer satisfaction in banking sector can be measured by measuring the satisfaction level for various service attributes as well as by measuring overall satisfaction level for the bank. When a customer interacts with the service provider and consumes the service, he develops certain opinion about the service provider that causes him to say how happy or satisfied he is with the service provider. Thus, the overall customer satisfaction is the opinion of a customer about a service provider which he develops after a long interaction process. The measurement of overall satisfaction level describes the opinion about the service provider in one word while the measurement of various attributes describes the reasons of satisfaction or dissatisfaction.

3. Review of Literature

A lot of research work has been done relating to customer satisfaction in banking sector. The researchers have used service quality as a measurement of customer satisfaction.

Parasuraman, Zeithaml and Berry (1985) developed a conceptual model of service quality and defined ten determinants of service quality. These are: tangibles, credibility, reliability, competence, responsiveness, security, access, courtesy, communication and understanding the customer. Later on in 1988 they contracted the list of ten determinants and specified five determinants of service quality such as Reliability, Assurance, Tangibility, Empathy and Responsiveness.

Zeithaml et al (2000)¹⁰ have concluded that customer perception of service quality, the quality of the product, customer's emotional factors, the prices levied by the bank, banking situational factors like convenience all affect the level of customer satisfaction.

Paul Kumar Manoj and Barman Arup (2010)⁷ conducted a survey to study the customer satisfaction in rural banking and identified twenty one factors of customer satisfaction. These factors were grouped into six classes like work culture, efficiency factor, furnishing and basic amenities provided by the branch to its customers, product variety, accessibility and friendliness, procedural complexities and locational factor. The factor analysis was used to analyse the customer satisfaction level and customers were found dissatisfied with the service quality of bank.

Deribe and Deribe (2013), customer satisfaction can be evaluated on the basis of services provided by the banks. It was found that the customers were satisfied with the services of the bank. The study also revealed the problems encountered by the customers in banking transactions. Network problems, delay in loan approvals, less investment in modern technologies were the major problems encountered by the customers.

Shanka (2012)⁸ revealed that all service quality dimensions like empathy, responsiveness, assurance, tangibility and reliability are positively correlated with customer satisfaction. Improvement in the service quality leads to better customer satisfaction which in turn leads to customer loyalty and commitment. Empathy is the dominant service quality dimension.

Singh and Arora (2011)⁹ assessed the extent of customer satisfaction with different parameters of service quality like employee behaviour, accessibility, infrastructure, ambience, awareness of IT enabled services, and working hours. It was concluded that small number of customers are using IT enabled services because of the lack of facility, improper awareness. Customers were having complaints regarding delay in transactions and charges, staff of the nationalised banks need training on stress management and public dealing, infrastructure and ambience of the nationalised banks required improvement and the customers of foreign and private sector banks were not satisfied with high charges, communication and accessibility. They suggested to increase the number of branches in foreign and private banks.

Chavan and Ahmad (2013) revealed nine factors of customer satisfaction in their study i.e. tangibility, convenience and availability, accuracy, e-fulfilment, responsiveness, promptness, empathy and personal assistance.

Mistry (2013)⁴, conducted a study to measure customer satisfaction in public and private sector banks of Surat city and confirmed that reliability, responsiveness, assurance are the most significant factors affecting satisfaction level of customers. Tangibility and empathy also affect the satisfaction level of customers but to a lower extent.

4. Research Methodology

4.1 Objective

To examine the satisfaction level of customers of SBI (PSB) and ICICI Bank (PVTSB).

To compare the satisfaction level of customers of SBI (PSB) and ICICI Bank (PVTSB).

4.2 Research Design

The study adopts the descriptive research design.

4.3 Data Collection

The data has been collected through primary and secondary sources. The primary data has been collected through a structured questionnaire. The secondary data has been collected through web-sites, journals and books.

4.4 Sampling Area

The study has been conducted in Delhi-NCR.

4.5 Sampling Design

The study adopts the random as well as judgemental sampling design.

4.6 Sample Size

200 questionnaires were distributed among customers; only 187 of them were selected for analysis. 13 questionnaires were incomplete and were rejected for analysis.

4.7 Data Collection Instrument

The data has been collected through a structured questionnaire. The customers have been asked to describe their satisfaction level on five point scale from highly dissatisfied to highly satisfied.

5. Findings and Discussion

Table 1. Sample Profile

Customers	Public Sector Bank (SBI)	Private Sector Bank (ICICI)	Total
Frequency	95	92	187
Percentage (%)	50.8	49.2	100

As per table 1, the sample consists of 187 customers. In the sample 95 customers are from SBI and 92 customers are from ICICI bank. The proportion of customers of public and private sector banks is almost same.

Data has been analysed using SPSS version 23.

Age: As per table 2, the sample includes 40.6% customers from the age groups of below 30 years, 41.2% customers from the age group of 30-50 years and 18.2% customers from the age group of above 50 years. In SBI 33.7% customers are from the age groups of below 30 years, 40% customers are from the age group of 30-50 years and 26.3% customers are from the age group of above 50 years. In ICICI bank 47.8% customers are from the age groups of below 30 years, 42.4% customers are from the age group of 30-50 years and 9.8% customers are from the age group of above 50 years.

Table 2. Age

Age	SBI (PSB)	ICICI (PVTSB)	Total
Below 30 years	32(33.7)	44(47.8)	76(40.6)
30-50 years	38(40)	39(42.4)	77(41.2)
Above 50 years	25(26.3)	9(9.8)	34(18.2)
Total	95(100.0)	92(100.0)	187(100.0)

Sex: As per table 3, sample includes 67.4% male customers and 32.6% female customers. In SBI 55.8% customers were males and 44.2% customers were females. In ICICI bank 79.3% customers were males and 20.7% customers were females.

Table 3. Sex

Sex	SBI (PSB)	ICICI (PVTSB)	Total
Male	53(55.8)	73(79.3)	126(67.4)
Female	42(44.2)	19(20.7)	61(32.6)
Total	95(100.0)	92(100.0)	187(100.0)

Marital Status: As per table 4, the sample includes 70.1% married customers and 29.9% single customers. In SBI 76.8% customers were married and 23.2% customers were single and in ICICI bank 63% customers were married and 37% customers were single.

Table 4. Marital Status

Marital Status	SBI (PSB)	ICICI (PVTSB)	Total
Married	73(76.8)	58(63.0)	131(70.1)
Single	22(23.2)	34(37.0)	56(29.9)
Total	95(100.0)	92(100.0)	187(100.0)

Qualifications: As per table 5, the sample includes 12.3% under graduates, 52.9% graduates, 32.1% post graduates and 2.7% customers with other qualifications like MBBS and CA etc. In SBI, 16.8% customers were under graduates, 46.3% were graduates, 31.6% were post graduates and 5.3% customers were having other qualifications and in ICICI bank 7.6% customers were under graduates, 59.8% were graduates and 32.6% were post graduates.

Table 5. Qualifications

Qualifications	SBI (PSB)	ICICI (PVTSB)	Total
Under Graduate	16(16.8)	7(7.6)	23(12.3)
Graduate	44(46.3)	55(59.8)	99(52.9)
Post Graduate	30(31.6)	30(32.6)	60(32.1)
Any Other	5(5.3)	0(0.0)	5(2.7)
Total	95(100.0)	92(100.0)	187(100.0)

Monthly Family Income: The sample includes 25.1% customers from the income group of below 30000 Rupees, 32.1% customers from the income group of 30000-60000 Rupees, 17.1% customers from the income group of 60000-100000 Rupees and 25.7% customers from the income group of above 100000 Rupees. In SBI 21.1% customers belong to the income group of below 30000 Rupees, 43.2% customers belong to the income group of 30000-60000 Rupees, 12.6% customers belong to the income group of 60000-100000 Rupees and 23.2% customers from the income group of above 100000 Rupees. In ICICI 29.3% customers belong to the income group of below 30000 Rupees, 20.7% customers belong to the income group of 30000-60000 Rupees, 21.7% customers belong to the income group of 60000-100000 Rupees and 28.3% customers belong to the income group of above 100000 Rupees.

Table 6. Monthly Family Income

Monthly Family Income (In Rupees)	SBI (PSB)	ICICI (PVTSB)	Total
Below 30000	20(21.1)	27(29.3)	47(25.1)
30000-60000	41(43.2)	19(20.7)	60(32.1)
60000-100000	12(12.6)	20(21.7)	32(17.1)
Above 100000	22(23.2)	26(28.3)	48(25.7)
Total	95(100.0)	92(100.0)	187(100.0)

6. Distribution of Customers as per Satisfaction Level

Table 7 indicates distribution of customers for various variables according to their satisfaction levels in percentages. HD,

D, N, S and HS means highly dissatisfied, dissatisfied, neutral, satisfied and highly satisfied respectively. DG means dissatisfied group this is the total of highly dissatisfied and dissatisfied customers, SG means satisfied group and this is the total of satisfied and highly satisfied customers. The satisfaction level of customers has been measured for various variables. The variables are prices charged by the bank, timely resolution of problems, behaviour of employees, banking hours, location of the branch, promotional material, interior of bank, waiting time, procedural complexities, error free record, safety and security and knowledge of employees. These variables have been named as V1, V2, V3, V4, V5, V6, V7, V8, V9, V10, V11 and V12 respectively.

Table 7 indicates that in both type of banks the proportion of satisfied group is more than the proportion of dissatisfied group for all variables. In case of SBI (PSB), V8 (waiting time), V9 (procedural complexities), V2 (timely resolution of problems), V7 (interior of the bank), V3 (behaviour of employees), V12 (knowledge of employees) and V4 (banking hours) are the most dissatisfying variables. Hence SBI needs to focus more on these variables. The management should make efforts to speed up the transactions and reduce the waiting time of customers by appointing more efficient employees and installing some more counters. The procedural complexities involved in opening of accounts and disbursement of loans etc. must be reduced. Special staff must be appointed to resolve the problems of the customers quickly and they should be given immediate and personal attention. The interior of the bank also needs improvement; the interior must be attractive. Training programs must be organised for employees to enhance their knowledge and skills. The banking hours must be enhanced according to the needs of the customers. In case of ICICI bank (PVTSB), V1 (prices), V10 (error free record), V8 (waiting time) and V9 (procedural complexities) are

Table 7. Distribution of Customers as per Satisfaction Level

	State Bank of India (PSB)						ICICI Bank (PVTSB)							
	HD 1	D 2	DG 1+2	N 3	S 4	HS 5	SG 4+5	HD 1	D 2	DG 1+2	N 3	S 4	HS 5	SG 4+5
V1	0	2.1	2.1	23.2	62.1	12.6	74.7	3.3	20.7	24	25	42.4	8.7	51.1
V2	1.1	9.5	10.6	14.7	61	13.7	74.7	2.2	2.2	4.4	19.6	56.5	19.6	76.1
V3	2.1	5.3	7.4	20	51.6	21.1	72.7	2.2	1.1	3.3	15.2	56.5	25	81.5
V4	1.1	4.2	5.3	10.5	65.3	18.9	84.2	1.1	1.1	2.2	10.9	60.8	26.1	86.9
V5	1.1	2.1	3.2	8.4	58.9	29.5	88.4	1.1	0	1.1	10.9	56.5	31.5	88
V6	1.1	3.2	4.3	31.6	53.7	10.5	64.2	1.1	1.1	2.2	26.1	45.6	26.1	71.7
V7	1.1	8.4	9.5	23.2	55.8	11.6	67.4	1.1	0	1.1	13	41.3	44.6	85.9
V8	4.2	24.2	28.4	25.3	41	5.3	46.4	3.3	3.3	6.9	13	44.6	35.9	80.5
V9	6.3	8.4	14.7	29.5	47.4	8.4	55.8	6.5	0	6.5	21.7	44.6	27.2	71.8
V10	0	3	3	15.8	55.8	25.3	81.1	1.1	14.1	15.6	23.9	44.6	16.3	60.9
V11	1.1	1.1	2.2	11.6	50.5	35.8	86.3	1.1	0	1.1	15.2	50	33.7	83.7
V12	0	7.4	7.4	26.3	47.4	18.9	66.3	1.1	2.2	3.3	13	50	33.7	83.7

Table 8. Group Statistics

Variables	Banks	N	Mean	Std. Deviation	Std. Error Mean
Prices charged by the bank	SBI	95	4.0101	.48644	.04991
	ICICI	92	3.4961	.99446	.10368
Timely resolution of the problem	SBI	95	3.7545	.84152	.08634
	ICICI	92	3.8746	.81801	.08528
Behaviour of employees	SBI	95	3.8371	.89058	.09137
	ICICI	92	4.0074	.80552	.08398
Banking hours	SBI	95	3.9688	.75024	.07697
	ICICI	92	4.0987	.71180	.07421
Location of the bank	SBI	95	4.1419	.73763	.07568
	ICICI	92	4.1791	.70403	.07340
Promotional/informative material	SBI	95	3.6739	.73898	.07582
	ICICI	92	3.9289	.81789	.08527
Interior of the bank	SBI	95	3.6827	.82797	.08495
	ICICI	92	4.2817	.77530	.08083
Waiting time	SBI	95	3.1825	.99858	.10245
	ICICI	92	4.0652	.95853	.09993
Procedural complexities	SBI	95	3.4246	.98266	.10082
	ICICI	92	3.8587	1.03331	.10773
Error free record	SBI	95	4.0297	.73606	.07552
	ICICI	92	3.6067	.95952	.10004
Safety	SBI	95	4.1918	.76165	.07814
	ICICI	92	4.1534	.75482	.07870
Knowledge of Employees	SBI	95	3.7771	.83980	.08616
	ICICI	92	4.1275	.80198	.08361

the most dissatisfying variables. ICICI bank needs to focus more on these variables. Since the biggest problem in ICICI bank is prices charged by the bank. The bank management must make policies to reduce the interest charges on loan, rent on locker and other services. The customers are not satisfied with the accuracy of the records hence the bank management must ensure the accuracy of the records. The waiting time must be reduced by speedy transactions. There should be ease in the transaction processes.

8. Comparison of Satisfaction Level of Customers of SBI (PSB) and ICICI (PVTSB)

H_0 . There is no significant difference in the satisfaction level of customers of public and private sector banks.

To test the null hypothesis, t-test has been conducted on various variables affecting the level of customer satisfaction.

The mean scores as per table 7 are more than three and indicate that the customers are satisfied with their banks. In case of public

sector bank (SBI), the mean scores for prices, safety and error free record are higher than private sector bank (ICICI) and indicate higher satisfaction in public sector bank (SBI) than private sector bank (ICICI). For all other variables, the mean score for private sector bank (ICICI) are higher than public sector (SBI) bank and indicates higher satisfaction in private sector (ICICI) bank.

Table 9. Independent Sample t-test

Variables	Levene Sig.	Equality of variances	t-test	Sig.	Result of Hypothesis
Prices charged by the bank	.000	No	4.467	.000	Rejected
Timely resolution of the problem	.560	Yes	-.989	.324	Accepted
Behaviour of employees	.097	Yes	-1.370	.172	Accepted

Banking hours	.651	Yes	-1.213	.227	Accepted
Location of the bank	.875	Yes	-.353	.725	Accepted
Promotional/informative material	.726	Yes	-2.239	.026	Rejected
Interior of the bank	.816	Yes	-5.103	.000	Rejected
Waiting time	.045	Yes	-6.163	.000	Rejected
Procedural complexities	.593	Yes	-2.944	.004	Rejected
Error free record	.000	No	3.374	.001	Rejected
Safety	.912	Yes	.346	.729	Accepted
Knowledge of Employees	.278	Yes	-2.917	.004	Rejected

As per table 10, the proportion of satisfied group is more than the dissatisfied group. In case of SBI the 80.8% customers are satisfied and in ICICI bank 82.7% customers are satisfied with their bank.



Figure 1

As per table 8, the significance value is less than .05 for prices, promotional material, interior, waiting time, procedural complexities, error free record and knowledge of employees, null hypothesis cannot be accepted for these variables and there is a significant difference in the satisfaction level of public and private sector banks.

The significance value is more than .05 for timely resolution of problems, behaviour of employees, location, banking hours and safety null hypothesis can be accepted and there is no significant difference in the satisfaction level of customers of public and private sector banks for these variables.

9. Overall Satisfaction Level of Customers

Table 10. Mean

	SBI (PSB)	ICICI (PVTSB)
Overall Satisfaction Level of Customers	3.9053	3.9239

As per table 9, the mean score of overall satisfaction level of customers is greater than three; it indicates that the customers of SBI and ICICI bank are satisfied with their banks.

Table 11. Distribution of Customers for Overall Satisfaction Level

	State Bank of India (PSB)							ICICI Bank (PVTSB)						
	HD	D	DG	N	S	HS	SG	HD	D	DG	N	S	HS	SG
	1	2	1+2	3	4	5	4+5	1	2	1+2	3	4	5	4+5
OSLC	2.1	2.1	4.2	14.7	65.3	15.8	80.8	1.1	0.0	1.1	16.3	70.7	12.0	82.7

Figure 1 indicates that the overall satisfaction line of SBI and ICICI bank are very close to each other. The overall satisfaction line of ICICI bank is slightly higher than the overall satisfaction line of SBI, indicating that the satisfaction level of customers ICICI bank is slightly higher than the customers of SBI.

10. Conclusion

The study finds that the customers of SBI (PSB) and ICICI bank (PVTSB) are satisfied with their banks but the satisfaction level of customers of ICICI bank for various attributes is higher than the customers of SBI. The ICICI bank is outperforming SBI in terms of interior, promotional material, location of branches, bank timings, behaviour of employees, procedural complexities, waiting time and knowledge of employees. SBI need to improve the interior of their branches, provide more promotional material, improve the locations by establishing new branches, increase the banking hours, and reduce the procedural complexities and waiting time. There is also a need to provide training to employees to enhance their knowledge and improve their behaviour towards customers to compete with private sector banks and to improve the satisfaction level of customers. The ICICI (PVTSB) bank lags behind SBI (PSB) in terms of prices and accuracy. There is a need to reduce the prices like interest rate on loans and charges on

other services and to provide more accurate records to customers to increase their satisfaction level.

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