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A Study On Customer Satisfaction Towards Public Sector Banks Services With Reference To Cuddalore District

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Customer satisfaction has emerged as a crucial factor in determining the success and sustainability of banking institutions, particularly in a highly competitive and technology-driven environment. Public sector banks play a significant role in providing financial services to diverse customer groups across urban and rural areas. This study aims to examine the level of customer satisfaction towards the services offered by public sector banks in Cuddalore District, Tamil Nadu. The research focuses on evaluating customer perceptions regarding key service quality dimensions such as reliability, responsiveness, assurance, empathy, and tangibility. The study is based on primary data collected from 384 respondents using a structured questionnaire with a five-point Likert scale. A descriptive research design was adopted, and the collected data were analyzed using statistical tools such as percentage analysis, mean score, chi-square test, and correlation analysis. The findings reveal that most customers are satisfied with the reliability and assurance provided by public sector banks, while moderate dissatisfaction exists in areas such as responsiveness and technological services due to delays and service inefficiencies. The study concludes that although public sector banks in Cuddalore District maintain a satisfactory level of customer trust, there is a need for continuous improvement in service delivery, staff behavior, and digital banking facilities to enhance overall customer satisfaction. The results of this study will help bank management and policymakers develop strategies to improve service quality and strengthen customer relationships

Keywords: Customer satisfaction, Public sector banks, savings, loans, reliability, responsiveness, assurance, empathy, and tangibility.

Introduction

Banking plays a vital role in the economic development of a country by mobilizing savings, facilitating investments, and supporting trade and commerce. In India, public sector banks have historically been the backbone of the financial system, offering a wide range of services to customers across urban, semi-urban, and rural areas. With the rapid transformation of the banking industry due to technological advancements, increased competition, and changing customer expectations, customer satisfaction has become a key determinant of a bank's success and sustainability.

Customer satisfaction refers to the level of contentment experienced by customers when their expectations regarding a product or service are met or exceeded. In the banking sector, satisfaction is influenced by several factors such as service quality, accessibility, staff behavior, reliability, responsiveness, digital banking facilities, and grievance handling mechanisms. Public sector banks, known for their wide outreach and trust among customers, must continuously evaluate their service performance to retain existing customers and attract new ones. In recent years, customers have become more aware of banking services and demand faster, more efficient, and personalized services. The emergence of private sector banks and fintech services has intensified competition, pushing public sector banks to enhance their service standards. Understanding customer satisfaction is therefore essential for identifying service gaps and improving operational efficiency. Cuddalore District, an important region in Tamil Nadu with a mix of urban and rural populations, has a significant presence of public sector banks serving diverse customer groups. Customers in this district rely on banking services for various purposes, including savings, loans, remittances, and digital transactions. Evaluating their satisfaction levels provides valuable insights into how effectively public sector banks are meeting customer needs. This study aims to analyze customer satisfaction towards public sector bank services in Cuddalore District by examining key service quality dimensions such as reliability, responsiveness, assurance, empathy, and tangibility. The findings of the study will help in understanding customer perceptions and suggesting measures for improving banking services, thereby contributing to better customer relationships and enhanced performance of public sector banks.

Statement of the Problem

Customer satisfaction is a key performance indicator in the banking industry, particularly in the context of rising competition, digital transformation and changing customer expectations, public sector banks in India, despite their extensive reach and historical legacy are often criticized for service delays, staff inefficiency lack of innovation and slow adoption of modern technologies such as digital banking and IoT. With private and foreign banks offering more customer centric and technology driven services, public sector banks face increasing pressure to improve their service quality, transparency and responsiveness.

Customer based problems such as queues, inadequate grievance handling, outdated infrastructure and unclear communication of financial terms contribute to dissatisfaction. Moreover the limited awareness and uneven implementation of advance services such as IoT enabled banking tools further widen the gap between customer satisfaction and service delivery.

There is a growing need to assess how customers perceive various dimensions of service quality, how demographic factors influence satisfaction and what role emerging technologies play in shaping customer experience. Despite several reforms and digital initiatives, a comprehensive and empirical study focusing on customer satisfaction in public sector banks remains insufficient in academic literature. Hence the researcher has made an attempt to study about A Study on Customer Satisfaction towards Public Sector Banks Services with Reference to Cuddalore District.

Need of the Study

The public sector banks in cuddalore District plays a crucial role in promoting economic development, entrepreneurship and poverty eradication, ultimately contributing to the district's growth and prosperity. Public sector banks provide loans to farmers for various agricultural purpose, such as purchasing seeds, fertilizers and equipment. This financial support helps farmers increase their productivity and income. Public sector banks offer loan schemes to budding entrepreneurs, helping them implement new projects and develop their business. By providing industrial loan, enabling the growth of Micro, small and medium enterprises in the region. This support is crucial for industries involved in manufacturing, exports and job creation. By single window clearance system, public sector banks can facilitate ensuring faster approvals for industrial projects and smooth operations. The subsidies like the Low Tension Power Tariff Subsidy and generator subsidy, reducing operational costs and promoting growth. Hence public sector banks play a significant role in cuddalore district.

Objectives of the Study

1. To assess the level of customer satisfaction with service provided by public sector banks
2. To examine the quality of service delivery in public sector banks in cuddalore district

Methodology

The study consists of both primary and secondary data. The primary data have collected from the sample respondents through Interview Schedule. The secondary data have gathered from existing literature, newspapers, magazines, Bank Reports and web site of the public sector banks and so on.

Period of the study

The secondary data collected for the period of 10 years from 2015 to 2024. The primary data have collected from the respondent from November 2024 to April 2025.

Hypothesis

Ho_1: There is no significant relationship between service quality dimensions and customer satisfaction in public sector banks

Limitations of the study

1. The study is confined to cuddalore district and the findings may not represent the experience of customers in other parts of the country
2. The responses are based on customers' experiences, which may be subjective and influenced by personal expectations or recent interactions

Table 1- Age wise Classification of the Respondents

Age	No. of Respondents	Percentage
Up to 25	38	9.5
26-35	147	36.75
36-45	162	40.5
Above 45	53	13.25
Total	400	100

Source: Primary Data

The majority of respondents (40.5per cent) fall within the 36-45 age range, indicating that this age group is the most represented in the sample. Respondents aged 25 and below account for 9.5per cent of the sample, which may indicate a relatively smaller proportion of younger individuals. The combined percentage of respondents aged 26-45 is 77.25per cent (36.75per cent + 40.5per cent), suggesting that middle-aged individuals dominate the sample. Respondents above 45 years old account for 13.25per cent of the sample, which may indicate a relatively smaller proportion of older individuals.

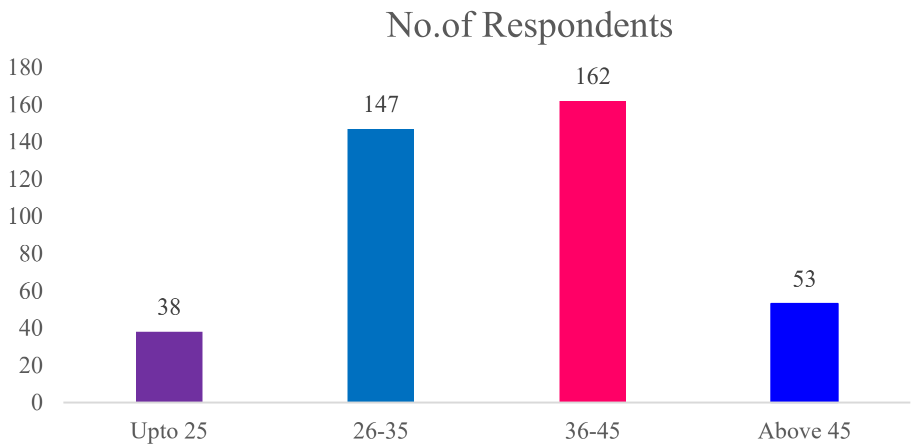

Fig 4.1 Age wise Classification of the Respondents

Table 2 Classification of the Respondents based on type of Account Hold

Types of Account	No .of Respondents	Percentage
Savings Account	61	15.25
Current Account	33	8.25
Recurring Deposit	12	3.00
Fixed Deposit	-	-
Saving Account &Current Account	11	2.75
Saving Account & Recurring	41	10.25
Savings & Fixed Deposit	89	22.25
Current Account & Recurring	37	9.25
Current Account & Fixed Deposit	65	16.25

Recurring & Fixed Deposit Account	27	6.75
Savings, Current, Recurring and Fixed Dep.	24	6.00
Total	400	100

Source: Primary Data

The respondents' account types reveal interesting insights. The most common account type is Savings & Fixed Deposit, held by 22.25per cent of respondents.A significant portion, 15.25 per cent, hold only Savings Accounts, while 8.25per cent have only Current Accounts. Some respondents hold multiple accounts, with 16.25per cent having Current Account & Fixed Deposit, and 10.25per cent having Savings Account & Recurring Deposit. A small percentage, 6.00 per cent, holds all four types of accounts - Savings, Current, Recurring, and Fixed Deposit. Overall, the distribution of account types suggests that many respondents prefer to diversify their accounts, with a mix of savings, current, and fixed deposit accounts

Table-3 Weighted Average Score of Interest on Loan

Interest	HS	S	NSNDS	DS	HDS	Total	Rank
Personal Loan Interest	0	0	0	115	1220	1335	1
Home Loan Interest	0	0	0	60	245	305	6
Educational Loan Interest	0	0	0	40	120	160	7
Vehicle Loan Interest	0	0	0	185	745	930	2
Business Loan Interest	0	0	0	65	290	355	5
Agricultural Loan Interest	0	130	435	210	115	890	3
Jewell Loan Interest	0	0	0	110	585	695	4

Source: Calculated from Primary data

The bank's loan interest rates are a significant concern for customers, with notable dissatisfaction observed across various loan products. Personal Loan Interest rates top the list as the most dissatisfying, ranking 1st, followed closely by Vehicle Loan Interest rates ranking 2nd, and Agricultural Loan Interest rates ranking 3rd. Jewell Loan Interest rates rank 4th, Business Loan Interest rates rank 5th, Home Loan Interest rates rank 6th, and Educational Loan Interest rates rank 7th. This ranking suggests that the bank should prioritize reviewing and potentially adjusting its interest rates for these loan products to improve customer satisfaction and better meet their needs

Suggestions

1. Banks should increase the number of service counters and adopt queue management systems to minimize customer waiting time. Introducing appointment-based services for certain transactions can also improve efficiency.

2. Public sector banks should conduct awareness programs and workshops to educate customers on how to use digital banking services such as mobile apps, internet banking, and ATMs. Special assistance desks can be set up for elderly and rural customers.
3. Banks should recruit adequate staff and provide regular training programs to enhance employee efficiency, communication skills, and customer handling abilities. Motivational programs can also boost staff performance.
4. Branches should be modernized with better seating arrangements, proper signage, clean premises, and well-maintained ATM facilities. Providing a comfortable environment will improve the overall customer experience.
5. Banks should improve their IT infrastructure to reduce server downtime, transaction failures, and ATM malfunctions. Regular maintenance and quick technical support can increase customer trust in digital banking services.
6. A transparent and time-bound complaint resolution mechanism should be implemented. Customers should receive regular updates on the status of their complaints through SMS or email.
7. Banks should encourage relationship-building with customers by offering personalized guidance, financial advice, and customized banking solutions based on customer needs.
8. Banks should ensure clear communication about new policies, schemes, and service charges through SMS alerts, emails, notice boards, and social media platforms to avoid confusion among customers.

Conclusion

The study on customer satisfaction towards public sector bank services in Cuddalore District highlights the importance of service quality in building strong and lasting relationships with customers. Public sector banks play a significant role in providing financial services to a wide range of customers, including those in rural and semi-urban areas. The findings of the study reveal that while customers generally trust public sector banks for their reliability and security, there are certain areas that require improvement to enhance overall satisfaction. The research indicates that factors such as responsiveness of staff, availability of digital banking services, infrastructure facilities, and grievance handling mechanisms significantly influence customer perceptions. Although many customers are satisfied with the core services provided, issues like long waiting time, technical difficulties, and lack of personalized attention create challenges in achieving higher satisfaction levels. In today’s competitive banking environment, public sector banks must continuously adapt to changing customer expectations by adopting modern technology, improving employee efficiency, and ensuring prompt service delivery. Enhancing digital literacy among customers and upgrading infrastructure can further strengthen customer confidence and convenience. Overall, the study concludes that improving service quality, focusing on customer-centric approaches, and implementing effective feedback mechanisms are essential for public sector banks in Cuddalore District to maintain competitiveness and achieve long-term customer satisfaction. By addressing the identified gaps, banks can build stronger customer loyalty and contribute positively to the growth of the banking sector.

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