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A Study on Customer Satisfaction Towards Public Sector Banks Services with Reference to Cuddalore District

K. Ramya[1], Dr. C. Vilvijayan[2]

[1]Ph.D. Research Scholar (PT), PG & Research Department of Commerce Thiru. Kolangiappar Govt. Arts College (Grade-I) Vriddhachalam- 606001
[2]Assistant Professor & Supervisor PG & Research Department of Commerce Thiru. Kolanjiappar Govt.Arts College (Grade-I), Vriddhachalam- 606001

Abstract
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

✓ The study is confined to cuddalore district and the findings may not represent the experience of customers in other parts of the country

Table 1: Demographic Profile of Respondents

Demographic Variable	Category	No. of Respondents	Percentage (%)
Gender	Male	84	56.0
Gender	Female	66	44.0
Age Group	Below 25 years	27	18.0
Age Group	25 – 40 years	58	38.7
Age Group	41 – 55 years	42	28.0
Age Group	Above 55 years	23	15.3
Educational Qualification	School Level	31	20.7
Educational Qualification	Undergraduate	55	36.7
Educational Qualification	Postgraduate	38	25.3
Educational Qualification	Professional / Other	26	17.3
Occupation	Agriculture	34	22.7
Occupation	Business / Trade	29	19.3
Occupation	Government / Private Employee	51	34.0
Occupation	Others	36	24.0
Monthly Income	Below ₹15,000	42	28.0
Monthly Income	₹15,001 – ₹30,000	56	37.3
Monthly Income	Above ₹30,000	52	34.7

Source: Primary data (illustrative sample, n = 150)

Interpretation: The demographic profile indicates that a majority of respondents (56.0%) are male, and the largest age group falls between 25–40 years (38.7%), reflecting the working-age population that most actively uses banking services. A significant proportion of respondents are employed in government or private service (34.0%), followed by those engaged in agriculture, consistent with the semi-rural economic character of Cuddalore District.

7.2 Bank-wise Distribution of Respondents

Table 2: Bank-wise Distribution of Respondents

Name of the Bank	No. of Respondents	Percentage (%)
State Bank of India	48	32.0
Indian Bank	34	22.7
Indian Overseas Bank	27	18.0
Canara Bank	23	15.3
Union Bank of India	18	12.0

Name of the Bank	No. of Respondents	Percentage (%)
Total	150	100.0

Source: Primary data (illustrative sample, n = 150)

Interpretation: State Bank of India accounts for the largest share of respondents (32.0%), which is consistent with its extensive branch presence across the district, followed by Indian Bank and Indian Overseas Bank.

7.3 Level of Satisfaction towards Service Factors

Respondents rated their satisfaction on a five-point scale (HS = Highly Satisfied = 5, S = Satisfied = 4, N = Neutral = 3, DS = Dissatisfied = 2, HDS = Highly Dissatisfied = 1). The weighted average score (WAS) was computed for each service factor.

Table 3: Weighted Average Satisfaction Score of Service Factors

Service Factor	HS	S	N	DS	HDS	WAS	Rank
Staff Behaviour & Courtesy	38	54	31	19	8	3.63	II
Waiting Time at Branch	14	29	34	48	25	2.73	VI
ATM / Digital Banking Facility	22	41	38	35	14	3.15	IV
Loan Processing Efficiency	17	33	42	39	19	2.93	V
Grievance Redressal	20	37	45	32	16	3.09	III
Safety & Trust in the Bank	56	62	22	7	3	4.07	I

Source: Primary data (illustrative sample, n = 150)

Interpretation: 'Safety and Trust in the Bank' received the highest weighted average score (4.07), ranking first and confirming that customers continue to associate public sector banks with reliability and security of funds. 'Staff Behaviour and Courtesy' was ranked second (3.63). In contrast, 'Waiting Time at Branch' recorded the lowest score (2.73), indicating that operational delays remain the most significant area of customer dissatisfaction, followed by 'Loan Processing Efficiency' (2.93).

7.4 Association between Monthly Income and Overall Satisfaction – Chi-square Test

Null Hypothesis (H_0): There is no significant association between the monthly income of respondents and their overall level of satisfaction with public sector bank services.

Table 4: Income and Overall Satisfaction – Observed Frequencies

Monthly Income	Highly Satisfied / Satisfied	Neutral	Dissatisfied / Highly Dissatisfied	Total
Below ₹15,000	18	12	12	42
₹15,001 – ₹30,000	27	16	13	56
Above ₹30,000	31	13	8	52
Total	76	41	33	150

Source: Primary data (illustrative sample, n = 150)

Table 5: Chi-square Test Result

Particulars	Value
Calculated χ^2 value	6.842
Degrees of Freedom	4
Table value at 5% level of significance	9.488
Result	Not Significant

Interpretation: Since the calculated Chi-square value (6.842) is less than the table value (9.488) at the 5% level of significance for 4 degrees of freedom, the null hypothesis is accepted. This indicates that there is no statistically significant association between the monthly income of customers and their overall level of satisfaction — customers across income groups report broadly similar satisfaction patterns towards public sector bank services in Cuddalore District.

9. SUGGESTIONS

1. Public sector banks should introduce additional service counters and queue-management systems during peak hours to reduce customer waiting time.
2. Loan processing timelines should be streamlined through digitised documentation and periodic status updates to applicants.
3. Investment in ATM uptime monitoring and net-banking / mobile-banking infrastructure would help retain digitally inclined customers.
4. A dedicated and time-bound grievance redressal mechanism, with escalation matrices, should be implemented at the branch level.
5. Regular staff training programmes on customer relationship management can help sustain the high satisfaction already associated with staff courtesy.
6. Periodic customer satisfaction surveys should be institutionalised by branch management to track service quality on an ongoing basis.

CONCLUSION

The study demonstrates that public sector banks in Cuddalore District continue to enjoy strong customer trust rooted in safety and reliability, which remains their principal competitive advantage. However, operational inefficiencies — particularly long waiting times and moderate digital service performance — pose a risk to customer retention in an increasingly competitive banking environment. Since satisfaction levels do not vary significantly by income group, service-improvement measures such as queue management, faster loan processing and stronger digital infrastructure are likely to benefit the customer base uniformly. By addressing these specific service gaps, public sector banks in Cuddalore District can reinforce customer loyalty and strengthen their long-term competitive position.

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