

# Customer Satisfaction in the Banking Industry: A Study with Reference to Chittoor District, Andhra Pradesh

**Author:** Garry Sekhar Gupta  
**Designation:** Assistant Vice President  
**Department:** Retail Branch Banking  
**Organization:** Axis Bank Ltd, Chittoor

## Abstract

Customer satisfaction has become a critical determinant of success in the banking industry, particularly in developing economies like India, where competition among public and private sector banks is intensifying. This study explores the factors influencing customer satisfaction in the banking sector of Chittoor District, Andhra Pradesh. Key dimensions examined include service quality, technology adoption, staff behaviour, accessibility, and trust. The findings highlight that while digital banking has improved convenience, personal interaction and trust remain vital for customer loyalty.

## Introduction

Banking is the backbone of economic development, and customer satisfaction is the cornerstone of banking success. In India, the liberalization of the financial sector has led to the entry of private and foreign banks, intensifying competition. Customers today expect not only financial services but also personalized experiences, technological convenience, and transparency.

Chittoor District, located in the southern part of Andhra Pradesh, is a hub of agricultural, industrial, and educational activities. The district has a diverse mix of urban and rural populations, including Telugu and Tamil communities, making it an ideal case for studying customer satisfaction in banking.

## Objectives of the Study

1. To analyze the level of customer satisfaction in public and private sector banks in Chittoor District.
2. To identify the key factors influencing customer satisfaction.
3. To compare customer perceptions of service quality between rural and urban branches.
4. To suggest measures for improving customer satisfaction in the banking sector.

## Methodology

- **Sample Size:** 300 respondents across Chittoor District (150 from public sector banks, 150 from private sector banks).
- **Sampling Technique:** Stratified random sampling covering both rural and urban branches.
- **Data Collection:** Structured questionnaire focusing on service quality, staff behaviour, digital services, accessibility, and trust.
- **Analysis Tools:** Descriptive statistics, Chi-square test, and correlation analysis.

## Findings and Discussion

### 1. Service Quality

- Public sector banks scored high in reliability but lower in responsiveness.
- Private banks excelled in customer-friendly environments and faster service delivery.

## 2. Technology Adoption

- Urban customers preferred mobile banking, internet banking, and ATMs.
- Rural customers faced challenges with digital literacy, preferring traditional methods. However, many have recently adopted digital payments through platforms such as PhonePe and Google Pay for everyday transactions. The reduced availability of physical currency has accelerated this shift in both urban and rural areas.

## 3. Staff Behaviour

- Courtesy and professionalism of staff were major satisfaction drivers.
- Public sector banks were often perceived as bureaucratic, with staff less attentive to customer needs.
- Private sector banks were seen as more approachable, following the ECSG (Eye Contact, Smile, and Greet) approach. Employees typically offer seats, listen patiently to customer requirements, and provide services accordingly.

## 4. Accessibility

- Branch and ATM availability influenced satisfaction.
- Rural areas still face limited access compared to urban centres. However, increasing use of digital platforms such as PhonePe and Google Pay is reducing reliance on ATMs among younger generations.

## 5. Trust and Transparency

- Trust was higher in public sector banks due to government backing.
- Private banks gained trust through personalized services and transparent communication.

### Comparative Analysis: Public vs. Private Banks

Factor	Public Sector Banks	Private Sector Banks
Reliability	High	Moderate
Responsiveness	Moderate	High
Technology Adoption	Moderate	High
Staff Behaviour	Moderate	High
Trust	High	Moderate

### Challenges Identified

- Digital divide between rural and urban customers.
- Bureaucratic delays in public sector banks.
- Lack of awareness about digital security among rural customers, leading to risks such as sharing passwords and OTPs.
- Need for financial literacy programs.

### Suggestions

1. **Enhance Digital Literacy:** Conduct workshops in rural areas to educate customers on mobile banking and digital payments.
2. **Improve Responsiveness:** Public sector banks should reduce bureaucratic delays and adopt customer-centric approaches.
3. **Strengthen Trust:** Private banks should emphasize transparency in charges and policies.
4. **Expand Accessibility:** Establish more branches and ATMs in rural areas to improve convenience.
5. **Hybrid Approach:** Balance digital services with personalized customer interaction.

### Conclusion

Customer satisfaction in the banking industry of Chittoor District is influenced by multiple factors including service quality, technology, staff behaviour, accessibility, and trust. While private banks lead in responsiveness and technology adoption, public

sector banks enjoy higher trust. Bridging the digital divide and improving responsiveness are crucial for enhancing satisfaction levels.

This study underscores the importance of adopting a hybrid model that combines technological innovation with personalized service to meet the diverse needs of customers in both rural and urban areas.

## References

1. Parasuraman, A., Zeithaml, V.A., & Berry, L.L. (1988). SERVQUAL: A Multiple-Item Scale for Measuring Consumer Perceptions of Service Quality. *Journal of Retailing*.
2. Zeithaml, V.A., & Bitner, M.J. (2000). *Services Marketing*. McGraw-Hill.
3. Gupta, R. (2015). Customer Satisfaction in Indian Banking Sector. *Indian Journal of Finance*.
4. Reddy, K. (2018). Service Quality in Public and Private Sector Banks in Andhra Pradesh. *South Asian Journal of Management*.
5. Reserve Bank of India Reports (2020–2024). *Trends in Indian Banking*.



## Copyright & License:

© Authors retain the copyright of this article. This work is published under the Creative Commons Attribution 4.0 International License (CC BY 4.0), permitting unrestricted use, distribution, and reproduction in any medium, provided the original work is properly cited.