Consumer Shifting in Private and Public Sector Banks and Analytical Study

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Abstract—*A bank is a financial institution which provides fundamental banking services. There are two types of banks private and public. In the present study we have analyzed the consumer shifting private and public banks. A self-made questionnaire have taken for data collection, 100 samples were taken for analysis. With the help of factor analysis we have found the 4 different factors; those are responsible for shifting process of any consumer from public and private bank and with the help of ANNOVA test we have identified the impact of these factors with respect to demographic variables. Demographic study has shown that females are more conscious about shifting process from bank. 30-40 years age group people are more conscious about the service of banks and on the basis of customer relationship process they normally take the decision to shift the bank from private to public or vice versa. With the help of this study bank can identified those factors and demographic variables which are responsible for shifting process; they can improve their service process.*

Keywords: *Private Bank, Public bank, services, consumer, shifting*

1. INTRODUCTION

Banking Company in India has been defined in the Banking Companies act 1949. A bank is a financial institution that provides banking and other financial services to their customers. A bank is generally understood as an institution which provides fundamental banking services such as accepting deposits and providing loans. There are also nonbanking institutions that provide certain banking services without meeting the legal definition of a bank. There are so many factors which also affect to the banking performance and for good performance banking system always accept and face new challenges. Earlier it was the concept of money lenders and individuals; they were maintained the money transaction system, but after the introducing of banking system the whole concept of money handling has been changed. In the beginning of banking system the rate of interest was very high without any security. For overcoming with this problem the systematic or fully organized system with authorized by government was started. Banks' activities can be divided into retail banking, dealing directly with individuals and small businesses; business banking, providing services to mid-market business; corporate banking, directed at large business entities; private banking, providing wealth management services to high net worth individuals and families; and investment banking, relating to activities on the financial markets.

There are two types of banking system; public and private. Private Banks ruled by individual or general partner(s). In other words we can say that private banks are not controlled by government. Earlier private banks were in the form of small size and limited to specific region focus. They were having police to attract the customers with the help of upgraded technology. Now in the new private banking system is upgraded with new economic reforms and financial sectors. Public sectors banks are controlled by government; in which individual has limited shares. The basic concept of public sector banks to do social services. These banks divided in to two parts; first is nationalized and second is state bank.

2. REVIEW OF LITERATURE

Maureen Coughlin & P. J. O'Connor (1984), Differences in risk taking for autonomous versus joint decisions involving consumer situations are investigated in this study. The risky shift phenomenon, found in the psychological literature, provides the basis for expecting shifts in risk from individual to joint decisions. Choice dilemmas were developed to assess levels of acceptable risk for six different types of loss. Subjects displayed both risky and caution shifts in their decision making. Differences occurred between males and females and the negative consequences associated with the risky alternative also explained some of the risk shifting.

Van Steen, Reg, (1999), Researcher have found the attitude changes in consumers due to distribution channel. They have found some basic factors on the basis of consumer give preference for different bank.

Aruna Dhade and Manish Mittal (2008), They have given the results about private banking system; how private banks have gradually growing and covering the market. They has first objective to identify the factor preference for private and public sector bank. Also found that the customer satisfaction and their choice of shifting banks towards public sector to private sector.

Vimi Jham & Kaleem Mohd Khan, (2008), This study, found the customer satisfaction; which are based on CRM of

five Indian banks. These banks are providing different type of customer relationship based services on different demographic variables. Researchers have found their satisfaction level and have given the valuable services for the improvement in these services.

Dr. R.K. Uppal (2011), Study was focused on technology up gradation in IT sector with respect to banks; how this IT service are giving customer satisfaction with respect to private sector and foreign sector banks' customers. Also concluded some strategies; those are necessary for enhancement of quality in services.

Surabhi Singh and Renu Arora (2011), The objective was to assess the extent of use of services especially the IT enabled services in these banks and to analyze the constituent factors affecting customer satisfaction with the quality of services. The study shows that the customers of nationalized banks were not satisfied with the employee behavior and infrastructure, while respondents of private and foreign banks were not satisfied with high charges, accessibility and communication.

Kajal Chaudhary and Monika Sharma (2011), This study was an attempt to analyze how efficiently Public and Private sector banks have been managing NPA. We have used statistical tools for projection of trend. The economic reforms in India started in early nineties, but their outcome is visible now. Major changes took place in the functioning of Banks in India only after liberalization, globalization and privatization. It has become very mandatory to study and to make comparative analysis of services of Public sector Banks and Private Sector banks. Increased competition, new information technologies and thereby declining processing costs, the erosion of product and geographic boundaries, and less restrictive governmental regulations have all played a major role for Public Sector Banks in India to forcefully compete with Private and Foreign Banks.

Sathishkumar Balasubramanian (2007), Private sector banks play an important role in development of Indian economy. After liberalization the banking industry underwent major changes. The economic reforms totally have changed the banking sector. RBI permitted new banks to be started in the private sector as per the recommendation of Narashiman committee. The Indian banking industry was dominated by public sector banks. But now the situations have changed new generation banks with used of technology and professional management has gained a reasonable position in the banking industry. The main idea of this article is to make an evaluation of the financial performance of Indian private sector banks.

Howorth, Carole and Peel, Michael John and Wilson, Nicholas (2003), The study has found the problems facing by banks due to lack of information about IT in public sector bank. Also found that the some factors those were related to insignificant performance due to rapidly changes in technology and information system.

M.Sathish, K.Santhosh Kumar, The objectives of the study are to find the factors that influence the consumers in switching the service provider and to delve into finding out the likeliness of switching the service provider. The variables considered for the study are Consumer demographics, Consumer satisfaction with existing service provider, Factors influencing the switching behaviour and factors that affect the switching behaviour of `consumers and these were grouped into 4 categories namely customer service, service problems, usage cost and others. The results from the study reveal that call rates plays the most important role in switching the service provider followed by network coverage, value added service and customer care while advertisement plays the least important role.

3. OBJECTIVES OF THE STUDY

- To identify the factors that influence shifting of banks.

- To study the consumer shifting from public to private banking with respect to demographic variable.

4. RESEARCH METHODOLOGY

Research methodology is a way to systematically solve the research problem. It may be understood as a science of studying how research is done scientifically.

As we know, the literature for this study is examined and the information will be collected by using the quantitative questionnaires. Firstly, the research processes have been identified and the research problems have been formulated. Then, there were also a discussion about the instruments to be used and the decisions that should be made for achieving the purpose of the research. After that, the research design is created to answer the research objectives or hypotheses.

The research methodology adopted for carrying out the study is as follows-

Research design

This research environment is the field study & descriptive in nature. The mode of data collection is self made questionnaire. The research consists of statistical study. Attempt is made to capture populations' characteristics by making inferences from samples characteristics.

Sampling size

The size of the sample considered for the present study included 100 respondents.

Types of sample

Convenience sampling is used for the study. Non probability samples that are unrestricted are called convenient samples. In this researchers have the freedom to choose whom so ever they find, thus it named convenience. In this research this type of sampling is used to select the consumers.

Tools for Data Collection
Collection of primary data
The primary data for this research is collected through questionnaire method. Structured questionnaires, which have already been tested for validity and reliability, have been taken for that. The questionnaire is one of the main tools for collecting data from the consumers. The types and designs of questionnaires that are used depend on the studies that have been carried out.

Collection of secondary data

The sources of secondary data include internet and books referred from the library. Various websites were referred in order to collect information regarding previous surveys done on banking services and performances.

Tools for Data Analysis
Factor Analysis
Factor analysis is a statistical method used to describe variability among observed, correlated variables in terms of a potentially lower number of unobserved variables called factors. In other words, it is possible, for example, that variations in three or four observed variables mainly reflect the variations in fewer unobserved variables. Factor analysis searches for such joint variations in response to unobserved latent variables. The observed variables are modeled as linear combinations of the potential factors, plus "error" terms. The information gained about the interdependencies between observed variables can be used later to reduce the set of variables in a dataset. Computationally this technique is equivalent to low rank approximation of the matrix of observed variables. Factor analysis originated in psychometrics, and is used in behavioral sciences, social sciences, marketing, product management, operations research, and other applied sciences that deal with large quantities of data.

ANOVA: Analysis of Variance

It is a method of assessing the contribution of an independent variable or controllable factor to the observed variation in an experimentally observed depended variable. It is a collection of statistical models used in order to analyze the differences in between group means and their associated procedures.(such s variations among and between groups.)

In its simplest form, ANOVA provides a statistical test of whether or not the means of several groups are equal, and therefore generalizes the T test to more than two groups ANOVAs are useful in comparing three or more means for statistical significance

5. RESULT AND DISCUSSION
Factor1: Impact of Services
The factor measures the impact of services provided to the customers by the bank are they satisfied or not the highest impact is of customer services by the bank. Customers also affects from the external forces which might change their

decision. Customers need efficient managerial services. Annexure 2 indicates that the highest loading (.767) item in this annexure is satisfaction with customer services.

Factor 2: Preference of Customer
The factor determines here the preference of customer of private banks over the public banks they have more awareness and interest in the private banks. The preference of modern technology in banking like ATMS, immediate transfers RTGS are also being preferred by the customers while choosing the banks. The highest loading (.808) item in the annexure is preference of private banks over public banks.

Factor 3: Facilities and Reliabilities
The factor measures the trust and reliability of banks and the additional facilities given by the bank attracts the customers moreover the human contacts terms are also important for the banking relations these days. The highest loading (.699) item in the annexure is human contacts are very important for banking relations.

Factor 4: Influence Of concession rates & online services
The factor measures the influence of concession rates on customers that it will be a factor for the customers to switching the banks. The trust and security of online services by banks are well managed this will be of major concern for the customers these days the security of their online banking transactions. The highest loading (7.32) item in this factor is concession rates.

ANNOVA Test
The descriptive output provides each group's sample size (N), mean, standard deviation, the standard error of the mean (the standard deviation divided by the square root of N, which estimates the potential for sampling error), and the minimum and maximum scores. Also, this part of the output presents the confidence interval within which we are 95% confident that the true population mean for this group would fall. Like the confidence intervals this interval is found by adding and subtracting from the mean .For the most part, we will usually only need to concern ourselves with the means and standard deviations for each of our groups

One way ANNOVA for Occupation:
The P value is greater than the 0.05 so there is no significant impact of banking service on people by occupation wise. Occupation does not have any importance or reason for shifting the bank from public to private. In this case the means and standard deviations (presented in parentheses) for the student, business, service and home maker are 22.05(2.3445) and 22.4 (2.9558), 23.7(3.3480) , 24(2.8284)respectively. Thus, eyeballing our data, we can begin to suspect that the mean and the standard deviation of the homemaker occupation is the highest of all with a mean score of (24) and the lowest is of student with a mean of (22.05).

One way ANNOVA for the Gender:
The P value is greater than the 0.05 so there is no significant impact of banking service on people by gender wise. Male and female are equally

conscious regarding shifting banks from public to private. In this case the mean and standard deviation of male and female are calculated. The table value of male with a mean of (22.85) and the female with a mean of (23.45).

One way for ANNOVA for Age: It indicates the mean score of age 30-40 is highest amongst all the mean score is (24.15) and the age group of 20-30 is (21.88). From the other two responses of this age group is likely to be less.

6. CONCLUSION

The customers preferred modern technology and other additional facilities while choosing the bank. Large number of customers emphasized on the extra facilities. The homemaker are likely to be more responsive towards the questionnaire and are the amongst the highest respondents. The preference of female respondents are high than the male respondents. Respondents between the age group of 30-40 have the highest score amongst all. It was seen inferred from the responses that the customers proffered human relationships and interaction an integral part in maintaining banking relations. The trust and reliability issue is found of major concern amongst the customers . They want more security regarding their online transactions .The final analysis of all the responses showed preference of private banks over public banks.

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Annaxure 1

Factors labels and items	Rotated factor loadings	Reliability coefficient
Factor 1: Impacts of services Satisfaction with customer services External forces Managerial services	.767 .672 .627	.767
Factor 2: Preference of Customers: Preference of private banks Modern technology	.774 .808	.808
Factor 3:Facilities and reliabilities: Human contacts Trust and reliability Additional facility	.699 .647 .623	.699
Factor 4:influence of concession rates &online services: Concession rates Online services by banking	.732 .725	.732

ANOVA

Q1

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	58.387	3	19.462	2.089	.107
Within Groups	894.363	96	9.316		
Total	952.750	99			

ANOVA

Q1

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	8.061	1	8.061	.836	.363
Within Groups	944.689	98	9.640		
Total	952.750	99			

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	110.548	2	55.274	4.368	.015
Within Groups	1240.225	98	12.655		
Total	1350.772	100			