



Knowledge, Perception And Attitude Of Students Towards Banking Products And Services: A Comparative Analysis Between Public And Private Sector Banks In Chennai City

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ABSTRACT

This research delves into the intricate relationship between students and the banking sector in Chennai, specifically examining their knowledge, perception, and attitude towards banking products and services offered by both public and private sector banks. The burgeoning youth demographic, particularly students, represents a crucial segment for banks, serving as both current and future customers. Understanding their financial literacy and preferences is paramount for banks to tailor their offerings and engagement strategies effectively. This study employs a comparative analysis to highlight the differences and similarities in how students in Chennai interact with and view public versus private banks. It explores various aspects including awareness of common and advanced banking products, perception of service quality, technological adoption, and overall attitude towards different banking sectors. The findings are expected to provide valuable insights for financial institutions in Chennai to design targeted financial literacy programs, enhance service delivery, and develop student-centric banking solutions, thereby fostering greater financial inclusion and a financially literate youth population.



1. Introduction

The banking sector in India has undergone a significant transformation, especially in the post-liberalization era, witnessing the emergence of a dynamic and competitive landscape. Both public and private sector banks play pivotal roles in the nation's economic development, catering to diverse customer segments with a wide array of products and services. Among these segments, the student population stands out as a unique and increasingly important group. Students, particularly those in higher education, are at a crucial juncture in their lives, often managing finances independently for the first time, making crucial financial decisions, and forming long-term banking habits. Their engagement with banking services extends beyond mere savings accounts to encompass educational loans, digital payments, and potentially even early investment avenues.

Chennai, a major metropolitan city in South India, is a hub for education, with numerous colleges and universities attracting students from across the country. This large student demographic presents a significant opportunity and challenge for banks. While these young individuals are often digitally native and open to new technologies, their understanding of complex financial products, risk management, and the nuances of banking operations might vary considerably. Moreover, the inherent differences in operational models, customer service approaches, and public perception between public and private sector banks could significantly influence student preferences and engagement.

Public sector banks in India, historically dominant, are often perceived as trustworthy, stable, and offering lower service charges, albeit sometimes criticized for slower service and traditional approaches. Private sector banks, on the other hand, are generally seen as technologically advanced, customer-centric, and offering a wider range of modern services, though they may have higher service charges and a more commercialized approach. This study aims to systematically investigate how these perceived differences translate into the knowledge, perception, and attitude of students in Chennai towards these two distinct banking sectors.

Understanding student financial literacy is not merely an academic exercise; it has profound implications for financial inclusion, consumer protection, and the future growth of the banking industry. A financially literate youth is better equipped to make informed decisions, avoid debt traps, and contribute positively to the economy. Therefore, a comparative analysis focusing on students in a vibrant educational hub like Chennai offers valuable insights into the evolving dynamics of the Indian banking sector and the critical role of financial education. This research will address key questions such as: What is the level of knowledge among students regarding various banking products? How do they perceive the service quality of public versus private banks? What factors influence their choice of bank, and what is their overall attitude towards the banking sectors? By answering these questions, the study seeks to provide actionable recommendations for banks to better serve the student community in Chennai and beyond.



2. Review of Literature

The existing literature extensively explores customer behavior in the banking sector, service quality, and financial literacy. However, specific studies focusing on the comparative analysis of student knowledge, perception, and attitude towards public and private sector banks in a city like Chennai are relatively limited. This section reviews relevant studies to establish the theoretical foundation and identify research gaps.

2.1 Student Financial Literacy and Banking Habits: Numerous studies highlight the generally low level of financial literacy among students globally, despite their increasing exposure to financial products. For instance, a study by Chen and Volpe (1998) found that college students in the US possessed limited financial knowledge. In the Indian context, research by Murthy and Sarvalakshmi (2018) on college students in rural areas of Tamil Nadu revealed meagre financial knowledge, suggesting a need for enhanced financial education. Similarly, a study among undergraduate students in Chennai by a recent paper (ResearchGate, 2023) indicated that while students have a basic awareness of banking functions and services, their in-depth knowledge, especially regarding internet and mobile banking security, could be improved. These studies underscore the importance of assessing student knowledge beyond basic transactions.

2.2 Customer Perception of Service Quality in Banks: Service quality is a critical determinant of customer satisfaction and loyalty in the banking sector. The SERVQUAL model, developed by Parasuraman, Zeithaml, and Berry (1988), remains a widely used framework for assessing service quality across various dimensions such as tangibles, reliability, responsiveness, assurance, and empathy. Several studies have applied this model to compare public and private sector banks in India. For instance, a study on customer satisfaction with e-banking services in Chennai found that private banks generally performed better in terms of providing services and creating awareness about their products (ResearchGate, Service Quality and Customer Satisfaction, n.d.). Another comparative analysis of customer satisfaction and service quality in public sector banks in Tambaram, Chennai, indicated that while public banks maintain customer trust, they often lag in responsiveness and digital services (IARJSET, 2025). This suggests that while public banks might have a legacy of trust, private banks are often perceived as more agile and technologically advanced.

2.3 Attitude Towards Banking Sectors: Customer attitude towards a bank is shaped by their perceptions and experiences. Factors like efficiency, technological adoption, branch accessibility, product variety, and customer service play a crucial role. Studies often find that customers tend to prefer private banks for their promptness, technologically advanced services, and customer-centric approach, while public banks are often chosen for their reliability, lower charges, and extensive branch networks, especially in semi-urban and rural areas (Scribd, A Comparative Analysis on the Service Quality of Private and Public Sector Banks in India, n.d.). The rapid evolution of e-banking



has further influenced customer attitudes, with a growing preference for digital channels (Sathyabama, A Study on Customer Satisfaction Towards Internet Banking Services, 2021). However, the adoption of e-banking services also depends on perceived usefulness and perceived barriers, with some customers still preferring traditional branch banking due to lack of knowledge or hesitation (ResearchGate, Examining the factors influencing adoption of e-banking services in Chennai city, 2020).

2.4 Comparative Studies on Public and Private Sector Banks: Comparative studies consistently reveal distinct strengths and weaknesses for both public and private sector banks. Private sector banks are often lauded for their superior service quality, technological innovation, and customer relationship management. They tend to invest more in modern infrastructure and digital platforms, attracting customers seeking convenience and efficiency. Conversely, public sector banks, despite their large customer base and strong government backing, often face challenges related to bureaucracy, slower decision-making, and less competitive technology adoption. However, they continue to be preferred by a significant segment of the population due to factors like trust, security, and lower transaction costs. Some research even suggests that in certain regions, public sector banks are still ahead due to trust and reliability

2.5 Research Gap: While the existing literature provides a broad understanding of customer behavior and banking preferences, there is a distinct need for a granular comparative analysis specifically focused on the student demographic in a major educational hub like Chennai. Previous studies often focus on general customers or specific aspects like e-banking satisfaction. This research aims to fill this gap by comprehensively examining students' knowledge of a wide range of banking products, their perceptions of service quality across different dimensions, and their overall attitude, specifically distinguishing between public and private sector banks in Chennai. This detailed focus on students will provide unique insights into their specific needs, challenges, and preferences, allowing banks to develop more targeted strategies for this critical segment.

3. Objectives of the Study

Based on the identified research gaps, the primary objectives of this study are:

1. To assess the level of knowledge among students in Chennai city regarding various banking products and services offered by both public and private sector banks.
2. To analyze the perception of students towards the service quality of public and private sector banks in Chennai.
3. To compare the attitude of students towards public and private sector banks as their preferred banking partners.



4. To identify the key factors influencing students' choice between public and private sector banks in Chennai.
5. To provide recommendations for public and private sector banks to enhance their offerings and engagement strategies for the student community in Chennai.

4. Methodology

4.1 Research Design: The study will adopt a descriptive and comparative research design. A descriptive design will be used to assess the current state of knowledge, perception, and attitude of students towards banking products and services. A comparative design will then be employed to draw distinctions and similarities between public and private sector banks based on student responses.

4.2 Population and Sample: The target population for this study comprises undergraduate and postgraduate students enrolled in various colleges and universities across Chennai city. A multi-stage sampling technique will be employed. In the first stage, a few prominent colleges (both arts, science, and engineering) will be selected from different zones of Chennai using a stratified random sampling method to ensure representation. In the second stage, a convenient random sampling method will be used to select students from the chosen colleges. A sample size of approximately 500 students will be targeted to ensure statistical significance, distributed proportionally across public and private bank users.

4.3 Data Collection: Primary data will be collected using a structured questionnaire. The questionnaire will be designed to capture information on:

- **Demographic profile:** Age, gender, academic discipline, year of study, income sources (if any).
- **Knowledge of banking products and services:** Questions will cover basic products (savings accounts, debit cards, ATMs), digital banking services (mobile banking, UPI, internet banking), and more advanced products (credit cards, loans, fixed deposits, mutual funds, insurance). Knowledge will be assessed through multiple-choice questions and scenario-based queries.
- **Perception of service quality:** Questions will be based on modified SERVQUAL dimensions (Tangibles, Reliability, Responsiveness, Assurance, Empathy), rating features like branch appearance, efficiency of transactions, staff helpfulness, security of online platforms, and problem-solving abilities.
- **Attitude towards banking sectors:** Questions will gauge their preference for public or private banks, reasons for their choice, trust levels, comfort with digital services, and willingness to recommend.



- **Factors influencing bank choice:** Questions will explore aspects like interest rates, service charges, ease of opening accounts, proximity of branches/ATMs, availability of digital services, reputation, and peer influence.

The questionnaire will be pre-tested with a small group of students to ensure clarity, relevance, and validity. Data collection will be carried out through online surveys and, where feasible, physical distribution of questionnaires in colleges. Ethical considerations, including informed consent and anonymity, will be strictly adhered to.

4.4 Data Analysis: The collected data will be analyzed using appropriate statistical techniques.

- **Descriptive statistics:** Frequencies, percentages, means, and standard deviations will be used to summarize the demographic profile and to present the overall knowledge levels, perceptions, and attitudes.
- **Inferential statistics:**
 - **Independent Sample t-test:** To compare the mean scores of knowledge, perception, and attitude between students banking with public sector banks and those banking with private sector banks.
 - **ANOVA:** To determine if there are significant differences in knowledge, perception, and attitude based on demographic variables such as academic discipline or year of study.
 - **Factor analysis:** To identify underlying factors influencing student perception and attitude towards banking services.
 - **Correlation and Regression analysis:** To determine the relationship between various factors (e.g., knowledge and attitude) and to identify the predictors of bank choice. Statistical software like SPSS or R will be utilized for data analysis.

5. Expected Outcomes and Discussion

This study is anticipated to yield comprehensive insights into the financial literacy and banking preferences of students in Chennai, offering a nuanced comparative perspective between public and private sector banks.

5.1 Knowledge Levels: We expect to find that students possess a relatively strong knowledge of basic banking products like savings accounts, debit cards, and ATM operations, given their frequent use. However, their understanding of more complex products such as fixed deposits, recurring deposits, mutual funds, credit card nuances (interest rates, credit scores), and various types of loans (beyond

education loans) is likely to be lower. This gap might be more pronounced among students from non-commerce or non-finance backgrounds. The study will likely reveal differences in digital banking knowledge, with students generally being proficient in mobile banking and UPI, but possibly lacking awareness about advanced online security protocols or niche digital services offered by banks. A key finding will be whether there is a significant difference in knowledge levels between students who primarily bank with public sector banks versus those who prefer private sector banks, potentially indicating better communication or educational initiatives from one sector.

5.2 Perception of Service Quality: Based on existing literature, it is hypothesized that students will generally perceive private sector banks as superior in terms of technological advancement, speed of service, and efficiency of operations. This includes quicker transaction processing, user-friendly mobile apps, and prompt customer service (e.g., call center responsiveness). Public sector banks, while still benefiting from a strong image of trust and security, might be perceived as slower, more bureaucratic, and less responsive to immediate needs. Dimensions like "tangibles" (branch aesthetics, modern infrastructure) and "responsiveness" are likely to favor private banks, while "reliability" and "assurance" might show a narrower gap or even lean slightly towards public banks due to their perceived stability and government backing. The study will quantify these perceptions using the SERVQUAL dimensions, providing specific areas where each sector can improve.

5.3 Attitude Towards Banking Sectors: The attitude of students is expected to be a blend of convenience, trust, and aspirations. While many students might initially open accounts with public sector banks due to parental influence or proximity to educational institutions, their long-term attitude and future banking choices could be swayed by the modern offerings and efficiency of private banks. Factors such as ease of account opening, availability of student-friendly features, and personalized communication are likely to influence their attitude. It is anticipated that students with a higher propensity for digital transactions and a desire for quick, seamless services will exhibit a more positive attitude towards private banks. Conversely, those prioritizing security, lower charges, and a more traditional banking experience might maintain a positive attitude towards public banks. The study will explore the underlying reasons for these attitudinal preferences, providing insights into emotional and rational drivers of choice.

5.4 Factors Influencing Bank Choice: Several factors are expected to influence students' choice of banking partners.

- **Technological Sophistication:** The availability and user-friendliness of mobile banking apps, internet banking, and digital payment options (like UPI integration) are likely to be strong determinants for tech-savvy students. Private banks are generally seen as leaders in this regard.



- **Service Charges and Interest Rates:** Public banks often offer lower minimum balance requirements and service charges, which could be attractive to students with limited financial resources. Interest rates on savings or education loans could also play a role.
- **Proximity and Accessibility:** The physical location of branches and ATMs, particularly near educational institutions or residential areas, remains a significant factor for convenience.
- **Reputation and Trust:** The perceived security and reliability of a bank, often stemming from its long-standing history (for public banks) or brand image (for private banks), will continue to influence choice.
- **Peer and Family Influence:** Recommendations from friends, family, or educational institutions (e.g., preferred banks for education loans) will likely have a notable impact on initial bank selection.
- **Product Variety and Customization:** The availability of student-specific accounts, offers, or financial guidance could attract students to a particular bank.

The comparative analysis will quantify the relative importance of these factors for students leaning towards public versus private sector banks, providing granular data for strategic targeting.

6. Conclusion

This research aims to provide a robust understanding of the student banking landscape in Chennai. The expected findings will confirm that while students possess foundational knowledge of banking, there are significant gaps in their understanding of advanced financial products and services. The study is likely to validate the general perception that private sector banks excel in terms of technological offerings, speed, and responsiveness, aligning with the digital-first preferences of the youth. Public sector banks, while continuing to command trust and reliability, may need to address perceptions related to service efficiency and digital innovation to better attract and retain the student demographic.

The comparative analysis will illuminate the nuanced factors driving student choices, ranging from tangible benefits like lower service charges and proximity of branches to intangible aspects like brand reputation and personalized customer experience. Ultimately, the insights garnered from this study will be invaluable for both public and private sector banks in Chennai. They can leverage these findings to:

- **Develop targeted financial literacy programs:** Focusing on educating students about complex financial products, risk management, and the responsible use of credit.



- Enhance digital banking experiences: Investing further in intuitive mobile apps, secure online platforms, and seamless digital payment solutions.
- Tailor product offerings: Designing student-specific accounts, loans, and investment options that align with their life stage and financial goals.
- Improve customer engagement: Providing responsive and empathetic customer service, both online and offline, to build lasting relationships.

By understanding and responding to the evolving needs and preferences of students, banks in Chennai can not only expand their customer base but also contribute significantly to fostering a financially informed and responsible future generation, thereby strengthening the overall financial ecosystem of the city and the nation.

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