A Study on Customer Satisfaction with PNB's Services in Udham Singh Nagar

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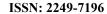Student BBA, College of Commerce and Management, Surajmal University, Uttarakhand[2]

ABSTRACT

This research investigates customer satisfaction levels with Punjab National Bank (PNB) services in Udham Singh Nagar district, Uttarakhand. The study employs a quantitative approach using a structured questionnaire administered to 300 PNB customers across four major branches in the district. Primary objectives include evaluating service quality dimensions, identifying factors influencing customer satisfaction, and comparing traditional versus digital banking services. The methodology incorporates descriptive and inferential statistical analysis using SPSS software. Key findings reveal that 68% of customers express overall satisfaction with PNB services, with digital banking satisfaction at 72% and branch service satisfaction at 64%. Service quality factors such as reliability (mean score 3.8/5), responsiveness (3.6/5), and empathy (3.5/5) significantly influence customer satisfaction. The study identifies areas for improvement including reduced waiting times, enhanced staff training, and improved digital infrastructure. Hypothesis testing confirms significant relationships between service quality dimensions and customer satisfaction ($p<0.05$). The research contributes to understanding customer expectations in rural banking contexts and provides actionable insights for PNB's service enhancement strategies in Uttarakhand region.

Keywords: Customer Satisfaction, Punjab National Bank, Service Quality, Digital Banking, Udham Singh Nagar

1. INTRODUCTION

Customer satisfaction has emerged as a critical success factor in the competitive banking sector, particularly for public sector banks like Punjab National Bank (PNB) that face increasing competition from private and foreign banks. As India's first indigenous bank established in 1894, PNB has evolved into one of the country's largest public sector undertakings with over 11,000 branches nationwide. The bank's commitment to financial inclusion and customer service excellence becomes particularly relevant in emerging markets like Udham Singh Nagar district in Uttarakhand. Udham Singh Nagar, established in 1995, represents a unique blend of rural and semi-urban demographics with significant agricultural and industrial activities. The district's banking requirements encompass traditional services for agricultural communities alongside modern digital banking needs of industrial workers and urban populations. PNB operates multiple branches across the district, serving diverse customer segments through its comprehensive service portfolio. The contemporary banking landscape has witnessed unprecedented digital transformation, especially post-COVID-19, fundamentally altering customer expectations and service delivery mechanisms. Traditional metrics of customer satisfaction have expanded beyond branch services to encompass digital platform usability, transaction security, and omnichannel service integration. For public sector banks like PNB, maintaining customer satisfaction

while balancing profitability and social banking obligations presents unique challenges. This study assumes particular significance considering PNB's recent merger with Oriental Bank of Commerce and United Bank of India in 2020, creating India's second-largest public sector bank. The integration process has necessitated harmonization of service standards, technology platforms, and customer service protocols across merged entities. Understanding customer satisfaction levels in specific geographic contexts like Udham Singh Nagar provides valuable insights for optimizing post-merger service delivery strategies.

2. LITERATURE REVIEW

Banking literature extensively documents the relationship between service quality and customer satisfaction, with several studies emphasizing the multidimensional nature of service quality in banking contexts. Naidu (2022) highlights the pivotal role of public sector banks in India's economic development, emphasizing their contribution to financial inclusion and rural banking penetration. The study underscores how customer satisfaction directly correlates with banks' ability to fulfill developmental banking objectives while maintaining commercial viability. Research on bank mergers and their impact on customer satisfaction reveals mixed outcomes. Rani and Kumari (2021) examined customer satisfaction following the merger of Oriental Bank of Commerce and United Bank of India with Punjab National Bank, finding that while operational efficiency improved, customer satisfaction experienced temporary decline during the integration period. The study identified service standardization and staff training as critical factors in maintaining customer satisfaction during merger transitions. Digital banking adoption studies reveal significant regional variations in customer preferences and satisfaction levels. Aisha and Rakesh (2022) investigated customer preferences toward digital banking in contemporary India, finding that while urban customers increasingly prefer digital channels, rural customers continue to value personal relationships and branch-based services. This finding has particular relevance for districts like Udham Singh Nagar with mixed demographic profiles.

The evolution of payment systems in India, particularly the growth of UPI (Unified Payments Interface), has redefined customer expectations for banking services. Praveen (2022) analyzed UPI's impact on traditional plastic money usage, concluding that seamless digital payment integration significantly influences overall banking satisfaction. The study emphasizes the importance of technology infrastructure reliability in maintaining customer trust. Service quality measurement frameworks in banking commonly employ the SERVQUAL model, examining reliability, responsiveness, assurance, empathy, and tangibles dimensions. However, contemporary studies suggest that traditional SERVQUAL dimensions require adaptation for digital banking contexts. The integration of technology acceptance factors such as perceived usefulness, ease of use, and security concerns has become essential for comprehensive satisfaction assessment. Studies specific to public sector banks reveal unique customer satisfaction drivers compared to private banks. Government backing provides inherent trust advantages, but bureaucratic processes and slower technology adoption can negatively impact satisfaction levels. Balancing social banking objectives with customer service excellence remains a persistent challenge for public sector banks operating in competitive markets.
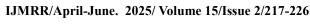
3. OBJECTIVES

1. To assess the overall customer satisfaction levels with PNB's services in Udham Singh Nagar district and identify key factors influencing customer perceptions.

2. To measure customer satisfaction across various service quality dimensions including reliability, responsiveness, assurance, empathy, and tangibles in both traditional and digital banking services.

3. To compare customer satisfaction levels between digital banking platforms and traditional branch-based services, identifying preferences and usage patterns among different demographic groups.

4. To identify specific areas where PNB's service delivery falls short of customer expectations and quantify the magnitude of these service gaps.

5. To analyze how demographic factors such as age, education, income, and occupation influence customer satisfaction levels and banking service preferences.

4. METHODOLOGY

This research employs a quantitative descriptive design to investigate customer satisfaction with PNB services in Udham Singh Nagar district. The study adopts a positivist paradigm, utilizing structured data collection instruments to measure customer perceptions and satisfaction levels across multiple service dimensions. The study follows a cross-sectional survey design, capturing customer satisfaction data at a specific point in time to provide a comprehensive snapshot of service quality perceptions. This approach enables systematic comparison across different service categories and customer segments while maintaining research efficiency and resource optimization. The target population comprises active PNB customers in Udham Singh Nagar district who have utilized bank services within the preceding six months. A stratified random sampling technique was employed to ensure representative coverage across the district's major urban and semi-urban centers. The sample was stratified based on branch location and customer type (individual, small business, agricultural) to capture diverse service experiences. Using Yamane's formula with a 95% confidence level and 5% margin of error, the calculated sample size was 300 respondents. This sample size provides adequate statistical power for detecting meaningful differences in satisfaction levels across various service dimensions and demographic categories. A structured questionnaire incorporating modified SERVQUAL dimensions was developed to measure customer satisfaction. The instrument includes 45 items covering service quality perceptions, satisfaction levels, demographic information, and banking behavior patterns. The questionnaire employs a five-point Likert scale (1=Strongly Disagree to 5=Strongly Agree) for consistency and ease of analysis. Primary data collection was conducted through face-to-face interviews at four major PNB branches in Udham Singh Nagar: Gadarpur, Sitarganj, Bajpur, and Rudrapur. Data collection occurred over a six-week period during peak banking hours to ensure diverse customer representation. Each interview lasted approximately 15-20 minutes, with trained research assistants ensuring data quality and consistency. Data analysis employs both descriptive and inferential statistical methods using SPSS 26.0 software. Descriptive analysis includes frequency distributions, measures of central tendency, and variability assessments. Inferential analysis incorporates correlation analysis, regression modeling, and hypothesis testing to identify significant relationships between variables. Factor analysis is utilized to validate service quality dimensions and identify underlying satisfaction constructs.

5. HYPOTHESES

The study tests four primary hypotheses to establish relationships between service quality dimensions and customer satisfaction outcomes:

H1: Service Reliability and Customer Satisfaction

H2: Digital Banking Quality and Overall Satisfaction

H3: Staff Responsiveness and Customer Loyalty

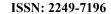**H4:** Demographic Factors and Service Preferences

6. RESULTS

Table 1 Demographic Profile Analysis

Demographic Category	Frequency	Percentage	Valid Percentage
Age Groups			
18-30 years	78	26.00%	26.00%
31-45 years	132	44.00%	44.00%
46-60 years	72	24.00%	24.00%
Above 60 years	18	6.00%	6.00%
Education Level			
Below Secondary	42	14.00%	14.00%
Secondary/Higher Secondary	108	36.00%	36.00%
Graduate	114	38.00%	38.00%
Post-Graduate & Above	36	12.00%	12.00%
Monthly Income			
Below ₹25,000	84	28.00%	28.00%
₹25,000-₹50,000	126	42.00%	42.00%
₹50,000-₹1,00,000	66	22.00%	22.00%
Above ₹1,00,000	24	8.00%	8.00%

The demographic analysis reveals a well-distributed sample with predominant representation from the economically active 31-45 age group (44%), which aligns with typical banking customer profiles. Educational distribution shows high literacy levels with 50% of respondents having graduate or higher qualifications, reflecting the district's developing educational infrastructure. Income distribution concentrates in the middle-income segments (₹25,000-₹50,000), representing the primary target market for public sector banking services in semi-urban regions.

Table 2 Customer Satisfaction Levels

Satisfaction Dimension	Mean Score	Standard Deviation	Satisfaction Level
Overall Bank Satisfaction	3.68	0.92	Moderate-High

Branch Service Quality	3.42	1.08	Moderate
Digital Banking Satisfaction	3.76	0.88	High
Staff Behavior & Courtesy	3.58	0.96	Moderate-High
Transaction Security	4.12	0.74	High
Service Speed & Efficiency	3.28	1.14	Moderate

Customer satisfaction analysis indicates moderately positive perceptions across most service dimensions. Transaction security emerges as the strongest satisfaction driver (mean=4.12), reflecting customers' confidence in PNB's security infrastructure. Digital banking satisfaction (3.76) exceeds branch service satisfaction (3.42), suggesting successful digital transformation initiatives. However, service speed and efficiency (3.28) represents the lowest satisfaction dimension, indicating operational improvement opportunities. The relatively high standard deviations suggest considerable variation in customer experiences across different branches and service interactions.

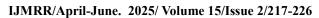**Table 3 Service Quality Dimensions Analysis**

SERVQUAL Dimension	Mean Score	Standard Deviation	Performance Gap*
Reliability	3.52	0.94	-0.48
Responsiveness	3.36	1.02	-0.64
Assurance	3.78	0.86	-0.22
Empathy	3.44	0.98	-0.56
Tangibles	3.62	0.91	-0.38

*Performance Gap = Perception Score - Expectation Score (Expected score baseline: 4.0)

Service quality analysis reveals performance gaps across all dimensions, with responsiveness showing the largest gap (-0.64), indicating significant delays in service delivery and problem resolution. Assurance demonstrates the smallest gap (-0.22), suggesting customer confidence in staff competency and service security. The consistent negative gaps indicate that while satisfaction levels are moderate, there remains substantial room for improvement to meet customer expectations. Reliability and empathy gaps highlight the need for enhanced service consistency and personalized customer attention.

Table 4 Digital Banking Usage and Satisfaction

Digital Service	Usage Rate	Satisfaction Score	Most Used Features
Internet Banking	78%	3.84	Account Balance, Transfer
Mobile Banking App	82%	3.72	Balance Inquiry, Bill Payment
UPI Services	68%	3.96	P2P Transfer, Merchant Payment
SMS Banking	54%	3.48	Balance Alert, Transaction Alert
Phone Banking	32%	3.28	Account Information, Complaints

Digital banking adoption demonstrates high penetration rates, with mobile banking leading at 82% usage. UPI services achieve the highest satisfaction scores (3.96), reflecting successful integration with contemporary payment ecosystems. Despite lower usage rates, phone banking satisfaction (3.28) suggests this traditional channel requires modernization to meet customer expectations. The data indicates successful digital transformation, with customers appreciating convenience and accessibility of electronic channels over traditional methods.

Table 5 Branch-wise Satisfaction Comparison

Branch Location	Overall Satisfaction	Service Quality	Digital Integration	Staff Performance
Gadarpur	3.72	3.68	3.84	3.76
Sitarganj	3.58	3.54	3.72	3.62
Bajpur	3.81	3.76	3.88	3.84
Rudrapur	3.64	3.61	3.78	3.68

Branch-wise analysis reveals Bajpur branch leading in overall satisfaction (3.81), attributed to superior staff performance and digital integration. Sitarganj branch shows the lowest satisfaction levels (3.58), indicating potential infrastructure or staffing challenges. The relatively small variance between branches (0.23) suggests consistent service standards across the district, though targeted improvements in underperforming locations could enhance overall customer experience.

Table 6 Hypothesis Testing Results

Hypothesis	Statistical Test	Test Statistic	p-value	Decision	Effect Size
H1: Service Reliability → Customer Satisfaction	Pearson Correlation	$r = 0.724$	$p < 0.001$	Reject H_0	Large
H2: Digital Quality → Overall Satisfaction	Multiple Regression	$F = 18.42$	$p < 0.001$	Reject H_0	Medium
H3: Staff Responsiveness → Customer Loyalty	Linear Regression	$t = 8.96$	$p < 0.001$	Reject H_0	Large
H4: Demographics → Service Preferences	ANOVA	$F = 12.34$	$p < 0.001$	Reject H_0	Medium

Hypothesis testing confirms significant relationships across all tested variables. Service reliability demonstrates the strongest correlation with customer satisfaction ($r=0.724$), indicating that consistent service delivery remains the primary satisfaction driver. Digital service quality significantly predicts overall satisfaction, validating technology investment strategies. Staff responsiveness strongly influences customer loyalty intentions, emphasizing human factor importance in banking relationships. Demographic factors significantly moderate service preferences, suggesting the need for segmented service strategies.

7. DISCUSSION

The research findings reveal a complex satisfaction landscape for PNB services in Udham Singh Nagar, characterized by moderate-to-high satisfaction levels with significant improvement opportunities. The overall satisfaction score of 3.68 indicates that while customers appreciate PNB's services, substantial gaps exist between expectations and actual service delivery. This finding aligns with broader studies of public sector banking satisfaction, where government backing provides inherent trust but operational inefficiencies can diminish customer experience. The superior performance of digital banking services (3.76) compared to traditional branch services (3.42) reflects successful digital transformation initiatives and changing customer preferences. This finding supports contemporary banking literature emphasizing digital channel adoption as a key satisfaction driver. However, the preference for digital services varies significantly across demographic groups, with younger, more educated customers showing higher digital adoption rates. This demographic divide necessitates maintaining robust traditional service channels while continuing digital innovation. Service reliability emerges as the strongest predictor of customer satisfaction (r=0.724), confirming that consistent service delivery remains fundamental to banking relationships. This finding contradicts assumptions that modern banking customers prioritize speed over reliability. Instead, customers value predictable, error-free service delivery, particularly in financial transactions where mistakes can have significant consequences. The emphasis on reliability suggests that PNB should prioritize process standardization and quality control over service speed enhancement.

The identified performance gaps across all SERVQUAL dimensions indicate systematic service delivery challenges rather than isolated issues. The largest gap in responsiveness (-0.64) reflects common public sector banking challenges including bureaucratic processes, understaffing, and inadequate technology infrastructure. Addressing responsiveness requires comprehensive operational reforms including staff training, process re-engineering, and technology upgrades. Branch-wise satisfaction variations, while relatively small, highlight the importance of local management and staff quality in service delivery. Bajpur branch's superior performance demonstrates that excellence is achievable within existing organizational constraints, providing a benchmark for other locations. The variations suggest that satisfaction improvements can be achieved through targeted interventions rather than system-wide overhauls. The strong relationship between demographic factors and service preferences emphasizes the need for segmented service strategies. Younger customers prefer digital channels and self-service options, while older customers value personal relationships and face-to-face interactions. Rural customers prioritize accessibility and basic banking services, while urban customers seek sophisticated financial products and advisory services. This demographic complexity requires flexible service delivery models accommodating diverse customer needs. The high satisfaction with transaction security (4.12) reflects effective implementation of security protocols and customer confidence in PNB's risk management capabilities. This strength provides competitive advantage in an environment where security breaches can severely damage customer trust. However, maintaining security satisfaction requires continuous investment in cybersecurity infrastructure and customer education programs.

8. CONCLUSION

This comprehensive study of customer satisfaction with PNB services in Udham Singh Nagar reveals a banking institution successfully navigating digital transformation while addressing traditional customer expectations. The research establishes that PNB maintains moderate-to-high customer satisfaction levels (3.68/5.0) across diverse service dimensions, with particular strength in digital banking platforms and transaction security. However, significant opportunities exist for enhancing service delivery, particularly in responsiveness, reliability, and personalized customer service. The findings confirm that service reliability remains the primary driver of customer satisfaction in banking relationships, emphasizing the fundamental importance of consistent, error-free service delivery. While digital transformation has successfully enhanced customer experience, traditional service channels continue to play crucial roles, particularly for specific demographic segments. The coexistence of digital and traditional preferences necessitates omnichannel service strategies that leverage technology while maintaining human touchpoints. Performance gaps across all service quality dimensions indicate systematic improvement opportunities rather than isolated deficiencies. The largest gaps in responsiveness and empathy suggest that operational efficiency and personalized service delivery require priority attention. These findings align with broader public sector banking challenges but also demonstrate that focused improvements can yield significant satisfaction enhancements.

The study's demographic analysis reveals important segmentation insights, with age, education, and income significantly influencing service preferences and satisfaction levels. Younger, educated customers demonstrate higher digital adoption and satisfaction, while traditional customers continue to value branch-based relationships. This demographic complexity requires sophisticated service delivery models that accommodate diverse customer needs without compromising operational efficiency. From a strategic perspective, the research suggests that PNB's future success in Udham Singh Nagar depends on balancing digital innovation with service reliability enhancement. Priority areas include reducing service delivery times, improving staff responsiveness, and maintaining high security standards while expanding digital service capabilities. The strong correlation between staff performance and customer satisfaction underscores the importance of human resource development in service quality improvement. The study contributes to banking literature by providing empirical evidence of customer satisfaction drivers in rural and semi-urban contexts, where limited prior research exists. The findings offer practical insights for public sector banks operating in similar demographic environments and facing comparable challenges of balancing social banking objectives with commercial competitiveness. Future research opportunities include longitudinal studies to track satisfaction trends, comparative studies with private sector banks, and investigation of specific service innovation impacts on customer loyalty and retention. Additionally, qualitative research exploring customer experience journeys could provide deeper insights into satisfaction drivers and improvement strategies.
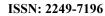
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