

“A Glance at how Social Media shapes Consumer Perception of Public and Private Sector Banks”

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ABSTRACT

As the global economy becomes more network than market driven, social media is increasingly becoming the force shaping consumer behavior. Thanks to innovation, digital transformation, and rampant use of online banking, mobile applications and digital payment tools, the Indian banking sector has taken a paradigm shift, from public to private. Social media is a bridge between banks and their customers by influencing their perception through real time engagement, transparency, and service accessibility. Social media is leveraged by public sector banks to build credibility and instill trust while private banks are finding personalized digital marketing strategies to attract and keep tech savvy consumers. With the post pandemic era, financial institutions are fast upgrading their digital infrastructure to match consumer demand for a frictionless bank experience. The ability of social media to deliver financial services to consumers across geographical boundaries has greatly enhanced its influence on consumer decision making.

Keywords: Social Media Marketing, Consumer Perception, Public Sector Banks, Private Sector Banks, Digital Transformation, Banking Innovation, Financial Technology

INTRODUCTION

The Digital Transformation of Consumer Engagement

In today's digital social media, social media has found its importance in the creation of consumer perceptions. As internet connectivity proliferated and digital devices from smartphones, laptops and tablets proliferated, the way people interact with information and businesses including financial institutions have totally changed (Banks, 2020). These technological advancements provide such convenience for people to access news, buy goods and services, discuss on public forums, form connections with businesses, public authorities and other authorities through social networking platforms like Facebook, Twitter, YouTube and LinkedIn. The transformation of this digital ecosystem has made financial institutions, whether public or private sector banks, more and

more prone to the ongoing consumer discourse, scrutiny, and perception building through social media engagement.

Impact of Social Media on Banking Perception

Now more than ever, social media has a huge impact on how consumers perceive products, and this becomes very significant in the banking sector where trust, credibility and service efficiency do matter greatly. Real time engagement between banks and their customers on social networking platforms as users share experiences, give feedback and voice concerns about bank services. Public sentiment is influenced much by how a bank deals with customer grievances, disseminates information and manages its online reputation. One viral post can either be positive or negative, but it can have a tremendous effect on a bank's reputation and thus customer trust, and impact potential clients when deciding on a bank (Udescu, 2023). For private sector banks, social media is the go-to platform to communicate the image of being more technologically savvy, rife with innovation, customer centric, and the picture of a seamless digital banking experience. On the contrary, banks in the public sector are traditionally dependent on legacy operational frameworks and lack the agility to keep up with the fast-changing digital discourse, leading to poor perception among tech savvy consumers.

Additionally, social media acts as the accelerator for the dissemination of consumers' opinions, good and/ or bad, which makes the social environment of finance more participatory and therefore banking institutions must become more transparent and responsive. Such platforms as Twitter and Facebook are interactive in nature and make banking services dissatisfaction, from the transactional inefficiencies to customer service lapses, a public display (Dikshant, 2024). The virality of such feedback forces banks to be proactive in their consumer relations management, minimizing the risks of reputational injury, and improve service delivery. Private banks can use targeted digital marketing campaigns, influencer endorsements, interactive engagement tools to shape consumer perception, but public sector banks are increasingly realizing that they need to do the same to stay competitive in the digital age.

Social Media as a Tool for Consumer Activism

Finally, social media is capable of turning consumers sentiment into financial activism, influencing regulatory scrutiny and policymaking through collective actions. Social media is used by consumer forums, financial blogs and digital advocacy groups to amplify the problems in banking operations such as systemic issues and is used to put pressure on financial institutions to adopt ethical banking practices, improve service efficiency, and to improve their cybersecurity standards. This phenomenon reinforces the key role of social media as a tool for financial democratization, democratizing access to the public or private banking sector, with consumers urging accountability from a bank in which they can invest provided they can use social media to their advantage (Bankbound, n.d.).

While social media holds great potential for transformation in the banking industry, misinformation and associated reputational vulnerabilities are its main challenges. In rapid unverified information, sensationalized, or orchestrated smear campaigns, the dissemination conveys a deadly impact on the trust of consumers in the financial institutions. The banks in such an era of digital discourse can do no business without the advanced digital monitoring tools, crisis management frameworks and strategic communication mechanisms to fight misinformation and protect the banks' reputation (ICICI Bank, 2015). Private sector banks are much more agile on the marketing side and tend to be more resilient at managing digital narratives, while public sector banks have a more cumbersome bureaucratic process, and fall behind when it comes to dealing with the impact of viral misinformation.

Strategic Digital Engagement by Banks

The primary impact of social media on consumer perception of banking institutions is the need for both public and private sector banks to adopt a robust digital engagement strategy. In essence, it's about using social media for advertisement, but also cultivating genuine consumer relations by providing responsive customer service, transparent communication and ethical banking. Solution: Artificial intelligence driven chatbots, data analytics for consumer insights and personalized engagement strategies further increase efficacy of the digital banking interaction in integration. Consumer perception of banks in a digital world relies heavily on digital presence, and the ability of banks to navigate the intricacies of social media discourse will decide the long-term sustainability and competitive advantage of banks (IBM, 2025).

Social media has become a game changing force in how consumers view other industries, and the banking industry is no exception. Social media allows banking institutions to set up a direct and dynamic connection with the public through a medium. In the last decade, financial institutions, and particularly banks, have been actively using social media platforms to communicate with their customers, build their market reputation and streamline service delivery. The rapid growth in digital engagement has given banks the opportunity to create an online presence beyond traditional banking transactions, creating a more transparent and customer focused financial system (ISBF, 2024). It allows banks to engage with their clientele in real time and solve their problems quickly and based on what the people say. Social media has made it much easier for banks to respond to customer queries, manage crises and get important financial information quickly, confirming trust and reliability with consumers.

The social media's role in consumer perception isn't just about communication, it is also incredibly influential in defining a bank's digital offerings. Social media is becoming a financial literacy tool for financial institutions, which are using social media to educate consumers about the benefits of saving accounts, investment options and wealth management strategies. One of the good sides of this approach is that it not only makes the customers aware of what services banking covers for

them but also promotes financial inclusion by providing banking services to the apparently underserved parties (Sarto et. al., 2024). The Indian banking landscape has undergone its digital transformation over the last three decades, and it has been a gradual and definitive process. Technological advances and regulatory actions to modernize the financial system have come together to create the advent of digital banking. Further accelerated by the ‘Digital India’ initiative that focuses on strengthening online infrastructure and reach to the farthest corner of the country with robust online infrastructure and internet connectivity, this transformation moved ahead to have the smooth digital financial services for the citizens. The shift to this paradigm has brought us to an age where the banks are no longer limited to branches but are an omnipresent service available at the consumers’ fingertips.

A few of the leading Indian banks such as State Bank of India, ICICI Bank, HDFC Bank and Kotak Mahindra Bank have been able to strategically use social media to uplift customer experience. The services they render include financial counselling, balance inquiries, transactional capabilities and customer support via Facebook and Twitter through their platforms (India Today, 2015). It’s not a stretch to say that banking has converged with social media, underscoring a huge shift in consumer expectations: that immediacy, personalization and convenience are king. The way in which financial institutions leverage social media to conduct their business has become an important factor in determining the competitive success of such institutions in the digital world.

As social media has redefined the nature of the relationships between consumers and financial institutions, the community and accessibility of financial institutions has been boosted. Today, the customers’ expectation is that they would receive a more personalized and interactive banking experience where the financial institution would respond promptly to the queries and concerns of customers, and at the same time perform value added services. This phenomenon has given rise to the term ‘Connected Client Strategy’ which represents a turning point in which banks are no longer passive service providers but come actively involved in consumers engagement (Latinia, n.d.). Across the globe, financial institutions are spending vast amounts to refine their digital strategies to meet customer expectations and to not leave their social media presence as a mere marketing tool but an essential customer relationship management element. The evolution of banking services through social media is part of a broader trend where financial institutions are trying to make their brand less robotic, more human, and more trust causing and engagement causing as digital interactions become the norm.

Social media is strategically important in banking because of India’s unique demographic composition. India has a rapidly growing population, with a significant portion of its population under the age of 35, which makes it a market of digital native consumers who naturally require social media as a source of information, engagement and decision making. For financial institutions to create successful engagement strategies, it is absolutely crucial to understand the behavioral patterns of social media users. These digital consumers’ preferences and expectations

are very dynamic and require a multifold approach to integrate customer insights, personalized communication and data-driven marketing strategies. In this digital era, it is the banks that will be successful if they can use social media analytics, monitor consumer sentiment and adapt their services to meet the changing needs of tech savvy consumers.

The importance of social media playing its part in shaping the public and private sector banks consumer perception cannot be overemphasized considering these developments. Despite legacy operational structures and bureaucratic inertia that public sector banks face in India, private sector banks in India have been more agile when taking up digital transformation. Social media marketing campaigns have been much more proactive for the latter in terms of deploying interactive content, and utilizing AI driven chatbots for service delivery. In recent years, public sector banks have also made a lot of strides in terms of digital engagement as was the need to keep up with the competitive parity. Social media is emerging as the linchpin of a hybrid model of banking in India, which is progressively defining the future of banking in India as a combination of traditional banking services and innovative digital innovations.

Ultimately, how much financial institutions exploit the possibilities that social media offer them in terms of consumer trust, service delivery and staying relevant in a digitally run economy will ultimately decide their future success. For banks, it is not enough to have a strong online presence, they must also build relationships with consumers, which are meaningful and reinforced with consumer confidence and satisfaction (Bankrate, 2024). As financial institutions contend in a digital landscape where digital narratives define perceptions of the consumer, they will need to continue to be vigilant, adaptive and responsive to those demands of the digital consumer. Social media and banking are no longer simply an add-on to financial services, but a core element of banking strategy, defining the parameters of consumer engagement and the environment of institutional credibility in a world of greater connection.

FRAMEWORK OF SOCIAL MEDIA IN INDIA VIS-À-VIS BANKING INSTITUTIONS

Growth of Social Media in India's Financial Sector

The rapid expansion of broadband and mobile phone usage in India has led to profound shifts in how financial institutions, both public and private sector, interact with and engage their customers. With India now second globally in terms of social media users, reaching 821 million in December, 2024 and projected to reach 1.17 billion by 2027, social media has become an essential component of the financial ecosystem (Gupta, 2024). The vast number of users on platforms like Facebook, WhatsApp, and Instagram presents both opportunities and challenges for banks, which must navigate this new environment to maintain competitiveness and enhance customer relations.

For banks, the increasing penetration of social media offers a unique opportunity to build stronger, more direct connections with their customers. As social media reaches more than 60% of India's

internet population, the potential for engagement on these platforms has never been greater (Acumen, 2024). Facebook, WhatsApp, and Instagram, in particular, have experienced explosive growth, and banks are keen to harness these platforms to improve their services, gather customer feedback, and communicate real-time updates. In this new digital era, customers expect instant responses and transparent communication from their banks, and failure to meet these expectations can result in reputational damage. For example, social media provides customers with the ability to raise concerns or praise services, forcing banks to remain vigilant and responsive to ensure customer satisfaction and brand loyalty.

The significance of social media platforms in shaping consumer perceptions cannot be overstated. From the perspective of banks, the ability to monitor and engage with customers online offers valuable insights into customer sentiments, preferences, and needs. The open nature of social media means that customer experiences, whether positive or negative, are often shared with a broad audience. This transparency has created a new layer of accountability for banks. While the ability to reach and engage with customers on a scale is a powerful tool, it also means that any missteps, whether in customer service or operational issues, are likely to be scrutinized and discussed publicly. In this context, banks are increasingly pressured to ensure that their services meet the high expectations of consumers who are active participants in social media discussions. By offering timely responses, resolving issues promptly, and maintaining a positive online presence, banks can enhance their reputation and foster trust with their customer base.

Public Sector Banks and Digital Transformation

Public sector banks, in particular, are faced with a unique challenge in this environment. Social media has empowered consumers to demand greater transparency and accountability from public institutions, including government-run banks. The term “Government 2.0” aptly describes how social media has altered the dynamics between citizens and government institutions, including public sector banks (Shih et. al., 2015). As citizens engage in online discussions and raise concerns about government services, including banking, there is an increasing demand for these institutions to be more transparent, responsive, and accessible. Public sector banks must not only ensure that their services meet the needs of the public but also demonstrate that they are accountable to their customers. In this way, social media has become a critical tool for maintaining public trust and ensuring that these banks remain relevant in an increasingly digital world.

Moreover, the rise of social media has also enabled banks to leverage user-generated content, social listening tools, and digital marketing campaigns to shape public perception proactively. The success of digital initiatives, whether it is the launch of new banking products, customer-centric services, or CSR activities, can be amplified through social media platforms. For example, by sharing success stories, customer testimonials, and community involvement, banks can build a positive online narrative that resonates with consumers. This type of engagement helps banks

strengthen their relationships with their customers and foster loyalty, especially in the face of intense competition from both private and public sector entities (Atmos, 2021).

For private sector banks, which are already accustomed to operating in a highly competitive market, social media is a vital tool for differentiation. With customers increasingly seeking personalized services, private sector banks are using social media to engage in two-way communication, where they not only address customer queries but also proactively reach out to offer tailored solutions. This type of customer-centric approach is critical in an environment where consumers are well-informed and have easy access to a multitude of banking options. Private sector banks can use social media to highlight innovations such as mobile banking features, digital payment solutions, or financial literacy campaigns, creating a distinctive identity that appeals to a tech-savvy and socially connected audience.

Scenario as to Delineation

Factor	Public Sector Banks	Private Sector Banks
Customer Engagement	Lower social media activity, delayed responses	Proactive engagement, quick responses
Brand Perception	Traditional, trustworthy but slow	Modern, tech-savvy, customer-centric
Complaint Resolution	Slower response to grievances, bureaucratic	Faster complaint redressal, dedicated teams
Influencer Marketing	Minimal usage of influencers	Actively collaborates with influencers
Transparency	Perceived as less transparent due to government affiliation	More transparent with policies and updates
Trust & Reliability	High trust due to government backing	High trust due to better service quality
Digital Services Perception	Often seen as outdated, slow to innovate	Perceived as leaders in digital banking

Social Media Sentiment	Mixed reactions, often negative for delays	Mostly positive due to superior service
Advertising Strategy	Limited, traditional ad campaigns	Aggressive social media campaigns, personalized ads
Crisis Management	Slower in addressing PR crises	Quick crisis management and public reassurance

CONCLUSION

Bridging the gap between the banks and customers in India, social media has transformed as a force that has enabled consumers to form their own perceptions of the banking institutions, with real time engagement, transparency and personalized services delivered. Public and private sector banks have realized that social media is a strategic tool to build trust, manage reputation, as well as improve customer experience. That said, public sector banks are adapting to the dynamics of the evolving digital platform given they have been less agile compared to the private banks that have been able to leverage digital platforms for customized marketing and customer engagement. While social media is a broad but potent force for good, there are also risk factors: misinformation, reputational risks and an obligation to stay on top of the digital environment. Banks need a good overview of how to properly navigate this dynamic environment of social media as it is highly responsive, ethical banking practices and technological innovation. In the end, it will be the extent to which financial institutions leverage the power of social media that will enable them to maintain consumer confidence, to embrace digital transformation and to compete in a more and more interconnected financial ecosystem.

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