CHAPTER II
REVIEW OF LITERATURE

The review of literature is highly useful to design the study as it indicates the research gap. The divergent perceptual frameworks involving various theoretical issues and problems of the retail banking are scrutinized through the review of literature. The study of customers’ perception towards retail banking has attracted the attention of many researchers irrespective of countries, be it developed, developing or least developed. Therefore, studies on these experiments of such countries are also discussed and reviewed in this chapter.

Archana Mathur (1988)\(^1\) in her article “Customer Service in Public Sector Banks: A Comparative Study” studied the problems faced by customers with regard to delayed service, lack of proper guidance and customer discrimination made by bank staff. She suggests that the banks could solve all such problems if they go in for automation, and the discrepancies made by bank staff could be reduced to a great extent.

Reichheld and Sasser (1990)\(^2\) recognized the benefits that customer satisfaction provides by the retention of customers of a bank. They


advocated that the longer a customer stays with a bank, the more utility the customer generates. This is based on a number of factors that relate to the amount of time a customer spends with the bank. These include high preliminary cost of introducing and attracting a new customer, increase in both value and amount of purchases, customer better understands of the bank, and positive word-of-mouth promotion.

Biswa N.Bhattacharya (1991)\textsuperscript{3} found out the reason for the poor quality of customer service in banks. The result showed that more than fifty per cent of the customers who made complaints cited inefficient service as the main cause. The delay in encashment of cheque was the next reason for customer complaints. The study pointed out that there was considerable delay in the service rendered which resulted in total dissatisfaction among customers.

Dilshath (1992)\textsuperscript{4} studied the extent of customer satisfaction with regard to the service rendered by the nationalized banks. She found that customers were not satisfied at the cash counter due to long time taken for drawing money. Customers were also dissatisfied because certain services like investment advice and tax advice were not given to them and borrowers


were dissatisfied due to cumbersome procedural formalities in getting loans sanctioned.

Ranganathan (1994)\textsuperscript{5} stated that there had been deterioration ratio in the services offered by banks. He suggested that there should be an enquiry window in each bank manned by a staff well-versed in banking routine and having abundant human qualities. Training courses should be organized for the bank officials to train them in matters relating to dealing with customer and development of customer relationship and computerization of transactions should be done to render better services to the customers.

Blanchard and Galloway (1994)\textsuperscript{6} analysed the data using the SERVQUAL classification and link this to staff perceptions using the gap model. The data were collected with the help of questionnaire from 439 current/deposit account customers of the bank. Respondents were recruited outside a quota sample of 71 bank branches and interviewed at home. 401 valid replies were analysed. The implications of the findings for retail banking are clear. Customers overwhelmingly consider the process elements of the service when evaluating quality. They are seeking a responsive service with a high level of assurance. One that gives an


impression of competence and credibility, one that can be trusted. They suggest that although interpersonal and subjective issues are important, and a proper balance of attention in designing and monitoring is necessary, addressing the hard and objective issues could more readily provide, monitor, a high quality service in a fairly prescriptive and reproducible manner. It is also suggested that the use of these three dimensions to analyse customer perceptions can direct the service designer's attention to those areas which are important for a good quality service and identify their relative importance and ease of attainment.

Combs Howard, W and Bourne S. Graham (1995)⁷ conducted a study on the title “Preparing Retail Banking for a Competitive Environment.” Two questionnaires were designed to be distributed to bank managers and bank employees. One hundred and two management responses and ninety-eight employee responses were collected from seventy-three banks polled within the area of the Mid-Atlantic region. Management responses consisted primarily of branch and assistant branch managers, and employee responses consisted of loan officers, tellers, and customer service representatives. Managers were asked to rank a list of eight skills on their importance for success in retail banking. The skills listed were financial, accounting, listening, computer, selling, verbal,

writing, and interpersonal. Six questions were designed to ask bank employees about their attitude towards selling and management's commitment toward marketing. Bank employees indicate that selling is stressed but support for the selling function is somewhat lacking. Therefore, in order to be successful in future, bank management needs to give greater support in the area of sales training. Banks claim to be marketing oriented, but actions indicate otherwise. While this may be a well intentioned attempt to provide greater short-term efficiency through the use of ATMs, the long-term impact of this policy is likely to be lower customer satisfaction and negative publicity for the banking institution. In the long-run such short sighted policies could lead to reduced market performance and lower profits. This study found that banks lack a total commitment to customer satisfaction. Without this commitment, customers remain unsatisfied and profits continue to decrease. Therefore, in order to improve both market share and profitability, banks need to hire and train employees who are committed to adopting policies which create long-term customer satisfaction.

Johnson (1995), in his study on the determinants of service quality, revealed that there are some service quality determinants of internet banking, namely, satisfiers and dissatisfiers. The main sources of satisfaction are attentiveness, responsiveness, care and friendliness. The

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main sources of dissatisfaction are integrity, reliability, responsiveness, availability and functionality.

Hallowell (1996)\(^9\) in his study “The Relationships of Customer Satisfaction, Customer Loyalty and Profitability: An Empirical Study” looked into the relationship between customer satisfaction and loyalty. The study concluded that satisfaction with the service and satisfaction with price were the elements in the overall satisfaction measurement. The measurements used in the above mentioned study were reasonably all-inclusive. The findings of the study emphasize that the service features of branch, staff and information are the dominant factors. He concluded that all the elements measured had a bearing on overall satisfaction.

Levesque and McDougall (1996)\(^10\) explored the consequences of service quality, service features and customer complaint handling on customer satisfaction in the Canadian retail banking sector. Based on their empirical analysis, they have concluded that the determinants of satisfaction in retail banking are driven by a number of factors which also include service quality dimensions. The service provider’s offering could be expected to affect overall customer satisfaction and had a strong bearing

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upon ongoing patronage. The study concluded that the bank’s features, the competitiveness of the bank’s interest rates, the customers’ judgments about the bank employees’ skills lead to customer satisfaction.

Zeph Yun Chang, Joanne Chan and Siew Leng Leck (1997)\textsuperscript{11} analyzed customers’ expectation about basic banking services and different levels of services to maximize the value that could be derived from the banks. They found that the customers evaluate competing offers in terms of the totality of the product and value-added service as well as the relationship that exists between themselves and the bank. They suggested that in order to gain marketing advantage, banks had to exceed customers’ expectations rather than merely meet the bare minimum and succeed, a bank might distinguish itself from its competitors not just in the quality of the core product but also in how it manages the service surround. Every interaction with a customer provides an opportunity to be unique and to go beyond the call of duty.

Bhide (1997)\textsuperscript{12} revealed that customer expectations were changing. So banks were under pressure to offer, what the customer would be expecting in future. Information technology plays a major role in satisfying

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the future needs of the customer. He stated that ATM, PC banking, internet banking, electronic delivery channel, MICR, and banknet have cut down cost and increased the productivity of the banks. He concluded that service institutions like banks had to evolve and implement strategies in fulfillment of their mission.

David Knights and Darren McCabe (1997)\textsuperscript{13} explored a case study of total quality management within the financial services sector. They demonstrated that a conformance to requirements approach towards total quality management is concerned with increasing management's physical and financial control over procedures, documentation, systems and people. Such an approach only partially addresses quality because there can never be a precise conformance and this approach neglects customers and employees. They illustrate that often the management do not understand the flaws/problematic and underlying philosophy behind total quality management. Thus they continue to adopt inconsistent approaches, such as attempting to control costs and employees while espousing the importance of the customer and the need for a trust-based culture. They argue that management cannot easily adopt a consistent approach because a preoccupation with controlling costs is bound up with career-based identities and hierarchical power relations. Ultimately they argue that the

management cannot control quality in any simple top down way, essentially because of the indeterminacy of labour, the intangibility of customer satisfaction, and the complexity of organizational power and identity relations.

Sangeetha Aurora and Meenakshi Malhotra (1997)\textsuperscript{14} studied the factors determining customer satisfaction at different levels and marketing strategies for increasing the level of customers’ satisfaction. Factor-wise average scores revealed that there was significant difference between the level of satisfaction of the public and private sector banks’ customers. The latter were much more satisfied than their counterparts in public sector banks. The most distinguishing and outstanding factors responsible for the satisfaction of private banks’ customers were staff and service factors. They suggest that public sector banks needed to adopt certain specific marketing strategies to survive in the present day competition.

Kate Stewart (1998)\textsuperscript{15} in her research paper titled “An Exploration of Customer Exit in Retail Banking” stated that if the marketing community had to adopt the prescriptions of the relationship marketing school of thought, more knowledge and understanding of relationship would be


required. The knowledge on the customer was growing and there was greater appreciation of the processes that lead to healthy relationships, such as trust, satisfaction and commitment. Less attention had been paid to the negative aspects as relationship breakdown and ending. This paper addressed the neglected area of the end of customer-bank relationships or customer’s exit.

Edward Gardener, Barry Howcroft and Jonathan Williams (1999)\textsuperscript{16} examined the modern evolution of retail banking in a European setting and with a particular emphasis on the UK. Regulation, competition and IT developments are found to be particularly important change drivers in most European retail banking systems. Within this framework, they emphasized two related and important strategic themes. In many respects, these themes characterize the new retail banking revolution. First of all, retail banks will have to think and act strategically as a matter of course in the future, but the imperative for a greater market-orientation will need to be balanced against the constraint of each bank's own internal resources and cost base. At the same time, the immediate pressures to cut costs must be balanced with the need to foster longer-term customer service; retail banks will need to harness technology in order to reduce costs and improve their customer service. Second, achieving greater efficiency will be a dominant strategic

theme. Increasingly, all banks will be subject to the discipline of external market tests of their efficiency in every sphere of their operations. The new revolution, then, is characterized importantly by an increasing need for banks to improve their efficiency and meet shareholder value tests. In this new world, banks have to instill and integrate market thinking into their strategies and performance targets.

Bhaskara, Narasimha Rao and Viswanath (2000)\textsuperscript{17} conducted a study with 300 bank customers and 150 bank employees in Bangalore urban district to assess and evaluated the needs of customers and the response of the process or the system, to the customer needs/services. Chi-square and mean difference were used to test the 10 variables such as attitude responsiveness, professional commitment, job knowledge, procedures, infrastructure, technology, etc. The study found that there were distinct and significant differences between what was there in practice to what was theoretically expressed at high significance levels. At zero probability level, there is no professional commitment, presence and punctuality in service. The employees perceived to have little knowledge and skill leading to inaccuracy and there was no competitive efficiency in service.

Parimal Vyas (2000)\textsuperscript{18} studied customers’ satisfaction from the services provided by different banks and also analyzed the response of customers towards the actual time taken by banks to complete the banking transactions. The findings of the study revealed that nationalized banks and co-operative banks need to improve on reducing the time taken to complete banking transactions. Comparatively the private and foreign banks take much less time for completing their transactions. The study suggested that the nationalized commercial banks and co-operative banks have to increase the use of information technology and customer relationship management to deliver standardized services to their target customers.

Karin Newman (2001)\textsuperscript{19} studied the nationwide implementation of SERVQUAL by a major UK high street bank between 1993 and 1997. In addition to highlighting serious weaknesses in the value of SERVQUAL, this study raises some of the practical difficulties entailed in its implementation. This study raises questions about the link between service quality and business performance in the UK. The findings of the study reveal that 83 per cent of consumers have not changed their current account in the past five years and 59 per cent are still using their first ever current account. However, a change in the law in 1999 which allows customers to


move all standing orders and direct debits to new accounts using a single letter to their old bank together with automated current accounts, internet and interactive TV will end the phoney war and introduce severe competition for the acquisition and retention of existing and potential profitable customers.

Greg Harris (2002)\textsuperscript{20} examined the branding strategies employed by the big 4 UK retail banks. In particular, it has questioned the primary reliance that three of these banks place on using the parent brand name to promote their non-banking products. The indications are that this policy has not been particularly successful, and that, in the long-term, the higher margins associated with products such as pensions will be required to cover the costs of the banks' retail sites. Many customers prefer some degree of personal contact and advice when purchasing the more complex non-banking products. Banks possess the retail outlets for such personal contact, and their lack of success in selling these products is, therefore, disappointing. It has been suggested that the banks should seek to develop a portfolio of non-banking brands based on a coherent segmentation strategy. Moreover, it has been suggested that they seek to obtain the required new brands from a policy of acquisition or joint ventures, rather than internal development. Such a policy may open the way for the banks to develop

integrated financial products such as those that are currently being sold with some success by organizations such as the Woolwich. As organizations that are perceived to provide safe and reliable products, if the perceived attributes of quality and value can be added, the banks could position themselves as the place to come for one-stop financial services shopping.

Devlin (2002)\textsuperscript{21} analyzed customer choice criteria in retail banking market in UK on the potential variations in the importance of various choice criteria, which were classified as either intrinsic or extrinsic, with respect to customer financial knowledge. Intrinsic attributes were defined as those specific to a particular service rather than generalisable across services like price and service specific features. Extrinsic attributes are those factors not specific to a particular service and can be generalized across offering like service quality factors, corporate brand and relationship factors. It was found that lower knowledgeable groups were particularly influenced by extrinsic criteria of location of the branch and recommendations that they receive. Even though such extrinsic factors were found to influence higher financial knowledgeable groups also, higher knowledgeable groups were found more likely to take account of intrinsic attributes such as service features, rate of return and low fees in their choice. Studying and understanding customer defection/switching process is equally important as

studying customers’ bank selection process as losing clients can have negative effect on bank's market share and profit.

Ahmad Jamal and Naser Kamal (2003)\textsuperscript{22} identified the major factors that contributed to customer satisfaction in the retail banking sector in Pakistan. A questionnaire was designed and a total of 300 questionnaires were randomly distributed to those visiting a branch of a specific bank in a major northern city of Pakistan. The procedure resulted in a sample of 165 completed questionnaires. The bank chosen for the study was the First Women Bank Limited in Pakistan. The results showed that there are two over-riding dimensions of service quality i.e. the core and the relational. There exists a strong relationship between the two dimensions i.e. the core and the relational of service quality and customer satisfaction. The study suggests that the bank management has to make sure that things are done right at the first time and they have to ensure that the promises are kept in terms of service delivery. The bank management has to make sure that the employees are properly trained so that the employees are not only courteous, attentive and willing to help customers but also are experts in their field so that they understand specific customer needs.

Eapan Varghese and Ganesh (2003)\textsuperscript{23} in their study titled “Customer Service in Banks: An Empirical Study”, mainly focused on how to measure the speed in which commercial banks were rendering service to their customers in 13 different dimensions. The result of this study was that there existed no difference between the public sector banks and private sector banks in consuming customers’ time for transacting business with the bank. It was observed that bankers measured only action time and the accessing time and queuing time were not taken into consideration which is critical to customers.

Yang, et al. (2003)\textsuperscript{24} suggested different perspectives in service quality dimensions of the online retail business. The authors’ service quality definition consists of nine dimensions namely, prompt delivery, timely response, credibility that includes confidence and good reputation, ease of use that includes user friendly and easy navigation, reliability that includes accurate order and keeping promises, convenience that includes convenient shopping in time and place, communication that includes up-to-date information, access that includes the accessibility through almost every channel and lastly, and competence that includes representative knowledge to resolve problems.


Geoffrey Bick and Andrew Beric Brown (2004) investigated "up and coming" working professionals who hold or will hold middle management positions and who have more than three years' work experience. These are individuals who would typically make use of retail and personal banking services in South Africa. A convenience sample was used. The population surveyed was executive MBA students at a leading business school. The size of the population was 335 students. Questionnaires were distributed to all current students. In total, 150 questionnaires were completed and returned. The results showed that respondents were confident about the banking systems and the security of the banking systems. They agreed that their banks offered them useful online products and services. Three of the statements referred to systems, indicating that this was an area where the banks were perceived to be successful. Respondents felt that they could trust their bank with personal information. Banks typically know more about people than any other institution. Customers felt that the banks had not abused this privilege in the past, and therefore, felt able to continue to trust their banks. The final area of perceived agreement was in the area of credit facilities. Respondents felt that banks offered credit facilities that met their requirements. It was not

clear if respondents understood credit facilities to mean that credit card facilities met their requirements or whether this encompassed loans as well.

Charles C Cui, Barbara R Lewis and Xiaofang Dong (2004)\textsuperscript{26} explored the determinants of the service quality of banking services in China from the bank employees and customers' perspectives. The interviews were conducted with thirty-eight retail bank customers and thirty-two bank employees in Guangzhou city. The banks involved comprised Agricultural Bank of China, Bank of China and Construction Bank of China (three major state banks), together with Citibank (a foreign commercial bank) and Citic Industrial Bank (a new commercial bank). Content analysis revealed that sixteen factors were perceived as determinants of service quality, but differences in the perceived importance of these factors existed between the bank employees and customers. Some differences were found between Chinese and UK bank customers. The study found that service quality determinants are context specific and may be influenced by cultural and economic circumstances. The study suggests that bank service providers need to examine the main elements of these key factors and implement necessary facilities and options as integral parts of the service quality scheme. The management needs to develop effective training programmes and reinforce appropriate service approaches and

routines to maintain effective two-way communication with customers for retaining customer satisfaction.

Ahmad Jamal (2004)\textsuperscript{27} explored the effect of self-image congruence on satisfaction and brand preference among users and non-users of technology-based self-services in the retail banking sector. A questionnaire in English was drafted containing Likert-scaled items. The research was conducted in three different cities of India namely Hyderabad, Chennai and Bangalore whereby 250 questionnaires were left at the bank counters in mid July 2002. With the help of bank staff, a branch intercept sample of 150 bank customers was established, out of which half were users of self-service technologies offered by the bank and the remaining half were non-users. The results showed that users of self-service technologies and the self-image congruence were not related to satisfaction. Similarly, both users and non-users of self-service technologies and their respective self-image congruence were related to brand preference. Further, no relationship was found between satisfying incidents involving self-service technologies and overall satisfaction towards the service provider. The study suggests that brand managers can stress other critical attributes of self-service technology options so that those experiencing dissatisfying incidents recognize that the service will be fast and easy to use once they get used to it.

Upinder Dhar, Santhosh Dhar and Abhinav Jain (2004)\textsuperscript{28} analyzed the different service quality factors in the private and public sector banks. The study was conducted with 150 respondents. They used correlation, factor analysis and Z-test for analysis. The study revealed that competence, tangibility and record maintenance seemed to be the typical factors of private sector banks because these factors had been found to be common in terms of the perception of employees and customers of public sector banks.

Zhou Lianxi (2004)\textsuperscript{29} examined the specific dimensions of the service performance (SERVPERF) as determinants of consumer satisfaction and subsequent behavioural intentions associated with banking services in mainland China. Local business graduates trained in the mall intercept technique worked as pairs and surveyed a convenience sample of 373 customers in the participating banks during business hours over a period of one week. Among the respondents who were contacted by exit intercept, 146 were from Hangzhou, 119 from Ningbo, and 108 from Jinhua. They adopted convenience sampling. In general, most customers were willing to assist in the project and were eager to express their concerns about the participating banking services. The paired 22-item performance and


expectation scales of service quality were adopted in this study. The original items were translated into Chinese, and their content validity was checked carefully. The findings of the study showed that the service quality dimension of reliability/assurance primarily drives the satisfaction of the target markets, whereas the other dimensions remain insignificant. The empirical evidence shows that Chinese customers might not be sophisticated enough to appreciate the complexity of banking services. Alternatively, there seem to have been other important service quality attributes that were omitted, yet were more relevant to consumer satisfaction judgments.

Mosad Zineldin (2005)\textsuperscript{30} in his study “Quality and Customer Relationship Management as Competitive Strategy in the Swedish Banking Industry” stated that a bank had to create customer relationships that deliver value beyond that provided by the core product. This involved added tangible and intangible elements to the core products, thus creating and enhancing the “product surrounding.” One necessary condition for the realization of quality was the creation of value-added services, quality measurement and control. Thus, it was an important function to ensure the fulfillment of given customer requirements. The key ways for building a strong competitive position were value-added services and differentiation.

Abdullah Aldlaigan and Francis Buttle (2005) investigated the different types of attachment that customers develop towards retail banks. The approach blends literature reviews, in addition to qualitative and quantitative methods. The primary research programme analyses data from seven focus groups, 39 one-on-one interviews and 1058 individual consumer questionnaires. The study identifies three forms of positive attachment, based on three different foundations: the credibility of the organization, compatibility between the values of the organization and those of the consumer, and interpersonal or relational considerations. The study also identifies other forms of customer-bank attachment grounded on less positive associations, including inertia and alienation. The study concluded that customers become attached to service providers for a number of positive reasons including faith in organizational competence, mutually aligned and congruent values, and to experience relational value that is obtained from the interpersonal dynamics of their service encounters.

Ron Garland (2005) made an attempt to identify retail banking customer segments and to investigate differences in attitudes to service quality and issues of loyalty. A New Zealand owned bank provided the author with customer contribution data for a random of 1700 of its


customers. The results of the study showed that one-third of customers were loss makers, one-third were break-even customers, and one-third were profitable. Hence, the potential for gaining sole loyalty could be built into the segmentation solution.

David J Hand and Martin J Crowder (2005)\(^{33}\) in their paper describe such a model that separates the observed variables for a customer into primary characteristics on the one hand, and indicators of previous behaviour on the other, and links the two via a latent variable that they identify as ‘customer quality’. They describe how to estimate the conditional distribution of customer quality, given the observed values of primary characteristics and past behaviour. When using standard scorecards a threshold must be chosen above which an applicant will be granted the product and below which they will not. Such thresholds are based on various criteria, including estimates of the expected delinquency rate among those accepted, the overall proportion of applicants accepted, or, in more recent scorecards, the estimated future profitability of the customers.

Chris Baumann, Suzan Burton and Greg Elliott (2005)\(^{34}\) conducted a study based on a sample survey of 5000 individuals drawn from a

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commercial mailing list in Australia in December 2002. A total of 1924 usable responses were received. Females are over-represented in the sample. Initial screening of the data revealed that a number of the scale variables were skewed, a common finding with satisfaction data. In order to solve this problem and to prepare the data for multivariate analyses, the scale data were transformed using a Box-Cox transformation. They found that the determinants of actual behaviour are complex and harder to predict than behavioural intentions. Behavioural intentions can be seen to be reliably predicted by known or measurable variables, but they appear to be limited predictors of actual behaviour in retail banking.

Sharma Alka and Mehta Versha (2005)\textsuperscript{35} in their paper “Service Quality Perceptions in Financial Services: A Case Study of Banking Services” argued that services sector was the most important sector, which contributed largely to the national economy. In India, the banking sector was an important component of this sector. The share of banking and insurance sector has burgeoned from 2.78% in 1980-81 to 6.27% in 1997-98. It had been so due to the increased significance of financial services in post-reforms era. In case of banking services, the varied service products being offered and their interface with the information technology had emerged as the potent tools of competition. The banks were using these

tools to seize the markets and be the ultimate winners. In this context, the service quality perception among the customers of the banks was the most critical issue. The study was attempted in this direction, where quality perceptions of the select banks had been compared to reach at logical conclusions.

Essam E. Ibrahim, Matthew Joseph and Kevin I.N. Ibeh (2006)\textsuperscript{36} made an attempt to identify the key dimensions of electronic service quality as perceived by UK retail banking customers, and to evaluate these customers’ perceptions of their banks’ performance in regard to these key electronic service quality factors. The primary data were generated through a questionnaire survey of a sample of banking customers in the UK. The first batch of questions explored the degree of importance attached by the respondents to specific attributes of electronic service quality; while the second batch measured the respondents’ perception of their banks’ actual performance in regard to the same attributes of electronic service quality. A survey has been used to collect primary data and 135 usable questionnaires were used in the analysis. Factor analysis procedure was employed to identify the underlying structure among the explored electronic service quality attributes. Exploratory factor analysis uncovered six composite dimensions of electronic service quality, including the provision

of convenient/accurate electronic banking operations; the accessibility and reliability of service provision; good queue management; service personalization; the provision of friendly and responsive customer service; and the provision of targeted customer service. The analysis revealed that the UK customers’ perceptions of their bank actual performance on these revealed that electronic service quality dimensions were largely modest.

Brandon Roberts and Randall C. Campbell (2006) studied the attributes that influence perceptions of customer service in retail banking from a non-customer perspective. The study employs a mystery shopping approach to identify and measure key service attributes that predict the likelihood of an individual’s choosing a banking location. In order to construct an assessment of non-customer satisfaction, they developed a mystery shopping project targeting retail banks in a metropolitan area. In this survey, the target group was the top 10 banks in a metropolitan area. They used a sample of 13 independent shoppers. The 13 shoppers ranged in age from 27 to 48 years of age, with an average age of 37 years. The data were obtained from each shopper in the form of a 19 question survey instrument. The measures employed accurately predicted positive and negative outcomes based on respondent choices. The findings showed that

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relational and subjective elements of service as being the most influential. The variables had the greatest effect on the assessment of the potential customer were the personal touches reflected in staff attitude and demeanor. Smiling and making eye contact, giving the customer full attention, being respectful, and conveying a measure of importance were the critical issues. The study concluded that personal elements of service may be of critical importance in cultivating new customer relationships.

Nuri Qalik and Figen Balta (2006) made an attempt to determine the underlying factors of perceived quality that build up customer loyalty. The study intends to find out the differences in the quality of the services rendered by the national banks of Turkey as perceived by the bank customers. This study was conducted in May 2000 in Turkey, covering 1340 respondents who are regular bank customers. Prior to the main survey, a pre-test was carried out using a convenience sample on 50 persons. The consistency of the collected data was checked by calling a randomly selected sample of 50 respondents and seeking their confirmation. A questionnaire form included ten close-end multiple-choice questions designed for the research purpose customers of the medium and small-sized private banks with regard the causes of the problems, linked to banking

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service quite different from the customers of the state banks. They found that customers with frequent transactions name causes for those problems that are not considered as significant by infrequent customers. Long duration of transactions affects interactive customers more than others. Problems attached to human factor affect face-to-face contacts. Customers with small-volume transactions find training deficiency and technical failures and the main causes of the problems, whereas those who possess large-volume transactions regard lack of competitive power, insufficient number of employees at the bank and long and tiresome transactions as the prime reasons of such problems. People who carry out transactions at more than four banks assert significantly different causes to the problems encountered.

Juan Carlos Fandos Roig, et al. (2006) analyzed the dimensionality of the concept of perceived value in the banking sector, adapting the GLOVAL scale of measurement of perceived value to the banking services sector. The study took place in the Spanish provinces of Castello´n and Valencia. A total of 200 customers of financial entities were surveyed and structural equations models were used to verify the reliability and validity of the scale of perceived value. Perceived value is found to be a multidimensional construct composed of six dimensions: functional value

of the establishment, functional value of the personnel; functional value of the service; functional value price; emotional value; and social value. The effects of the actions carried out by the entity on the value perceived by customers can likewise be quantified. This study proposes a scale of measurement of the value perceived by consumers in the banking sector which incorporates valuations of functional aspects and of affective aspects, thus obtaining an overall quantification of the value perceived by the customer of the purchase made.

Loıç Ple’ (2006) evaluated the relationships between multichannel coordination and customer participation, as seen through the lens of potential customer opportunism. It aims at showing the impact of this opportunism on the organizational design of multiple channels structures. A total of 25 in-depth interviews were conducted. The results show that an increase in the number of distribution channels is liable to favour customer opportunistic behaviour. To counter this, the bank mainly relies on impersonal coordination modes. An emerging result highlights the role of the customer as a “perceptual filter” between the different channels of employees. It is recommended that customers can facilitate or hinder multichannel coordination. Retail banks have the power to use them conveniently, provided that they are fully conscious of the scope of the partial employee role played by the customer.

Manqing Wen (2006) examined the segmentation, targeting and positioning strategies of Chinese domestic banks for building competitive advantage in retail banking. Real case studies and interviews from both internal managers and external customers were conducted to obtain the level of detail which leads to the empirical importance to the financial practitioners in China. All of the interviewed senior managers have direct experience in retail banking. Two of them are responsible for retail banking in general and another two are in-charge of specific divisions such as personal loans. More than 20 customers interviews were conducted, who are residents of major cities such as Beijing, Shanghai, and Nanning, among which 16 are selected as the analytical respondents. Three case studies are reported in this research, two of them are state-owned banks and one joint-stock commercial banks. The sampling technique was based on judgment sampling. The study concluded that STP strategy is a competitive tool for building competitive advantage in the Chinese retail banking.

Ogenyi Ejye Omar (2007) conducted a study to determine the relative strengths of factors used by Nigerian consumers in the retail bank selection process; evaluate the corresponding behavioural and

demographic characteristics of Nigerian consumers; and gauge the knowledge of male and female customers regarding their perception of retail banks in Nigeria. The study was undertaken at Abuja. The samples were drawn from five leading retail banks namely, First Bank, United Bank for Africa, Intercontinental Bank, Zenith International Bank, and Union Bank. The sample size was estimated initially to be 246 respondents, but on collection, the actual usable sample was 200. By using a survey of retail bank customers, this study evaluated the relative importance attached to retail banks’ choice criteria used by male and female customers in Nigeria. The results showed that there are some differences in choice factors used by male and female customers in selecting a retail bank for patronage. The study suggests that bank managers should take both female and male market segments into consideration while making retail bank strategic planning in order to become competitive.

Vanniarajan and Anbazhagan (2007)\textsuperscript{43} assessed the SERVPERF scale in the Indian retail banking. The study identifies four dimensions namely, reliability, responsiveness, assurance and tangibles. Further, the relationship between these service quality factors is investigated. The important discriminant service quality factors among the public sector, private sector and co-operative banks are also examined. Data for the

assessment of SERVPERF scale in retail banking were collected through a survey among the borrowers of consumer loans in public, private and co-operative banks in Madurai. A systematic random sampling technique was adopted. In total, 5 each public sector, private sector and co-operative banks in Madurai city, Tamilnadu had been selected at random. From each bank, a list of 20 customers who borrowed consumer loans was collected. The total sample size of the study came to 205 customers. The results indicate that the customers’ perception on the service quality factors in private sector banks is higher than in the public sector and co-operative banks. The significantly influencing service quality factors on the overall attitude towards retail banking are reliability and assurance. The perceived service quality components namely reliability and responsiveness have the most impact on customers’ satisfaction in retail banking. The most important discriminant service quality factor among private and public sector bank is ‘responsiveness’, whereas among the public sector and co-operative banks, it is ‘tangibles’. In the case of private and co-operative banks, the important discriminant service quality factors are reliability and responsiveness. They suggest that bank managers should be cognizant of service quality factors and their relations with the appropriate contingent variables.
Chris Baumann, et al. (2007) explored the factors predicting customer loyalty in retail banking. Loyalty was measured in terms of customers' willingness to recommend a bank and their intention to remain with their main bank short-term and long-term. The study is based on the results of a mail survey of 5000 individuals whose details were obtained from a commercial mailing list in Australia in December 2002. A total of 1951 usable responses were received. Females were over-weighted in the retail banking sample, reflecting the higher proportion in the sample frame. The results indicate that willingness to recommend is best predicted by affective attitude, overall satisfaction and empathy. Short-term behavioural intentions, however, were best predicted by overall satisfaction and responsiveness, while long-term intentions were predicted by overall satisfaction, affective attitude and empathy. The SERVQUAL dimensions were found to have significant relationship with a customer's affective attitude and also with a customer's overall satisfaction. However, bankers must not neglect the service quality dimensions since they appear to have a direct effect on satisfaction, and an indirect effect on behavioural intentions. They suggest that bankers need to provide a high level of service quality as this is likely to result in positive affective attitudes and high levels of satisfaction. The results also contribute to the development of more

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parsimonious models, suggesting that affective attitude, overall satisfaction, empathy and responsiveness together explain a large percentage of the variation in customers' intentions.

Arturo Molina and Agueda Esteban (2007) investigated the impact of relational benefits on customer satisfaction in retail banking in Spain. They present a causal model that identifies a connection between the relational benefits achieved through a stable and long-term relationship with a given bank and customer satisfaction with retail banking. The population of the study was bank customers in three large Spanish cities located in central Spain. A representative sample was selected, taking into account the distribution of branches of the different entities in each of the cities analyzed. The questionnaire was administered by personal interview in bank branches within normal banking hours. A total of 219 questionnaires were completed. The results show that confidence benefits have a direct, positive effect on the satisfaction of customers with their bank. However, special treatment benefits and social benefits did not have any significant effect on satisfaction in a retail banking environment. The findings suggest that banks can create customer satisfaction through relational strategies that focus on building customer confidence. Therefore, frontline employees

should be committed to establish and maintain confidence benefits for customers.

Kalyani Menon and Aidan O’ Connor (2007)⁴⁶ argue that retail banks need to focus more strongly on components of their customer relationship management strategy that will generate customer affective commitment and lead to an increase in customer retention, share of wallet, and advocacy. It is suggested that affective commitment is generated during ‘moments of truth’ or episodes of interpersonal interaction between customers and bankers. As shown in social psychology, effective interpersonal interactions are a function of the assertiveness and affiliation demonstrated during the interaction. Applying this to retail banking, bankers should mine their databases to identify customers in terms of their levels of profitability and longevity, and should deliver levels of assertiveness and affiliation appropriate to each customer. Testable research propositions are developed regarding how affective commitment might evolve during a customer’s tenure with a retail bank, when bankers should deliver assertiveness and/or affiliation to customers of differing longevity and profitability, and how these strategies to increase affective commitment will impact retention, share development, and advocacy.

Justin Paul and Anirban Mukherjee (2007)\textsuperscript{47} conducted a study titled “Retail Banking, ATMs and Supply Chain Management in Banking: A Study of Two Banks” with the object to study the information flow and the fund flow in the supply chain of the retail banks in the country. The various aspects involved in the logistics i.e. ATM operations, role of forecasting in retail outlets and ATMs and the parameters were taken into consideration. They argued that the supply chain in retail banks needed to be more responsive to the needs of customers in comparison to the traditional FMCG industry. They found that network sharing and right mix of currency denomination satisfied the demand. The chronic problem faced in such a scenario was cash stock-outs and banks were increasingly trying to synergize their supply chain with that of the external agents involved in this process.

Syed Abdul Malik and Guruswamy (2007)\textsuperscript{48} studied customer preferences for the retail services offered by the commercial banks, how they learn about the various banks available and to ascertain the choice criteria for bank selection. A self-administered questionnaire was developed. The questionnaires were administered only in the Mekelle, which is the largest city in the northern part of Ethiopia. At each branch,


\textsuperscript{48} Syed Abdul Malik and Guruswamy, D (2007). Customer Preferences for Retail Banking Services in Ethiopia: With Special Reference to Retail Banks in Mekelle City, Dissertation Submitted to Mekelle University.
every fifth person who had completed a transaction was approached and the purpose of the interview explained. In all, 240 respondents who were approached cooperated. The findings suggest that banks cannot concentrate on doing a few things well and hope that this would offset poor performance elsewhere. Financial service providers must take into consideration of the changing environment when formulating financial services marketing strategies. The banks should emphasize their service quality and try to develop commercial friendship with customers. In general, results suggest that location of the bank, opening hours, security of deposits, security of customer information and customer waiting period to be key reasons for choosing a particular retail bank. Similarly, the survey found that the second most common reason for customers to leave retail banks was due to staff attitude and the poor service associated with it. Therefore, banks should design program to train staff with the skills and knowledge required to deal with customers effectively. Over time, the banks should find personal relationship to be profitable because of the higher level of customer retention.

Vimi Jham and Kaleem Mohd Khan (2008)\textsuperscript{49} studied the linkage between performance and customer satisfaction variables in the Indian banking sector and developed a conceptual framework of satisfaction in

Indian banks from the perspective of customers. In order to do so, relationship marketing dimensions were identified by conducting a customer satisfaction survey of five banks. Out of these, two are public sector banks, namely, State Bank of India and Punjab National Bank, and three are private sector banks, namely, Housing Finance Corporation, Industrial Credit and Investment Corporation of India and Industrial Development Bank of India. These banks have strong retail presence and offer comprehensive range of information to the customers. A total of 1000 customers' data were collected, and 417 contacts were rejected. The questionnaire was administered to 583 customers of these banks, out of which 555 were accepted. Probability and systematic sampling methods were used to draw the sample from the population. Regression models establish the increase in customer satisfaction with respect to services provided by the banks and result in better performance by the banks. The findings revealed that customer satisfaction results in building better relationships with customers through better services. The results show that satisfaction of the customer varies from bank to bank and from customer to customer. The managerial implication of this study is that the banks are not at the same stage of providing the infrastructure and marketing institutional development and therefore a standardized global strategy affecting performance will not be valid in India. Hence, banks need to develop unique relationship marketing strategies based on the regions they operate.
David Martín-Consuegra, Arturo Molina and A´Gueda Esteban (2008) investigated the relationship between the proactive market orientation approach and business performance in retail banking. In order to measure the proactive market orientation construct, a set of 31 potential items was developed according to those standard approaches to the development of scales. In order to collect the information a postal survey was carried out among retail banks in Spain. A self-administered questionnaire, a personalized instruction cover letter explaining the purpose of the survey and a return envelope were sent to the Marketing Director/Manager of the selected bank branches. To enhance the response rate, every eight weeks after the initial mailing, a follow-up letter with a questionnaire was mailed. A total of 175 responses were received and used for data analysis. This study’s results confirm that in line with the growing amount of evidence about the positive impact on performance, the proactive market orientation construct is related positively to the business performance of banks. They suggest that the proactive market orientation philosophy in the banking sector can be viewed as a threshold factor in order to increase business performance.

Sungjip Nam (2008)\textsuperscript{51} proposed a service quality measurement scale suitable for international retail banking. 127 US residents and 97 Korean respondents are identified. One of the most widely used customer satisfaction scales is utilized to analyze its relationship with service quality scales. In addition to 22 SERVQUAL items, eight additional items are incorporated as suggested by Jun and Cai to measure service quality of bank specific characteristics. The results showed that the perceptions based service quality scale better explains variations of customer satisfaction. Of the four service quality dimensions in international banking, the functionality dimension is created by a combination of newly added ones. The tangibles dimension keeps its distinctive characteristics in international banking and appears as the appearance dimension in this research. The helpful employees dimension is created by a combination of the responsiveness and the empathy in the SERVQUAL dimensional clarification. The trustworthiness emerged as a result of fusing reliability and assurance dimensions.

Vanniarajan and Nainamohamed (2008)\textsuperscript{52} conducted a study titled “Mapping Service Quality in the Indian Banking Industry” among the


selected public and private sector bank customers in Madurai city. The images of Indian commercial banks among the customers were graphically displayed with the help of correspondence analysis. This study suggested that the correspondence analysis could be used effectively in evaluating service quality and displaying the banks according to their service quality dimensions. Accordingly, it provided some strategic options for banks. They were to separate themselves from competitors by providing differentiated service quality or to associate themselves with traditional bank attributes or to move closer to the cluster of attributes about the origin.

Geoff Bick, Freedom Buthelezi and Russell Abratt (2008) assessed the perceptions of bank branch managers about their future role in light of the changing banking environment, and the increasing popularity of alternative banking channels. A survey of branch managers employed by FNB in South Africa was undertaken. All 700 branch and area managers employed by FNB were requested to take part in the study. Although this was a convenience sample, it is generally accepted that the role of branch managers at all banks in South Africa is similar. Both questionnaire and interview methods were employed to collected primary data. The analysis

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of primary data revealed that branch managers perceived the quality of customer service as the most important factor that would help them in their future role. This can be attributed to the acknowledgment that retail banking products are standardized and customers do not necessarily see how the products of one bank differ from those of other banks. Other factors that were deemed important included branch profitability, staff motivation, developing customer relationships, generating new business, and decision-making power.

Ravi (2008)\textsuperscript{54} evaluated user perception in terms of retail banking services offered by public and private sector Indian banks; to compare the user perception in terms of contentment in the context of different types of services offered by public and private sector Indian banks; and to identify the areas of overall strengths and weaknesses of public and private sector Indian banks in terms of services offered to customers. This is an analytical study based mainly on the primary data collected from 120 customers through scientifically developed questionnaire using convenient sampling. Three public sector banks namely Canara Bank, Indian Bank and Corporation Bank and three private sector banks such as HDFC Bank, Karnataka Bank and Centurion Bank were selected in Bangalore city. The

sample size of 120 is divided equally as 60 from three public sector banks and 60 from three private sector banks. The results showed that significant difference has been observed in the standard deviation and coefficient of variation in the rating pattern between the two types of banks, particularly for the parameters of handling of customer grievances, variety of services offered and convenience in operating account. The public sector banks were perceived to be better than private sector banks with respect to the method of imposing service charges and safety of investments. The private sector banks need to attend to these two aspects of customer services. There was also a high degree of divergence in terms of the standard deviation and coefficient of variation noticed with regard to banks’ network and facilities to operate account from any part of the country/globe. The study indicates that though there is a positive perception for both sectors, public sector banks have to make a conscious effort to meet the customer needs and requirements in the wake of competition and ever-increasing expectations of customers.

Mumin Dayan, Hussein A. Hassan Al-Tamimi and Amar Lo Elhadji (2008)\(^{55}\) investigated the impact of the three dimensions of justice namely distributive, interactional and procedural on customers’ post-complaint behaviour of both conventional and Islamic banks in the UAE. The UAE

has 46 commercial banks, 21 of which are national banks and the remaining 25 of which are foreign banks. The targeted population consisted of customers of the major conventional banks in the three largest cities of UAE, namely, Abu Dhabi, Dubai and Sharjah. A convenience sample was drawn from the customers of eight national conventional banks and the two largest foreign banks. A total of 500 questionnaires were distributed, divided equally between conventional and Islamic banks. 300 completed questionnaires were received. Of the respondents, 183 had not made any complaint to any bank within the last 24 months, the remaining 117 respondents had complained to banks within the indicated time-frame of the last two years. Among the 117 respondents who had complained, 81 were locals and 36 were expatriates, 62 were customers of non-Islamic banks, and 55 were customers of Islamic bank. This finding reveals that people living in the UAE do not place too much importance on the fastness or lateness of procedures. The results reveal that distributive justice affects exit-loyalty behaviour directly and through emotions. Interactional justice and distributive justice play predominant roles, since they impact both positive and negative emotions and the exit-loyalty behaviour of customers regardless of the type of bank. Procedural justice has no impact on either negative or positive emotions or the exit-loyalty behaviour of either conventional bank customers or Islamic bank customers.
Jessica Lindbergh, Ruth-Ai`da Nahum and Sofia Sandgren (2008)\textsuperscript{56} shed light on the challenges and opportunities demographic transitions bring about to the banking sector. Increasing life expectancy, coupled with an increasing old age dependency ratio has implications for the demand for financial services. This opens a window of opportunity for the banking sector to adjust its services so as to meet these changes and reap the benefit of demographic changes. The life cycle models predict a higher overall asset accumulation level and a higher savings level, at least initially, in an ageing population. Other life cycle behaviour models pointed out those individuals’ risk aversion increases with age; while evidence shows that population ageing exposes individuals to greater risks. The paper proposes that banks can contribute to creating financial stability. They suggest that banks can participate in financial education and consequently increase households’ motivation to save more and in better ways.

Mohammed Hossain and Shirley Leo (2009)\textsuperscript{57} evaluated service quality in retail banking, based on different levels of customers’ perception regarding service quality. This was an analytical study based mainly on the primary data collected through a scientifically developed questionnaire. The


questionnaire had been personally administered on a sample size of 120, chosen on convenient basis from four Qatari banks, i.e. Qatar National Bank, Doha Bank, Qatar International Islamic Bank, and Arab Bank. The result indicated that customers’ perception was the highest in the tangibles area and the lowest in the competence area. They concluded that in order to achieve higher levels of quality service in retail banking, banks should deliver higher levels of service quality and at that time customers’ perceptions were highest in the level of infrastructure facilities of the bank, followed by timing of the bank, and return on deposit. Owing to the increasing competition in retail banking, customer service was an important part and bank managers should be rethinking as to how to improve customer satisfaction with respect to service quality.

Abdulkarim S. Al-Eisa and Abdulla M. Alhemoud (2009) measured the overall customer satisfaction with retail banking services in Kuwait. To achieve the purpose of this study, a self-administered questionnaire was developed on the basis of an extensive review of literature related to service quality and customer satisfaction in retail banking. A total of 1014 questionnaires were distributed in one academic institution, four government organizations, three private companies and one

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military unit. Out of these questionnaires, 863 were assessed as usable. The most crucial attributes for predicting customer satisfaction with retail banks in Kuwait were fast service, courtesy and helpfulness of employees and availability of self-banking services. The vast majority of the customers of retail banks in Kuwait are either satisfied or very much satisfied with the services of their banks. To maintain a competitive edge in the market, the managers of retail banks in Kuwait need to be updated about technological advances and to invest in those that satisfactorily enhance technology-based encounters with their customers.

Neringa Ivanauskiene and Viltė Auraskeviciene (2009)\textsuperscript{59} examined the challenges of loyalty programs in retail banks in Lithuania. Case study methodology was chosen to analyze the loyalty programs launched by various banks to show how banks are building the loyalty of individual customers and what challenges these banks face. The findings indicate that the majority of analyzed loyalty programs reward a repeat purchasing. Lithuanian retail banks launching loyalty programs for two customer segments namely, the potentially profitable customers and customers who are willing to keep money in bank accounts. Most of the retail banks’ loyalty programs offer their customers only a discount on the transaction costs and it could be viewed as an indirect price cut policy which leads to

the constant battle for the price. It is concluded that Lithuanian retail banks are offering non-customized loyalty programs and that marketing specialists are not enough familiar with the factors that determine the choice of loyalty programs.

Samuel Rabino, Stephen R. Onufrey and Howard Moskowitz (2009)\textsuperscript{60} examined the future of retail banking. A total of 267 respondents participated, of the 5000 who were invited. The interview was left on the internet for one week. The samples comprised individuals who opted to participate in internet-based surveys, and were members of a general population. This study placed emphasis on understanding the appeal and value of technologies that will be available in the near future to prospective customers. To achieve a competitive advantage in the experience economy, it will be necessary to create memorable, favourable experiences for customers, who become increasingly sophisticated. They suggest that experimental design of ideas, segmentation, rapid and automatic typing, and then treating the customer in the way that the customer will find optimal for his segment provides a structure in which to compete in this emerging experience economy.

Salime Mehtap Smadi (2010)\textsuperscript{61} made an attempt to pinpoint factors that are important to customers when it comes to choosing the bank they will entrust their money with. The second part of this study looks at customers’ perceptions of the bank service quality. A questionnaire was used in order to collect data for the study. A pilot study was conducted with 20 students from the department of banking and finance and some rewording of the questionnaire was carried out based on their feedback. The instrument was distributed to 250 participants in the cities of Famagusta, Kyrenia and Nicosia using non-probability convenience sampling. Of the 242 questionnaires that were collected, 191 questionnaires were deemed fit for analysis. The results of this study showed that bank customers were not content with bank operating hours. In the winter months, local banks in North Cyprus open from morning to noon and are then open for a further hour and a half in the afternoon. All banking operations cease at 3.30 pm. In the summer months, banks close at noon and do not re-open in the afternoon except for Mondays and Thursdays. Turkish mainland banks adhere to Turkish working hours and are therefore open all day until 4.00 pm. It is suggested that North Cyprus banks need more flexible work hours or an increase in the number of frontline personnel that are serving customers.

Barbara Culiberg and Iča Rojšek (2010) developed a scale that will be suitable for measurement of service quality in retail banking in Slovenia and investigated the relative influence of service range offered and of each dimension of service quality in determining customers’ overall satisfaction. The target population was composed of customers above 18 years of age who had a bank account at the bank. Data were collected by using a convenience sampling method. A self-administered interview method was used. The sample included 150 bank customers, where 100 were female and 50 were male. The findings indicate a significant variation regarding the effect of dimensions on customer satisfaction. The largest part of the variability of customer satisfaction can be attributed to staff conduct which may be important information for managers working in the banking sector when analyzing reasons for customer satisfaction or dissatisfaction. Another variability of customer satisfaction can be linked to the range of services that the bank is offering. They suggest that service quality, referring to a customer’s judgment about a bank’s superiority, should be regarded as a source of competitive advantage in the retail banking, as it constitutes the major driver of customer satisfaction. Service quality can be seen as a competitive advantage, because in contrast to service range that can easily

be replicated, the service quality dimensions are more difficult to imitate and may represent a sustainable advantage.

Anubhav Anand Mishra (2010)\textsuperscript{63} conducted a study titled “Factors Affecting Customers’ Satisfaction and their Relative Importance in the Retail Banking Sector: An Empirical Study.” The objectives of the study were to identify the factors that influence the level of satisfaction of the customers of the selected retail bank; and to assess the relative importance of these factors on the overall satisfaction of the customers. For this study, responses had been gathered from the customers of one of the first of the new private banks to have begun operations in 1994 after the Government of India allowed the new private banks to be established. The bank had recently been re-branded, had a strong and significant retail presence, and had been named as Axis Bank for reasons of confidentiality. Four branches of the bank were randomly selected for the study. The study was conducted in Hyderabad. The selected respondents represented a balanced mix of various demographic factors such as age, gender, marital status, education level, employment status, and income group. The study identified the factors that affect the satisfaction of customers of the retail bank. These factors were in agreement with the empirical findings of the previous studies conducted in the field of customer satisfaction. Further, interest and

bank charges-related factors had turned out to be insignificant determinants of customer satisfaction. It was also found that a majority of the sample customers were satisfied with the services of the bank.

Irina Bena (2010)\(^{64}\) examined the satisfaction level of the customers of a specific Romanian bank. The survey represents a qualitative research and was based on a questionnaire. Consequently primary data were gathered from 50 retail clients of a Bucharest branch. The response clients were aleatory interviewed, face to face, on their way out of the bank. As the conducted survey points out, there are some of the problems that surface in the effort of evaluating customers’ satisfaction. First, the dimensions of satisfaction have to be established according to the area of business and the company’s specifics. Even in the frame of banking there are differences, for instance, in the service portfolio or the interaction procedure. Secondly, customers tend to state they are satisfied or check an undecided response. Therefore, the scale for future surveys to be conducted within the bank should eliminate the middle way answers, obliging the customers to adopt a positive or negative position. The benefits of such surveys represent not only a clear picture of the customers but also an overview of the areas the branch needs to improve. In this manner the bank has the chance to accede to a higher customer satisfaction level and maintain a strong relationship with its clients.

Arun Kumar, et al. (2010) endeavored to fill the gap in service quality which determines customer satisfaction and attitudinal loyalty literature by exploring the dimensions of customer perceived service quality in the context of Indian retail banking industry. A set of variables were drawn from customers’ perceptions about service quality. These parameters had been used in the context of two of the largest private banks dealing with retailing banking namely, ICICI and HDFC to identify the underlying dimensions of service quality which determine customer satisfaction and attitudinal loyalty. The study emphasized that to gain and sustain the competitive advantages in the fast changing retail banking industry in India, it was found crucial for private banks to understand what customers perceive to be the key dimensions of service quality and what impact the identified dimensions might have on customers’ attitudinal loyalty. The study found out that customers distinguish 5 dimensions of service quality in the case of private retail banking. Furthermore, the results yielded an intricate pattern of service quality-attitudinal loyalty relationship at the level of the overall dimensions. They suggested that these issues should be of a central concern for retail bank managers as well as service management academics and practitioners to explore the specific component and should train their employees in those areas to delight the customers in the needed

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domain to enhance service quality and build attitudinal loyalty to retain the valued customers, the most profitable customers, for the banks.

Evangelos Tsoukatos and Evmorfia Mastrojianni (2010)\textsuperscript{66} made an attempt to build a retail-banking specific service quality scale, examine its item and factorial structure, assess its reliability and validity and compare the scale against metrics that are currently used in banking; and to deepen the understanding of service quality determinants and provide input to the ever persisting debate over generic against setting/industry/time specific service quality metrics. Furthermore, the study is set to provide additional input to the debate over generic against setting/industry/time-specific quality metrics. The study is implemented through a two-stage process of literature review and empirical survey. Data were collected from 91 retail-banking customers, in three downtown Athens branches of the two leading Greek banks. The BANQUAL-R metric is introduced, with key elements assurance/empathy, effectiveness, reliability and confidence, a combination of SERVQUAL and BSQ dimensions. Findings back the setting-specific approach of service quality and the notion that SERVQUAL provides the skeleton on which setting-specific scales should be built. Bank managers are provided with a reliable and valid metric of service quality in retail banking. Its dimensionality implies that under credit-crunch conditions

service delivery should be directed towards reinstating customers’ trust and confidence that are put in danger. Banks should redirect resources from tangibles to the human contact-related service elements.

Monica Bedi (2010) studied customer perception in terms of the tangibles, empathy, assurance, and reliability dimensions of service quality across public and private sector banks; and examined the relationship between service quality, customer satisfaction and behavioural responses in Indian banking industry across public and private sector banks. A total of 700 customers from 17 banks have been approached, from whom 603 correctly completed questionnaires have been obtained. The findings indicate that the service offered by private sector banks has a more favourable influence on actual perceptions of service quality received than in the case with the service from banks in the public sector. Further, banks in the public sector do not manage the factors influencing quality perception as well as banks in the private sector, and hence the lower level of perceived service quality received. The results show that the dimensions corresponding to product convenience, responsiveness, reliability, empathy and assurance are significant in determining the overall customer satisfaction and inducing positive behavioural outcomes by reducing

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negative ones across public sector and private sector banks. They suggest that banks should be looking carefully at each one of the dimensions where customers perceive receiving a different service than expected and consider the extent to which they should work on influencing expectations or both. Giving prompt services to the customers; telling the customers exactly when the service will be performed; if there is a problem, the willingness of the bank to discuss with the customers; and readiness of the employees to help and respond to the requests is likely to have an important and positive effect on customer satisfaction.

Jelena Titko and Natalja Lace (2010) carried out a research to study the international experience in the area of customer satisfaction and loyalty measuring; to get an insight into the quantitative parameters of customer satisfaction; to describe the current survey, which is still in progress; to analyze the results obtained from the authors’ conducted survey among Latvian banks’ clients; and to translate the customers' requirements into measurable targets in order to involve them into bank’s performance evaluation system. Data were collected through a confidential four-page questionnaire developed by authors. Questionnaires were mailed to randomly selected bank customers. As a theoretical basis they used balanced scorecard approach, RATER model, concept of service profit

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chain, concept of customer perceived value and the results of previous surveys in the area of service quality measurement. The survey results indicate that customers of Latvian banks are very conservative and antipathetic to any changes. The key factors that affect customers’ decision about suspending relationships with their banks are increased service fee, bad service and operational errors of employees. Price increase is often a coercive measure. Thus, human factor becomes the main instrument of impact on customers. Also, among the most important factors of customers’ perceived value of a bank are qualification and emotional intellect of bank front office staff. Thus, they suggest that the primary task of bank executives is to develop professional qualification, emotional intellect and communication skills of customer service specialists.

Sondge and Gadhave (2011) carried out a research to study the quality of service provided by the SBI and HDFC Bank. The main aim of this research is to assess and re-asses how banks are marketing their products and services and how customers capture and perceive bank services, what are the emerging customers requirements and expectations, and to study customer satisfaction level with banking services provided by the SBI and HDFC Bank. The sample size is 340 customers and 150 staff.

Customers and staff members are selected from Borivali suburb located bank branches of SBI and HDFC Bank. The data were collected through pre-tested and well-structured questionnaire. The results showed that the customers of SBI are more satisfied with traditional banking services and bank accounts as compared to HDFC Bank, whereas customers of HDFC Bank are more satisfied with innovative technology based counter services, ancillary services, and single window services provided by the bank. Further, the results reveal that there is a significant difference between customers’ satisfaction and marketing strategies followed by both banks. Many of the customers came to know about banks through various channels but they prefer these days innovative technology based services.

Naveen Kumar and Gangal (2011) studied the level of customer satisfaction in new generation banks. To achieve the objective of the study, the primary data have been collected through questionnaire from 100 customers of the Preet Vihar branch of HDFC Bank in Delhi. The study found that in the most important categories such as managing account and handing the enquiries, the bank performance is miserable and has totally failed to come true on the expectations of customers. Regarding the quality of staff, the bank is in good position and something to cheer. In almost in each parameter, the customers feel satisfied and also praise the efforts of

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bank staff. Out of 31 parameters, the bank has failed to satisfy customers at 15 parameters which include cost of services, privacy of transactions, response time, etc. The study suggests that the bank should improve those parameters immediately to fulfill customer expectation where the mean score of expectations is more than observations. The bank has to maintain its services on those parameters where the mean score of expectations is equal to observations with future improvement.

Sangeeta Mohanty (2011) evaluated and appraised customers’ priorities in regard to access the ICICI Bank. In order to achieve the identified objective pertaining to the priorities and preferences and views, a sample of 125 customers was taken randomly from Sahid Nagar, Acharya Vihar, Vanivihar, Ram Mandir in the city Bhubaneswar and Balasore. The data have been collected by personal interview with the help of the pre-defined interview schedule. The survey was conducted during August and September 2010. The results showed that there exist significant differences between various account services such as current account, saving account, term deposits and demand deposits. Further, there are significant differences between various account services in terms of the period of association with the bank. There exists insignificant differences among the people of different occupations but the businessmen visit the bank most and

people visit the bank mostly quarterly. It is observed that the people prefer the ATM card services the most followed by phone banking. The convenient ATM location and the convenient bank location are the more influencing factors of opening the bank account.

Ravi Kant Sharma (2011)\textsuperscript{72} identified the growth potential in retail banking segment in both economies and compared the service quality in retail banking segment in both economies. He has compiled reliable data like World Retail Bank Report 2008/2009, Earnst & Young Global Consumer Banking Survey 2011, and articles from the journals. He states that in both the economies retail banking industry is in transitional state, and both countries are exploding as consumers’ buying power rises, increasing demand for a range of financial services products from mortgages to credit cards as well as demand for more flexible and convenient access to bank distribution channels. Commercial banks in the financial system in both India and China are more or less same. The cost of intermediation by banks in India is significantly higher than that of China. The size of the commercial banking system of China is about eight times the size of the Indian commercial banking system. China's banking system is quite large both in absolute and relative terms. Even though Indian banks

are beaten on size on quality parameters, they are far ahead of the Chinese counterparts because of their conservative approach.

The study of the Seethaletchumy Thambiah, Uchenna Cyril Eze and Arul Jeganathan Santhapparaj (2011)\textsuperscript{73} has two categories of objectives that are general and specific. The general objective of the study is to understand the nature of consumer adoption of Islamic banking, in particular retail banking, in the urban and rural regions of Malaysia. The specific objectives are to analyze the awareness on Islamic retail banking between the urban and rural banking customers; to analyze the perception on Islamic retail banking among the rural and urban banking customers; and to analyze the preferences of the urban and rural banking consumers with regard to Islamic retail banking. A survey was conducted among the bank customers in the urban and rural regions of Malaysia. The survey instrument consisting of 32 questions measures six key constructs of the study. A comparative analysis was made based on 537 respondents representing 281 useable responses from the urban region and 256 from the rural region. The results revealed that there is a significant difference in terms of awareness and on perceived complexity, uncertainty and observability. Besides, there is a lack of awareness on Islamic retail banking between the urban and rural banking

customers. Perception of urban banking customers on Islamic retail banking, in comparison with rural customers seemed to vary, about perceived complexity, uncertainty, and observability. However, there is no significant difference between the two regions, in terms of perceived relative advantage and compatibility. Surprisingly the rural customers still seem to perceive Islamic retail banking as more complex and even, uncertain about it. They suggest that the banks must device and implement a strategic marketing campaign that not only promotes the products and services offered by Islamic retail banking but also its benefits together. In this context, it is very crucial for the bank staff themselves, to be conversant with their product knowledge about Islamic retail banking schemes first, which is currently lacking.

Bedman Narteh and Nana Owusu-Frimpong (2011)\(^{74}\) made an attempt to ascertain the criteria by which two categories of students select their banks and determine the factors which depict the most prevalent criteria; and to compare bank selection factors among the MBA and the undergraduate students as well as among males and females. This study aims to offer a deeper insight into bank selection of Ghanaian students so as to offer bank managers the opportunity to tailor-measure programmes

aimed at attracting and retaining customers. Data were collected from two segments of undergraduate students of the Accra city campus and the MBA students at the University of Ghana Business School campus at Legon-Accra. The “drop and pick” convenience sampling method adopted resulted in 223 completed questionnaires. The results indicated that student customers consider image, attitude and behaviour of staff, core service delivery and technology-related factors as the major issues that influence consumers’ decision to open and maintain an account. They concluded that in a market where consumers respond differently to a marketing offer, market segmentation becomes a necessity and therefore differences in male and female consumers’ selection criteria emanating from this study provide an excellent opportunity for the banks to adopt segmentation-based strategies to serve the customers.

Apena Hedayatnia and Kamran Eshghi (2011) examined the bank selection criteria employed by bank customers in Iran. The study was conducted in the city of Tehran. The data for the research were gathered from 798 customers of banks through a structured questionnaire covering the different attributes that customers perceive as important when selecting which banks to support. Given the nature of the study, convenience sampling was chosen. A total of 830 questionnaires were distributed and

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798 were considered usable. Findings show that the important factors determining customers' selection are: quality of services and new banking methods, innovation and responsiveness of bank, friendliness of staff and confidence in manager, price and cost, staff attitudes and convenience of bank location and services. The study suggests that managers of retail banks should consider the above mentioned factors in designing their marketing strategies. Banks should set up many kinds of hi-tech services such as internet banking, SMS banking, e-banking and phone banking to attract new customers and retain their existing customers. In addition, banks have to understand the customer needs and wants and try to increase the satisfaction level of customers by providing tailor-made services.

Kazi Omar Siddiqi (2011) examined the interrelationship between service quality attributes, customer satisfaction and customer loyalty in the retail banking sector in Bangladesh. The study sought to identify the most important attributes in bank settings, which may be used to review characteristics of banks as experienced by customers. The sample size of 100 retail banking customers was drawn from different banks in Bangladesh. The result showed that all the service quality attributes are positively related to customer satisfaction and customer satisfaction is

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positively related to customer loyalty in the retail banking settings in Bangladesh. Empathy demonstrates the highest positive correlation with customer satisfaction and tangibility shows the least positive correlation with customer satisfaction. This study suggests that SERVQUAL is a suitable instrument for measuring bank service quality in the Bangladeshi context. Therefore, bank managers can use this instrument to assess bank service quality in Bangladesh.

Van Dinh and Lee Pickler (2012) examined the interrelationship between service quality dimensions and investigated the correlation between perceived service quality and customer satisfaction in the retail banking sector in Vietnam. Participants completed the survey during their visit to bank branches and ATM locations and through an online survey. The study included the use of both quota sampling and convenience sampling procedures to collect data from 394 customers. The study showed that all service quality dimensions were positively correlated with customer satisfaction. The data indicated that both customer demographic identity and bank characteristics were significantly related to perceived service quality. The findings confirmed that the five quality dimensions were significantly interrelated. Finally, service quality was found to be positively correlated with customer satisfaction in the retail banking sector. The study

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suggests that bank leaders in Vietnam are well advised to emphasize employee training programs so that they can offer personalized service to customers. Moreover, bank leaders might focus on providing more control and personalization to employees and increasing their office hours and ATM network coverage to capture customer interests in their offerings.

Avani Shah and Richa Pandit (2012) made an attempt to find out preferred retail banking products and banks amongst investor and to study the purpose of investor to invest in different retail products. The sample size is 180 respondents who are investing in different retail banking products in Ahmedabad. The primary data were collected with the help of questionnaire by convenience sampling. The results showed that majority of the investors prefer SBI, HDFC and ICICI Banks in order to procure credit card. Investors prefer to have demat account with HDFC and Axis Bank, and HDFC and Axis Banks are most preferred amongst investors for taking home loan. The study suggests that in order to continue with the cut-throat competition, banks should keep a pace with the technological development happens in the retail banking product. Private sector banks should adopt more professional approach as customers give more importance to the quality of the service provided by the banks. Public sector banks should revolutionize their home loan procedure considering the convenience of

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customers and facilities offered by private banks. The banks should have to
gear up to use the international standards in areas like Demat of securities,
electronic settlement system for funds and securities.

Revathy (2012)\textsuperscript{79} made an attempt to ascertain the level of awareness
among the respondents about retail banking services; to measure the level
of satisfaction regarding retail products and services and to offer
suggestions to expand the retail market through improved customer service.
Branch offices of State Bank of India and Indian Overseas Banks at
Palayamkottai, Tirunelveli district, are chosen for the survey. 60 customers
each from SBI and IOB are selected on convenience sampling method. The
study reveals that customers are highly aware of most of the retail banking
products except a few like home banking, telebanking and institutional
financing. The research reveals that the routine operation factors are highly
influencing the level of satisfaction of the customers. The study concludes
that while retail banking offers phenomenal opportunities for growth, the
challenges are equally daunting. How far the retail banking is able to lead
the growth of the banking industry in future would depend upon the
capacity building of the banks to meet the challenges and make use of the
opportunities profitably.

\textsuperscript{79} Revathy, B (2012). “Indian Retail Banking Industry: Drivers & Dooms: An
Empirical Study”, \textit{Excel International Journal of Multidisciplinary Management
Dinesh B. Raghuwanshi. (2012) studied the retail banking scenario in India; analyzed the various challenges and opportunities of retail banking; and suggested certain measures for the future growth of retail banking in India. In order to achieve the above objectives, the present study is based on the secondary data relating to the retail banking. He stated that the conventional scenario of banks is fast changing. Retail banking has gained enormous momentum in the Indian banking sector during the last five years. There is vast opportunity as well as challenges for retail banking in India. The changing portfolio of retail banking in India has many dimensions. Thus, there is a need for constant innovation in retail banking. Hence, banks need to use retail segment as a growth trigger.

Ganesh (2012) conducted a study to measure the service gap between the perceived and expected services provided by the retail banks in the top five cities of Tamil Nadu. The objectives of the study are to find which bank provides better services; to identify the factors influencing customer retention; and to determine the differences in service level provided by the retail banks among the top five cities in Tamil Nadu. The study was conducted in five cities namely, Coimbatore, Salem, Madurai, Trichy and Chennai in Tamil Nadu among the top four banks. The primary

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data were collected with the help of structured questionnaire. By using convenience sampling technique, 861 customers comprising 210 SBI customers, 220 Indian Bank customers, 215 ICICI Bank customers, and 216 HDFC customers were selected. The study confirms that there is a significant gap between the customers’ expected service and perceived service level in retail banking across all service quality dimensions, which leads to dissatisfaction and non-committal approach towards the service provider. The study concludes that a business without a focus on customer satisfaction is at the mercy of the market. Without loyal customers eventually a competitor will satisfy those desires and the customer retention rate will decrease.

Rajesh Garg (2013) made an attempt to identify the various drivers of retail business in India; to highlight the competition prevailing in retail banking services; and to highlight the various opportunities and challenges to retail banking. The study concludes that while retail banking offers phenomenal opportunities for growth, the challenges are equally daunting. How far the retail banking is able to lead growth of the banking industry in future would depend upon the capacity building of the banks to meet the challenges and make use of the opportunities profitably. Globalization, consolidation and want of expertise are drastically redefining the banking

taxonomy. Thus the participants, be it an Indian financial player or a foreign entrant in the retail sector, have to adopt a different approach in everything viz. products, services to hold the Indian market share, as a popular saying goes as variety is the spice of life.

Madhvi Julka (2013) carried out a study on the issues and concerns faced by the banking sector in India due to the growing pace of educated and lenient attitude of customers towards the debt services. The variables selected for the study are bank overdraft, personalized contact, credit and debit card, tax payment, quick shopping, higher interest on deposits, saving rewards, general insurance, statement, on-line recharge, life insurance and mutual funds. The primary data were collected from the people from managerial cadre in banks, and customers through the means of questionnaire and secondary data sources include bulletins, journals, books, bank websites, financial results declared by banks and articles from newspapers. The primary data were collected from 50 respondents from Batala, Gurdaspur, Dinanagar and Pathankot. The study concluded that retail banking is one of the most tremendous areas now a day to be looked after by the banking industry as it contributes 7% to GDP and 14% to employment in India. Abreast the rising population and increase in the middle class earning higher incomes and at the same time having appetite to

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take risk has increased its scope many folds. Thus, the need of the hour is to put efforts towards innovation, convenience in services, prestigious services and making banking more mobile to delight customers.

Anita and Mahavir Singh (2013) made an attempt to ascertain from the customers the type of bank they would prefer for operating their accounts; to identify the various types of services offered by banks which the customers are presently availing and which types of services are preferred over others; to check the level of satisfaction about the different types of services offered by the banks; to ascertain the ideal level of services which they expect from the bank and to identify the extent of segmentation gap among the services offered. The study was undertaken in respect of 300 bank customers of Kurukshetra city. The primary data were collected with the help of questionnaire. The findings of the study documented that the majority of customers prefer to have accounts both with private and public-sector banks, that relatively younger people prefer private-sector banks. The study has further revealed that the level of customer satisfaction varies across different types of services offered by banks and the level of expectations of the customers. The study suggests that commercial banks need to improve their services in different areas. The amount of documentation required also needs to be re-examined.

Maduku (2013) investigated the predictors of retail banking customers’ attitude towards the adoption of internet banking services in South Africa. The survey method was used for collecting data to test the hypotheses. Data collection took place in the Gauteng province of South Africa. Since there was no readily available sampling frame, non-probability sampling in the form of convenience sampling was used. A total of 700 questionnaires were issued; however, only 394 usable responses were obtained. This study extended the Technology Acceptance Model by including trust, subjective norm and demographic variables, and presents an empirical validation in South Africa. The results suggest that perceived usefulness, perceived ease of use and trust have significant positive relationships with attitude, while subjective norm has a relationship with attitude, albeit a moderate relationship. Consumers’ trust of the internet banking system emerged as the strongest predictor of their attitude, while demographic variables were found to be weak and poor predictors of customers’ attitude. Moreover, the results indicated that even though customers are sceptical of the internet banking system, they intend to start using/continue using the service.

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Chitra (2013)\textsuperscript{86} examined the awareness level of various retail banking services offered by SBI; studied the effectiveness of advertisements for various retail services provided by SBI.; analyzed the customer attitude towards the retail services offered by SBI.; studied the various problems faced by customers related to retail services offered by SBI and studied the satisfaction level of customers relating to retail services offered by SBI. Primary data were collected from 200 respondents by personal interview. The area of study is restricted to Tirupur city, Tamilnadu. The study found that customers are not satisfied with user friendliness, speed of service and quality of services at SBI. The study suggests that services should be made more accessible. In order to increase awareness, SBI should advertise its services more. Moreover, services can be made user-friendly. The speed and quality of service should be improved.

Jayshree Chavan and Faizan Ahmad (2013)\textsuperscript{87} made an attempt to measure the overall satisfaction of retail banking customers and to identify the factors of customer satisfaction in retail banks. The study is confined to public sector, private sector and co-operative sector banks in Sangli and


Solapur districts in western Maharashtra. 200 customers from public sector banks, 200 customers from private sector banks and 200 customers from co-operative sector banks were selected. Validity and reliability tests were employed to check the reliability of the survey questionnaire. The findings revealed that customer satisfaction, a transaction-specific attribute, is dependent on nine different factors.

Khurshid Ahmad Bhat and Ruchi Singh Maurya (2013) made an attempt to determine the level of satisfaction among the savings bank account holders; determine whether the customers are aware of the change in working hours; to determine expectations of the customers; to determine the satisfaction level with respect to the retail banking services; and to determine the opinion of customers about the features of ICICI Bank. The study was carried out at the ICICI Bank in Bangalore city. Convenience method of sampling was used. The primary data were collected through structured questionnaire from 50 customers. The findings of the study revealed that almost all the customers are satisfied with the overall services provided by the bank. There are no major complaints of the customers or any shortcomings on the bank’s service. The customers have very well accepted the services offered by the bank. Some of the customers

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complained about the charges that are levied for non-maintenance of average balance. To overcome this problem, the bank authorities should see to it that the customers are well informed about the charges and also they should inform the customers that their account would be debited for any charges without any notification.

Pratap Chandra Mandal and Sujoy Bhattacharya (2013)\textsuperscript{89} studied the construct of customer satisfaction with respect to Indian retail banking from a qualitative perspective. They have studied the dimensions of customer satisfaction. The researchers applied Grounded Theory Method, a tool for qualitative analysis. They conducted in-depth interviews and focus groups of Indian retail banking customers. The participants were persons who have availed Indian retail banking services. The analysis included open coding of the data and writing memos, concept generation from the phenomena, index card sorting to identify categories and sub-categories, axial coding to relate the categories and sub-categories, and selective coding to identify the core category. The findings included the concepts generated which would determine the dimensions which might affect customer satisfaction.

Joicey Jose (2013) analyzed the extent of variation among customers regarding the quality of hi-tech banking services of ICICI Bank. The study is based on both primary and secondary data. The study was conducted at ICICI Bank Kanjirappally branch in Kerala state. Primary data were collected from 80 customers with the help of questionnaire. The secondary data covered published books, reports, journals, etc. The results showed that the most important factor that attracts customers to ICICI Bank is the quality of services provided by ICICI Bank and the least important factor is the prestige in operation. The study suggests that wide awareness campaign should be conducted among the general public of Kerala for popularizing the concept of hi-tech banking.

The studies reviewed above have examined the retail banking services of the public sector banks, private sector banks and foreign banks. However, these studies have not looked into the retail banking services of the regional rural banks. Hence, the present study of the researcher is a modest and pioneer effort with respect to retail banking services of the regional rural banks. With this background, the researcher has undertaken this study to fill in the research gap.

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