CHAPTER - VII

SUMMARY OF FINDINGS, CONCLUSIONS AND SUGGESTIONS

The research study has revealed some significant and useful findings relating to the marketing of services by the banking institutions covered by the survey. The major findings are based primarily on the field investigation and personal interviews with the selected bank customers of commercial banks, regional rural banks and the cooperative banks. Findings relate to different dimensions of marketing of services viz. the product, price, promotion, place and people.

The findings are based on the responses of both the customers and the bank officials covered by the study.

Findings And Conclusions

1.1 Economic reforms have positively impacted the Indian banking system and have made the banks more resilient, competitive and efficient with better productivity. The banking system has become more diversified having made forays into insurance and investment banking. Indian banks have become more profitable, strong and stable and have become tech-savvy and competitive as well.

1.2 Indian banks represent a massive structure with over 65000 branches, 19 government banks, 8 SBI group banks, 21 old private banks and 9 new private sector banks. There are 36 foreign banks as well.
Indian banks provide finance to industries, trade, retail sector, agriculture and small scale sector. They have strong presence in rural and semi urban sector.

1.3 Indian banks need strategies like clear customer segmentation and product offerings, focus on cost effectiveness and entrepreneurial ability to face stiff competition. Banks have realized that profits will be under pressure after the introduction of prudential norms and asset classification. As the forex and money markets were gradually deregulated competition has intensified.

1.4 The banks have no option but to address the needs of customers effectively to survive in the liberalized regime. Customer loyalty are an integral part of an organization. Prompt and efficient customer service alone will tempt existing customers to continue and induce new customers to try the services offered by an organization. Customer focus is an absolute necessity for the banks in the present context. This aspect has been stressed rightly by the two expert committees (i) viz the Talwar Committee (1975) and the Goiporia Committee (1990). The RBI and the Indian Banks' Association have stressed the importance of customer services by banks.

1.5 Marketing of banking services relate to the aggregate of functions directed at providing services to satisfy customers' financial needs more effectively than the competitors. Each individual working in a bank is a marketing person who contributes to the total satisfaction of customers. Marketing of service industry like banks is a philosophy to be understood by the whole organization.
Marketing of banking services involves the functions of market research, product development, pricing of the service and developing market orientation.

1.6 Reviews of the relevant and related literature indicate a general emphasis of the experts on evolving innovative banking practices and customer-centric approach by the banking organization for an effective marketing of the banking services.

2.1 The conceptual aspects of services in general and financial or banking services in particular have been examined by various experts from different angles. The major implications of services as conceptualized by these experts relate to -

- Services as activities or series of activities

- Services are intangible

- Services take place in the interaction between the customer and service provider i.e. services are produced and consumed simultaneously.

- Services are intangible activities. There is no ownership transfer.

Services characteristics are, intangibility, inseparability, heterogeneity and perishability.

2.2 Services sector has been dominating in the economy of many developed and developing countries. World Bank statistics show that service sector accounts for more than half the GNP and employs more than half the labour force in Latin American and Caribbean countries. Growth of services sector is caused by affluence, leisure time, life expectancy,
resource scarcity and ecology etc. The contribution of services sector to G.D.P. increased from 28.2% in 1950 to 49.5% in 2002 in India while the contribution of agriculture declined from 55.9% to 24.1% and the contribution of industry rose from 16% to 27.2% during the corresponding period.

2.3 Bank’s main problem in marketing relates to (i) knowing as much as possible about each of the bank’s market’s/customers and (iii) knowing as much as possible about the plans of the banks competitors in their attempts to exploit these markets. Marketing research is the process by which a bank attempts to obtain such customer and competitor information. Consequently market research is an integral part of the decision making process.

2.4 Banks deal in services hence formulation of product mix has to be in tune with changing business environment and conditions. The changing psychology, the increasing expectation, the rising income, the changing life styles, the increasing domination of foreign banks and the changing needs of customers make it essential that banks innovate their service mix and make them of world class.

2.5 Product portfolio of banks refers to the different types of services/schemes found at the different stages of the product life cycle. Product portfolio denotes a combination or an assortment of different types of product generating more or less in proportion to their demand. The quality of product portfolio determines the magnitude of success.
2.6 Promotion mix of banks' services marketing has to be formed in such way that different component of promotion such as advertising, publicity, sales promotion, word of mouth promotion, personal selling and telemarketing are given due weightage. Financial products are making use of branding and advertising. Financial advertisement is a very useful promotional tool to reach the burgeoning middle class. It can help to persuade these new breed of investors to put their money into the market.

2.7 Financial firms must focus on price optimization. The key issue is to understand how demand is affected by price. Due to absence of any significant capacity constraints there is an opportunity for financial services companies to optimize their profitability by raising prices rather than by reducing them. In the present circumstances of slowing down of volume growth, increased competition and the declining interest rates, there is decline in profits from many products. In these circumstances price-revenue optimization can counter suboptimal pricing and identify the opportunities for profit maximization.

2.8 A suitable place mix is another component of marketing of bank services by selecting suitable place for providing services through bank branches. The number of branches, the location of branch office, the placement of bankers, the behavioural profile of bankers are some of the issues influencing the image of the bank and equality of services.

2.9 Marketing of banking services need proper management of (i) product differentiation (ii) accurate credit appraisal system (iii) strong
management information system (iv) effective account receivable management and (v) regular debt follow up.

2.10 Market segmentation by banks relate to five aspects of business of banks. They include (i) cash accessibility (ii) asset security (iii) money transfer (iv) deferred payment and (v) financial advice. These relate to the customers needs in the process of marketing of bank services. Traditional bases for segmentation i.e. age income geographical location are unsuitable for operations of a bank. Life styles status organizational buying structure etc. may well be more suitable bases for segmentation.

3.1 Dharwad is a major district in the northern part of Karnataka comprising of Dharwad, Hubli, Navalgund, Kalghatgi and Kundgol taluka. Kalghatgi and part of Dharwad talukas come under Malnad area. The other 3 talukas come under the plains.

The total area of the district is 427329 hectares of which 362874 hectares is cultivable. The net area sown is 331471 hectares.

Major crops grown in the district include paddy, wheat, maize, jowar, cotton, chillies and horticultural crops.

3.2 The population of the district is 1603794 as per 2001 census. The density of population is 376 per sq.km.

3.3 Dharwad Hubli area constitute the industrial centre in the state next to Bangalore. There are 11759 industrial units. There are 7 industrial areas in Hubli Dharwad region.

3.4 The district is well served by transport and communication system. National highway No.4 and South-Western broad-gauge railway line
pass through the district. A large network of P and T, telephone, and other means of communications is available in the district. The district has print and electronic media.

3.5 The district has 222 bank offices of which 51 are in rural areas, 25 in semi urban areas, and 146 in urban areas. There are 117 public sector banks, 25 private sector banks, 7 new generation banks, 52 RRBS, 14 KCC banks offices, 5 PLD banks, 1 KIC bank and 1 KSFC office. There is one bank branch for every 7224 persons as per 2001 census.

3.6 The district has good educational facilities with large number of primary schools, high schools. There are 59 PU Colleges, 56 degree colleges, 8 polytechnics in the district. The district has 2 engineering colleges, 4 medical colleges, 1 dental college and 73 libraries. There are 2 universities in Dharwad city.

3.7 The district has good health facilities, 5 allopathy hospitals, 76 PHCs, 3 HUs, one dispensary 6 family welfare centres. The district is well served by the supply of potable water, electricity etc.

3.8 a) State Bank of India is the largest PSB in India. Its role became predominant when 7 banks were made subsidiary under the subsidiary Bank Act 1959. Number of banks were merged with SBI between 1958 and 2005. The Bank had 9102 domestic branches and 54 overseas branches in 2004-05. It has correspondent relationship with 539 international banks in 124 countries.

b) SBI had 205515 staff strength as on 31-03-2005. The Bank has developed network of Staff Training Institutes all over the country.
c) The Bank's operations cover a widerange of activities viz. consultancy to IIM Ahmedabad, merchant banking, sponsoring of RRBs, EDPs, Equity Fund Scheme, SBI Capital Market, SBI Mutual Fund, SBI ATMs, Life Insurance Product customization for specific professions like Doctors, Teachers, Police Lawyers etc.

SBI has stakes in Clearing Corporation of India, Credit Information Bureau Ltd., ICRA ARC India Ltd. MCX of India, Thomas Cook (India) Ltd. Etc.

d) SBI's paidup share capital, deposits advances have increased substantially. Its NPAs have declined, total income has gone up, net profit has increased, earning per share have gone up. Return on average assets, return on equity and profit per employee have gone up considerably between 2003-04 and 2004-05.

3.9

a) Syndicate Bank is one of the major public sector commercial bank in the country. The Bank has a network of 2006 branch offices 83 extension counters, 9 satellite branches. More than 56% of branch offices are spread in rural areas with 654 branches in rural, 469 in semi urban, 457 in urban, 427 in Metro areas. The bank has 326 ATMs in 129 centres. Internet Banking has been introduced and Online Railway Booking facility, payment of tax facilities have been provided OLTS, EASIEST and VAT collection services have been provided.

b) Training facilities for the staff have been provided. Syndicate Institute of Bank Management has been training officials of the Bank at Manipal.
c) Customer Relationship Management Cell consisting 36 Customer Relations Managers has been setup. It provides data to the organization for further improvement. The Bank has introduced new products like- Sind Nivas (Housing Loan Scheme) Sind Vidya (Educational Loan Scheme) Syn Swarna (Jewel Loan Scheme) and Sind Arogya (Mediclaim cum personal accident cover product).

d) The percentage of share held by Govt. of India declined from 73.52% in 2005 to 66.47% in 2006. Capital Adequacy Ratio increased from 10.70% to 11.73%, Earning per share declined from Rs.8.54 to 0.20, Return on Assets declined from 0.82 to 0.07, Gross NPAs declined from 5.17% to 4.00% and Net NPAs declined from 1.59% to 0.86% during the corresponding period.

3.10  a) Founded on 23rd October 1931 at Mangalore, Vijaya Bank was nationalized in 1980. The Bank has a network of 948 branches, 60 extension counters and 168 ATMs that are spread over all the 29 states and 3 Union territories in the country.

b) The Bank's deposits increased by 36 percent in 2007 over the previous year. The ratio of low cost deposits to total deposits is 31%.

c) Advances rose by 45% and total business of the Bank increased by more than 39% during the corresponding period.

d) Profit for the year ended 31-03-2007 recorded a growth of 161.14% over the previous year. Operating profit rose by 20% and gross operating profit increased by 10% and income from advances increased by 31% during the above period.
e) Capital adequacy ratio of the Bank was 11.21%, return on average assets was 0.92% during 2007. Gross NPAs ratio of the Bank was 2.29% in 2007 and Net NPA ratio was 0.59%.

f) Vijaya Bank specific policies

- Investments and Funds Management
- Assets Liability Management
- Risk Management
- Merchant Banking and Allied Activities
- Credit Card Business
- Marketing Cell
- Customer Service
- Computerisation
- Human Resources Management and
- Vibank Housing

g) Average business per employee went up from Rs.3.69 crore in 2006 to Rs.4.55 crore in 2007. Total business per branch went up from Rs.48.51 crore to Rs.63.65 crore during the corresponding period. Earnings per share moved up from Rs.2.93 to Rs.7.64. Return on average assets rose from 0.45% to 0.92%.

h) There has been allround increase in the Banks advances to priority sector and agricultural credit. Advances to SMET and to weaker sections have also gone up.
3.11 a) Karnataka Bank is one of the leading private banks in the country. The Bank has a network of 395 branches in rural, semi urban, urban, and metropolitan areas.

b) The Bank has a total staff strength of 4346. Off these there were 149 officials 2057 clerks and 798 substaff.

c) The Bank's maximum of 66.59% of shares are held by the public, followed by 18.85% held by FIIs, 5.73% by corporate bodies, 5.64% by Mutual Funds and UTI, 2.09% by banks, financial institutions and insurance companies, 0.72% by others and 0.38% by NRIs.

d) Karnataka Bank’s total business rose by 22.83% in 2005-06 over the previous period. Total asset rose by 19.37%, operating profit by 15.49%, deposits by 22.20% advances of the Bank rose by 23.92% during the corresponding period. Investments of the Bank rose by 21.79% and total Net owned funds increased by 13.61%, forex business registered growth of 15.67% in 2005-06. Net profit of the Bank increased by 15.49% in 2005-06.

3.12 ING-Vyasya Bank is another leading private sector bank in India. The Bank is a member of global financial service giant with total assets of 1226 billion euros with a net profit of 7.09 billion euros as of December 31st 2006. The Bank group has a presence in over 50 countries employing over 119000 people serving over 60 million customers across the globe. The Vysya Bank set up in Bangalore in 1930 and merged with ING of Netherland has achieved great strides in its banking and financial services marketing. It has launched Vysya Leasing Ltd. And pioneered
the concept of co-branding of credit-cards. The Bank has launched housing finance. It has been providing a range of products and services for traders, ATM services, insurance services. After merger with ING in 2002 the Bank has introduced customer friendly products like Orange Saving, Orange Current and Protected Home Loans etc.


The Bank has a networking of 392 branches with a customer base of 2.5 million. KVG Bank is the biggest RRB in Karnataka. It caters to needs of farmers, traders, rural artisans, professionals and selfemployed etc. The working results of the Bank indicate an all round progress during 2006-07. Number of branches rose from 387 to 392, number of staff increased from 2129 to 2193 during the period from 2006-2007. Deposits rose from Rs.1917.14 crores to Rs.2230.28 crore, gross advances from Rs.1749.96 crore to Rs.2173.43 crore and advances to priority sector rose from Rs.1440.40 crore to Rs.1765.80 crore during the same period. Credit disbursement to agriculture increased from Rs.435.71 crore to Rs.645.70 crore. Total income of the Bank went up from Rs.241.56 crore in 2006 to Rs.299.92 crore in 2007 and total expenditure rose from Rs.165.90 crore in 2006 to Rs.176.41 crore in 2007.
3.14 The Alnavar Urban Cooperative Bank Ltd was started in 1958 and since then it has registered substantial progress in its operations viz. deposit mobilization, loans and advances etc. The Bank's membership declined from 2812 in 2001-02 to 2620 in 2005-06. Similarly the share capital too has declined during the same period. However the Bank's reserves have gone up substantially from Rs.12758711 in 2001-02 to Rs.24021614.55 in 2005-06. The Bank has more than doubled its investments during the same period and its Net profit has increased considerably. The Bank has been distributing dividend continuously and the Audit has classified the Bank as 'A' grade.

3.15 The Hubli-Urban Cooperative Bank Ltd. Hubli has completed 100 years of its existence since its establishment in 1906 at Hubli. The Bank has 6 branch offices in Hubli(4), Dharwad (1) and Amargol(1). The total membership of the Bank was 4596 during 2005-06.

The share capital of the Bank rose from Rs.14998430 in 2001-02 to Rs.16630170 in 2005-06. Reserves rose from Rs.67199435 to Rs.79599972; deposit increased from Rs.442935607 to Rs.339811483 during the above period. However the working capital of the Bank declined from Rs.5297855822 in 2001-02 to Rs.442589981 in 2005-06. Net profit increased from Rs.4652115 in 2001-02 to Rs.7320026 in 2005-06.

The Bank provides loan finance to economically backward, weaker sections SC/ST etc. for improving their economic status. Loan finance is given by the Bank to small business, industry, trade and commerce housing etc. Thus the Bank has diversified product range offered to customers.
3.16 The Bailhongal Urban Cooperative Bank Ltd has been providing banking services for the last 8 decades since 1925. The Bank has 5 branch offices with a total membership of 5497 and a share capital of Rs.22044075. The Bank's deposits were Rs.272916429 and the total loans at the beginning of the year 2005-06 was Rs.2005 lakhs. The Bank's NPAs stood at 9.88% of the total loan.

The Bank's maximum investments were in state and Central government securities and shares in cooperative organizations.

3.17 The Azad Urban Cooperative Bank Ltd., Hubli has four branches of which 2 are in Hubli and 1 each in Dharwad and Ranebennur. The Bank has total membership of 10679 during 2004-05. The Bank's share capital was Rs.13715250=00 and reserves of Rs.23950978=58. The Bank's deposits were Rs.200612984=62 in 2006. Loans and advances of the Bank amounted to Rs.131006210=60 in 2005-06. The Bank's investments were largely in Government securities in addition to its time deposits in SBI, Syndicate Bank, Karnataka Bank and KCC Bank. The Bank's NPAs amounted to 18% of the total loans.

3.18 The Reddi Cooperative Bank Ltd. Dharwad has been in existence for the last 9 decades and has been providing useful banking services to varied category of customers. The Bank has a network of 25 branches and one extension counter spread over different cities and towns in North Karnataka, Bellary, Koppal, Chitradurg and Davangere district. The Bank has a total membership of 58309 and share capital of Rs.571.44 lakhs in 2004-05. The Bank's total reserve funds and other resources amounted to Rs.25093986 as on 31-03-2005. Bank's deposits and advances were
Rs.17846.67 lakhs and Rs.911623819.86 in 2005. Investments of the Banks were largely in Central Government securities and in deposits in other banks.

The Bank has been providing useful services by becoming member of clearing house in places where such facilities are not existing. The Bank has coordination with the ICICI and IDBI which is useful in issuing DD to customers. The Bank has computerized its operations in 10 branches.

3.19  Karnataka Central Cooperative Bank was established in 1916 as District Central Cooperative Bank for the former Dharwad district and still functioning as DCC Bank for the three districts of Dharwad, Haveri and Gadag. The Bank has 35 branches spread over 3 districts and has been functioning with the main objective of supplying credit to agriculture and related activities. The Bank has 17917 members and a share capital of Rs.1317.14 lakhs as on 31-03-2005. The Bank is under direct administration of the Administrator since 10-12-2001.

The Bank introduced new schemes for the benefit of farmers viz., Kisan Credit Card Scheme. Individual Accident Insurance Scheme for KCC borrowers, Yasaswini Royal Health Insurance Scheme, Crop Insurance Scheme, Loans to farm members at concessional rate of interest to PACS and scheme for one time settlement of loans as per NABARD direction.

3.20  The Kalghatagi Urban Cooperative Bank Ltd. was established in 1959 at Kalghatagi. The total membership of the Bank was 2960 in 2006 and total share capital of the Bank was Rs.2960000 in 2006. The Bank's
reserve funds was Rs.2329000 in 2006. The Bank's total deposits were Rs.54217000. The net profit of the Bank was Rs.223000.

Profile of Respondent Bank Officials

3.21 A total number of 50 officials have been interviewed during the field survey for obtaining the relevant information relating to the research topic. Of these 34 respondents belonged to commercial banks, 9 respondents were from RRBs and 7 from cooperative banks.

Cadre wise 33 respondents were managers, 2 field inspectors, 7 accountants, 1 cashier and 7 clerks.

3.22 Educational Status of Bank Officials. Maximum of 38 respondent bank officials were graduates, 9 bank officials possessed post graduate degree holders, 2 were undergraduates and 1 respondent had other educational status.

3.23 Agewise Distribution of Bank Officials

The agewise distribution of respondent bank officials indicate that 22 respondents each were in the age groups of 40-49 years and 50-59 years respectively. Further 5 bank officials were in the age groups of 30-39 years and 1 respondent bank official was less than 30 years of age.

3.24 Duration of Service of Bank Officers

Maximum number of 26 respondent officials had service experience of 20-29 years followed by 12 officials with service experience of more than
30 years, 9 officials with 10-19 years of service experience and 3 officials had minimum of 9 or less years of service experience.

4.1 The customer composition of the respondents indicate majority of them from commercial and RRBs belonged to service groups while maximum number of customers of cooperative banks belonged to farm occupation. A good number of respondent customers belonged to business occupation. There is a balanced proportion of the three group of selected respondent customers from the three type of banks covered by the study.

4.2 The sexwise distribution of bank customers indicates that male customers were in large majority (277) compared to female customers (23).

4.3 Age distribution of the respondent customers indicates that maximum number of customers of commercial banks and RRBs are in the age group of 40-49 years while majority respondent customers of cooperative banks were in the age group of 50-59 years.

4.4 Educational status of the respondent bank customers indicate that maximum of them were graduates (29.67%) followed by those with PUC education (20%), post graduates (19.67%) High School education (13.33%), primary education (7.33%), technical education (2%) while 3.33% of the respondents had other type of education. It is significant to note that 2 respondent customers were illiterates.

4.5 a) Maximum of 75 customer respondents (25%) had monthly income of Rs.5001-10000 followed by 56 (18.67%) with Rs.10001-15000, monthly
income, 51 respondent customers (17%) with monthly income of Rs.25000 and more, 44 respondents (14.67%) with monthly income of Rs.15001-20000, 30 customers (10%) with Rs.3001-5000, while 26 customers (8.67%) had monthly income of Rs.20001-25000. A small number of 14 (4.67%) and 3 (1%) of customers covered by the study had monthly income of Rs.3001-5000 and less than Rs.1500 respectively.

4.6 b) Annual family income of minimum of 3 customers respondents was minimum of less than Rs.10000 while maximum number of 75 customer respondents had maximum family income of Rs.200001 and more.

5.1 Large majority of bank customers held savings-bank account (83.33%). A substantial number of respondent customers (56.33%) were holding FD receipt. Recurring Deposits were held by 37% and current accounts by 26.33% while loan accounts were held by 66% of the bank customers covered by the study. The details indicate a good and varied involvement of respondent customers in the banking services of the banks covered by the study.

5.2 Physical proximity to the concerned banks was a major reason for opening an account with a particular bank according to majority of 47% of customer respondents. Preference for opening an account with a particular bank was due to better service (45%), nearer to house (43.33%), easy for transaction (41.67%), more facilities (27.67%), reasonable service charges (19.33%), more security (17.33%) easy availability of loan (6.33%) advice of bank staff (4.33%), more interest on saving (2%), advice of friends (1.33%) and less interest on loan (1%). It shows the varied interests of customers in the choice of a particular
bank for opening an account. Better service facilities and interest rates on savings and loans have practical marketing implications for the bankers.

5.3 a) The duration of holding bank accounts by the respondent bank customers varied between a minimum of 1-4 years to maximum of 25 years and more. Maximum of 61 customer respondents were holding bank accounts over a period of 5-9 years followed by 59 customers for 10-14 years, 55 customers for 1-4 years and 51 customers were holding bank accounts for 15-19 years. Minimum number of 30 customers held bank accounts for maximum of 25 year and more.

b) Holding of accounts in other banks too was affirmed by maximum of 83.67% while 16.33% of customers held accounts in only one bank. Maximum of 171 customer respondents (68.13%) held accounts in other banks in the same town/village, while 74 customers held accounts in other banks in other town/village, while 4 customers held accounts in other banks in the same and other towns/villages.

c) 'Better Service' has been the reason for holding accounts in other banks according to maximum of 126 customers of commercial banks, 22 customers of RRBs and 33 customers of cooperative banks. Other reasons mentioned by good number of customer related to nearness house, more facilities, ease of transaction, reasonable service charges, more security and nearness to office/shop etc.

5.4 a) Savings by majority of customers (194) accounting for 66.67% in case of customers of commercial bank have been reported during the field
survey. The respective figures for rural banks (RRBs) and cooperative banks are 50 and 47. The total number of customer respondents with savings was 291 while 9 respondent bank customers did not have such savings.

b) Customer respondent had made savings in more than one form. Maximum number (185) of them made savings in the form of LIC premium; followed by bank savings NSC/KVP/RD, gold and jewellery, real estate, business, company shares, UTI, PF etc. The respondents preferred to make savings in particular form on grounds of safety, good return, liquidity, easy investment and for tax benefits.

c) Deposit services of banks covered by the study have been availed of the respondent customers. Majority of them have made their deposits in banks in the form of Savings Bank Accounts and Fixed Deposits. Fewer number of customer respondents have made deposits in current accounts. Deposits in more than one type of accounts are made by the customer respondents.

5.5 a) Maximum of 97.92 to 98.15 percent of the respondent bank customers have indicated that they did not face any problems in operating their bank accounts.

b) Lending facilities availed of by customers of the respondent customers include loans, overdrafts and discounting of bills, cash credit etc. Maximum number of respondent customers (114) availed of loans followed by OD and discounting of bills (44), cash credit (25) etc.
c) Large majority of bank customers covered by the study ranging from 96.30% to 97.98% did not face problems in the lending procedures and operations of the banks covered by the study.

5.6 a) Availing of agency services of banks has been affirmed by the customer respondents. Maximum number of customers of commercial banks (133), RRBs (40) and cooperative banks (37) have availed of collection of cheque facilities. A small number of customers have availed of services like collection of bills, bills of KEB and telephone and bank's services as trustee etc. Large majority of customers ranging from 88.89% to 93.75% have indicated that they did not face problems in availing of agency services of banks covered by the study.

b) Large majority of 165 (83.33%) customer respondents of commercial banks availed of banks' services of issuing OD followed by 66 customers (33.33%) availing ATM services, 47 customers (23.74%) availing credit cards and 30 customers (15.15%) availing of Safe Deposit Locker services among the general utility services. Other general utility services of commercial banks are availed of by small number of customers. Among the customers of RRBs and cooperative banks, majority of them could avail the general utility services in the form of DD services. Other services of those banks are availed of by negligible number of customer respondents. Problems of availing of general utility services are not faced by large majority of 74.07% to 85.42% of the respondent customers.

5.7 a) Customers responses about the requirement of bank facilities were obtained through personal interviews. Majority of the respondent
customers of the three type of banks covered by the study indicated that they required the facilities of ATM services, Payment of bills of KEB/Telephone/Water bill etc., MICR, Safe Deposit Locker, Credit Cards, Insurance Service etc.

b) Large majority of 88.89% to 97.98% of the respondent customers of the banks covered by the study found the ATM services as convenient.

c) Services of the banks covered by the study are found customer friendly by large majority of 94.44% to 98.15% of the respondent bank customers.

5.8 a) Awareness about the particular bank operations was due to their own initiative according to majority of bank customers covered by the study. Bank staff motivated a good number of customers in their knowledge about their respective banks. Personal visits to banks, friends, advertisement and customer meets were the other sources of information and knowledge about their banks.

b) Promotion of bank products/services has been mainly due to motivation by bank staff, customer meeting, personal visits and advertisements were the major factors towards the promotion of the bank products/services.

c) Awareness about the bank’s customer meet has been confirmed by 30.37% to 89.39% of respondent customers of the banks covered by the study. Majority of customer respondents of commercial banks (52.54%) and cooperative banks (57.89%) did not participate in the customer meet of the banks, while majority of 63.16% of customers of RRB covered by
the study participated in the "customer meet". Maximum number of customer respondents have indicated that "customer meet" of banks are held once in a year. A few customers mentioned that such meets are held once in 6 months.

d) Quality of bank services increases due to customer meet according to large majority of customer-respondents ranging between 79.10% and 86.84%, while strong agreement about the same is expressed by another 7.89% to 19.21% of customer-respondents.

e) Customer Service Committee of Banks is not known to majority of 48.15% to 85.42% of the customer respondents of the banks covered by the study.

f) The quality of customers meet could be improved through implementation of suggestions, through regular meetings and through prior intimation of the date and time of meetings. Customer meets are held regularly according to majority of respondent customer respondents.

5.9 Banks do not distribute gifts of customers according to majority of 54.55% to 89.58% of the respondent customers of banks covered by the study. Majority of customer respondents of commercial banks felt that customers expected gifts, while majority of customers of RRBs and cooperative banks indicated that customers did not expect gift from banks.

5.10 a) Promotion of bank products/services is resorted through different devices amongst which distribution of pamphlets is one method. Large
majority of respondent customers ranging between 91.67% and 98.15% have affirmed that their banks distributed pamphlets as a publicity device. Further local publicity is given about the availability of services of the banks according to Majority of 77.27% to 91.67% of customer respondents.

b) Sponsoring of sports/seminars as a part of publicity of bank services has been affirmed by majority of 75% to 92.59% of customer respondents.

5.11 a) Majority of 80.67% of the bank customers covered by the study have affirmed that the image of the bank compared to other banks is good. The responses of the bank customers have indicated some factors which would improve the image of bankers. Polite and friendly behaviour is mentioned by 91.33% of customers followed by personal visits to customers (87.67%), customers meet (84.33%), advertising and publicity (84%), gift and presentation (62.33%) better service (61.67%) and honouring good customers (61%).

5.12 b) Majority of 85.33% of customer respondents have mentioned that the banks did not honour good customers. Further 75.67% of the customers have expressed the view that good customers should be honoured by banks.

5.13 a) Service charges levied by the banks are considered reasonable by majority of respondent customers of the banks covered by the study. Service charges on particular services are considered reasonable by majority of customer respondents. They include charges on issuing of
DD, collection of local cheques collection of outstation cheques, on current account Locker rent, travellers' cheques credit cards and other banks services.

b) Majority of customer respondents considered that their bank followed consistent policy in levying service charges on their accounts.

5.14 a) Customers have formed a favourable opinion about their banks relating to payment of attractive interest on fixed deposits and giving of interest on FD in the post maturity period.

b) Majority of customer respondents have indicated the interest levied by the Banks on short term, medium term and long-term loan are reasonable. Further majority of respondent customers of the banks covered by the study have found the interest on agriculture loan, and education loan as reasonable. However majority of customer respondent mentioned that payment of penal interest in case of delay in collection of cheque is not paid.

5.15 Procedure of opening bank account is simple according to majority of respondent customers. Further majority of respondent customers have indicated that time taken for different bank operations varied between 5 to 30 minutes viz., opening of account, depositing and withdrawable of cash, updating of pass book, issue of new cheque book, mail money transfer, issue of gift/travelers cheque etc. However, time taken for collection of local cheques and collection of outstation cheque took minimum of one day to maximum of 23 days or more.
There has been adequate mechanization/computerization of bank operation and computerization has improved the quality of bank services according to majority of customer services.

5.16 Banks have been found prompt in intimating the customers about the maturity of their FD and in giving statement of their account by majority of customer respondents. Majority of customer respondents have not faced difficulty in filling up cheque/withdrawal slip, loan application form, FD receipt form, account opening form and other papers relating to bank operations.

Bank has been helpful in filling up different bank forms and the entries in the pass book are easily understandable to customer respondents. Majority of respondent did not face difficulty in operating ATM and the staff has been helpful in operating ATM.

5.17 a) Large majority of customer respondents expressed their awareness about the various loan facilities and the bank staff, friends and other customers have been the source of information about the bank loans. Majority of respondent customers have availed of loan facilities.

b) Secured loans have been provided to majority of loanee customers in the different type of loan facilities offered by banks. Maximum number of loanee customers covered by the study have availed bank loan for agriculture followed by business loan, personal loan and housing loan. Further major form of securities offered by respondent customers consisted of real assets, personal guarantee, FD, and stock of goods etc.
Majority of 93.33% of respondent customers did not face difficulty in providing security of loan.

c) Banks have been intimating the loanees about the sanction of loan and closure of loan account according to majority of customer respondents. Majority of customers have indicated that they were not given concession in loan repayment.

5.18 Banks have not followed any practice of felicitating of honest customers. Majority of customer respondents were found aware of the bank loan on trade bill, hundi and warehouse receipt. Majority of customers opined that their bank's interest on loan was reasonable compared to other banks.

5.19 a) Interest levied by bank varied from 3% to 14.5% on cash credit term loans and over draft while interest on bills varied from 3% to 15%.

b) Service charges on loan by banks was considered higher than other banks by majority of customer respondents. Loan processing charges ranged from minimum of Rs.0.5 to Rs.750/-. Majority of customers covered by the study found the interest on loan as floating.

c) The procedure of availing loan by the banks is considered simple by majority of customer respondents. The time taken by banks in sanctioning loan varied from 1 day to more than 7 days.

5.20 d) Facilities of discounting of bills, cheques and over draft were available with the banks and the time taken to provide these services varied from one hour to more than 3 hours.
5.21 e) Customers have found that banks charge interest correctly and that the banks intimate the customers about the change in interest rate. Further the respondent bank customers have affirmed that loan repayment is regularly adjusted and the banks provide statements about loan repaid and interest paid. Majority of customer respondents have mentioned that no influence was required for getting the loan sanctioned by the bank and that no payment of bribe to bankers is involved for the sanction of loan.

5.22 a) Majority of customer respondents have found the approach of bankers as impersonal but helpful when loanees approach them for loans. Further majority of customers indicated that they could get information about the availability of different type of loan from the bankers and could also get technical advice on availing loan for housing, vehicles etc.

b) There is a sharp division of opinion among the customer respondents about the bankers verifying of utilization of loan by loanees customers. Affirmation about the verification is recorded by 48.44% and negative replies were recorded by 51.56% of customer respondents. Bankers enquire about the defaulters of loan (99.11%) and they advice loanees on repayment of loan (97.76%).

5.23 a) Large majority of customer respondents have indicated that it is preferable for the customers of a bank to be resident of the same area. Further the customer respondents have found bank timings and working days are convenient.
b) Customer respondents have found bank building and interior decoration as attractive and have found premises of the bank clean. Adequate facilities for transactions in the bank are affirmed by majority of customers. Majority of customers respondents have found the common services in the banks viz., drinking water, furniture for customers, writing tables, publicity materials, customer service guides, complaint box, toilet etc.

c) Customer conveniences have been adequately looked into by the bankers viz., the bank layout, separate counters for SB/Current/Loan/DD/Cash etc. The banks counters are easily identifiable by customers.

d) However 'May I Help You' counters are not provided by banks according to majority of customer respondents. Such counters wherever setup are properly staffed but few customers have taken help from such counters.

e) Majority of customer respondents are aware of the "Logo" of their respective banks. Further customers "satisfied" with the functioning of the banks large majority of customers covered by the study do not have complaints about the functioning of the bank. Further, bank staff are always available at the counter to provide services to customers.

The responses of the selected customers of the banks covered by the study indicate that the customer centric bank approaches are quite apparent. Customer satisfaction seems to have influenced the style and method of conducting bank operations. There is very limited resentment
about the bank's pricing policies or behavioural approach of bank staff. The range of services provided by the commercial banks is wide and varied compared to certain limitations associated with the RRBs and cooperative banks. Marketing strategic of commercial banks seems to have incorporated the global trends and customer psychology in the domestic market.

6.1 a) The three type of banks covered by the study offer banking services by way of different type of bank accounts to customers viz., current, savings, fixed and recurring accounts etc. Insurance services are offered by few banks in addition to other services.

b) Agency services like collection of cheques bills, telephone bills, KEB and municipal taxes etc. are provided. Few banks deal in foreign exchange transactions and also act as trustees.

c) General utility services like ATM, Travel cheques, DD, Credit Cards, Teller System, TT, Bank Guarantee, Gift cheques, Leasing and Hire purchases, Govt. Bond and stamps, etc., have been provided by some banks.

4. Loans and discounting of bills, overdraft and cash credit are provided by almost all the respondent banks.

6.2 a) The research study has revealed that bankers take into account requirements of customers and timings convenient to them. There is no almost consensus of opinion among the bank officers that their banks make evaluation of the general utility services provided to customers.
b) Adequacy of the products/services provided by the banks is affirmed by large majority of bank officers covered by the study. They have also opined that the bank services should be designed locally to suit local services.

c) Customers meet, advertisement and publicity are the strategies needed for the launching of new products/services according to majority of respondent bank officers. Customer's satisfaction about the services has been affirmed by large majority of bank officials covered by the study.

Majority of bank officials covered by the study have indicated that the bank staff is consulted by the management while designing new products/services. This would help in making the marketing strategy more effective since the bank staff have a better insight into the local market. Branch and regional offices should be involved in designing new products by the management according to majority of bank officers.

6.3 a) Secured loan are more commonly followed by banks as affirmed by majority of respondent bank officers. This naturally is in the best interest of bank's long-term objective of safe guarding the depositors funds.

b) Agriculture, business, housing, education and personal loans are given priority by the three type of banks covered by the study. The demand for loans too is almost in the same order from the customers side.
The usual type of securities obtained by the respondent banks relate to real assets, personal guarantee, FD receipts, salary attachments, NSC/shares and gold as indicated by majority of respondents.

6.4 a) Advertisements and customer meetings are the major methods of promoting bank services followed by motivation of customers by banks, media publicity and personal visits to customers premises.

b) Businessmen and professionals are invited to customer meets in majority of cases while a few banks also invite agriculturists for the customer meets.

c) The response rate to customer meet varied between 50.74% and 75.99% according to majority of respondent bank officers. The usefulness of 'customer meet' for promoting the product/services of the bank is supported by 80 to 100% of the bank officers covered by the study.

6.5 a) Majority of bank officers indicated that customers were not given 'gifts' despite the opinion of 58% of officers that customers expected gifts from the banks.

b) Promotion of banks' products/services through publicity has been endorsed by majority of bank officers covered by the study. The methods of promotion of sales of products/services of the banks include pamphlets/brochures, press meeting and organizing seminars and sports.

6.6 Banks' image among the customers has been favourable according to majority of respondents. Better quality service, followed by promptness
in responding to customers, customers' meet and polite approach of the bank staff were the major factors for improving the image of the bank as indicated by the bank officers covered by the study.

6.7 Prompt sanctioning of loans to customers and conducting of loan melas has been indicated by majority of bank officers. However giving discount for prompt repayment of loan is not endorsed by majority of respondents. Loan and deposit schemes have been popularized by use of print and electronic media by the respondent banks.

6.8 a) Prompt and better service, easy installments and less paper work have been followed by the banks in their order of importance in facing competition from other banks in sales promotion of products/services.

b) Customer attention is achieved by the banks through motivating of customers to continue their accounts in the banks. This aspect is endorsed by 88% of bank officers covered by the study. The rate of discontinuing bank accounts by customers varied between 1 percent or less to a maximum of 6 percent or more. Migration from one place to another has been a major reason for discontinuing accounts in a bank according to majority of respondents bank officers. Lesser number of respondents referred to high pricing of bank transactions inconvenience of the bank location etc.

Separate marketing departments have been functioning in majority of respondent banks.

6.9 a) Service charges are considered as reasonable and comparable to other banks according to majority of bank officers covered by the study.
Interest on SB accounts and interest on loans and advances have been considered by majority of respondent bank officers as reasonable.

b) Loan processing fees are considered reasonable and loan processing fees do not vary according to type of loan as per the majority of respondent bank officers.

c) Interest rates are determined by the 'Head Office' according to majority of respondents. However there appear to be unanimity on this aspect among the respondent bank officers. Few of them mentioned Board of Directors while other mentioned RBI as the authority to fix the interest rate.

6.10  a) Banking Services relating to opening of an account, updating passbook, issue of new cheque book, depositing and withdrawal of cash. Issue of DD, giftcheque travelers cheque etc. involve 5 to 20 minutes as indicated by majority of respondent bank officers while more time extending upto 1-3 days is involved in the collection of local cheques.

b) Customers found it easy to understand bank documents relating to cheques/withdrawal slips, pay in slip, FD receipt, entries in pass book etc. as asserted by bank officers covered by the study.

6.11 Mechanisation of bank operations has taken place adequately through Computerization, ATM, Clearing Service Facility, Magnetic-ink-character-recognition Clearing Home Automated Payment System etc., according to majority of bank officers covered by the study.
6.12 Training of bank staff has been found adequate by majority of bank officers. Training of bank staff to understand customers behaviour and psychology is adequate and proper training has been found helpful for customer satisfaction according to majority of bank officers covered by the study.

6.13 Job satisfaction is found among all bank staff and job satisfaction and job commitment are useful in increasing the service quality of the bank staff according to majority of the respondent bank officers.

6.14 Customer satisfaction about the bank services is affirmed by majority of bank officers covered by the study. Personal traits and approaches of the bank staff is found satisfactory by the bank officers covered by the study. These aspects included (1) neat and well dressed (ii) cheerful and attractive (iii) helping and straightforward, and (iv) joyous and smiling.

Bank staff is properly informed about the bank practices in relation to customers.

6.15 a) HRD aspect of the respondent banks has been appreciated by majority banks officers covered by the study. HRD training is undergone by bank staff and deputation of bank staff for in service training has been provided. The 'In-service' training of bank staff has resulted in improvement of quality of service.

b) Bank staff are motivated towards the customer retention service. Further bank staff is not strike-prone as asserted by 96% of the respondent bank officers.
c) Banks have resorted to special training of their staff for loan recovery.

d) Lack of job satisfaction wherever found was identified with factors like administrator hurdles, lack of freedom to work, poor physical facility, and absence of motivation.

6.16 a) Bank locations are found convenient by majority of bank officers covered by the study. Suggestions about the location relate to the (i) bank office to be nearer to residence (ii) nearer to offices and (iii) should be in the heart of the city.

b) The aesthetic aspect of bank building in terms of interior decoration, cleanliness and adequate facilities have been mentioned as necessary for better service marketing of banks. Facilities like writing table, publicity materials, drinking water facility, toilets, customer service guidance copy, complaint book, separate counters etc are found satisfactory in the banks according to respondent officers.

6.17 Factors differentiating the Bank from other banks have been identified by the respondent bank officers as (i) product differentiation (37%), image differentiation (41%), place differentiation (25%) and price differentiation (20%).

6.18 Opinions of the respondent bank officers relating to voluntary retirement scheme indicate some degree of differences. Majority of 82% of the bank officers covered by the study mentioned that VRS creates staff problems. A substantial number of respondents (34%) felt that VRS affects quality of service while some respondent bank officers (16%) indicated that VRS improves quality of service. A small number of
respondent officers (6%) felt that VRS is a wasteful expenditure. The pattern of responses indicates that the respondent bank officers are not unanimous about the impact of VRS on the quality of bank services.

6.19 It is significant to note that there was a consensus among the respondent bank officers that computerization of bank operations has increased efficiency of bank services.

Hypotheses And Research Findings

1. The first hypothesis that interest levied on different type of loans is found ‘reasonable’ by customers of commercial, regional rural and cooperative banks covered by the study is partly vindicated by the research findings based on the responses of the customers covered by the study.

i. Maximum of 55.05% of customers of commercial banks covered by the study mentioned that the interest on short term loan was reasonable. However majority of 70.37% customers of regional rural banks and 52.08% of cooperative banks considered the interest on short term loan as high.

ii. Interest on medium term loan levied by banks was considered ‘reasonable’ by 55.05% of customers of commercial banks while 74.07% customers of regional rural banks and 50% customers of cooperative banks considered the interest on medium term loan as high.

iii. Majority of customers of commercial banks 56.57% considered interest on long-term loan as reasonable while majority of 75.93%
customers of regional rural banks and 50% customers of cooperative banks considered the interest on long term loan as 'high'.

iv. Majority of customers of commercial banks (51.52%) and cooperative banks (25%) considered interest on agricultural loan as reasonable while majority of customers of regional rural banks (66.67%) considered the interest on agricultural as 'high'

v. Majority of customers of commercial banks (52.53%) considered interest on education loan as 'reasonable' while majority of customers of regional rural banks (61.11%) and cooperative banks (47.92%) considered the interest on education as high.

The above responses of the respondent customers of the banks covered by the study indicate a partial vindication of the hypothesis.

2. The second hypothesis that commercial banks, regional rural banks, and cooperative banks in the study area have followed policies of customer retention and provision of quality service is found vindicated by the research findings. This is clear from the fact that more than 63% of the respondent customers of commercial banks and more than 73% respondent customers of cooperative banks have been holding their accounts in their respective banks for a period ranging between 10-14 years and 25 years and more. Majority of customers of regional rural banks have held their accounts in their respective bank for a period ranging between 1-4 and 5-9 years. The long duration of holding accounts in a particular bank by the customers indicates the banks success in their customer retention policies.
Providing of quality services to customer by the banks covered by the study is indicated by the responses of the customers of the banks. There is a large amount of satisfaction among majority of customer respondents relating to the banks’ services viz., prompt and efficient service, reasonable service charges, customer friendly approach of the bank staff, adequate customer facilities in the bank, easy access to the staff, facilities of ATM, and other modern technologies in providing customer services, loan facilities etc.

The responses of large majority of customer respondents on these and other aspects of bank facilities and procedures clearly indicates that the respondent banks have followed a policy of providing quality service to customers. Thus the second hypothesis is vindicated.

Suggestions

1. With the advent of new technologies in the business of banks such as internet banking and ATMs, now customers can freely choose any bank for their transactions. Thus the customer base of banks has increased and so has the choices of customers for selecting their banks. Thus non traditional competition, market consolidation new technology and the proliferation of the Internet are changing the competitive landscape of the retail banking industry. Today retail banking sector is characterized by multiple products (deposits, credit cards, insurance, investments, and securities) multiple customer groups (consumer small business and corporate) and multiple channels of distribution (call centre, branch, internet etc). Customers have many expectations from banks such as
service at reduced cost, service 'Any time Any where' and personalized service.

Banks now need to find out what to sell, whom to sell when to sell how to sell and how to be different to increase profitability. Banks need to differentiate themselves by adding value added service, offerings and building long-term of relationships with their customers through more customised products, enhanced value offerings, personalized services and increased accessibility.

2. There is need for greater involvement of bank staff in creating awareness among the customers about the functioning and functional dimensions of the bank in the area proximate to the potential clientele and customers. Lack of this proactive involvement of bank staff is evident from the fact that maximum of 86.35% of customers of commercial bank, 61.11% of regional rural banks and 54.17% of cooperative banks have indicated that they came to know about their particular bank on their own initiative and information. There is need for a radical change in the mind set of the bank staff in this direction and involve personally in education of potential and existing customers about the functioning of the bank and its various products/services etc.

3. The gender composition of customers of the banks covered by the study indicates a lesser number of women account holders and customers. There is need for wide basing the customer population of attracting more women customers to involve themselves in taking advantage of women oriented schemes, products and programmes initiated by
banks. This would help in achieving the broader national objective of women empowerment.

4. Customised services should be undertaken on more wider scale to provide varied type of services to customers particularly to suit people in semi urban and rural areas. This aspect needs to be given greater attention by rural banks and cooperative banks. The data collected from the customers of the banks indicate a narrow range of bank facilities and products in keeping with the modern trends of providing ATMs, credit cards, etc. in urban and metropolitan areas. Commercial and other banks should increase the number of ATM facilities further in urban and semi urban areas and bring about further computerization of bank operations.

5. Every branch of the commercial and rural banks should have a marketing branch to study the customer behaviour their needs and problems and thereby to introduce innovations in the product promotions and expand the customer base of the banks.

6. The time involved in collection of local and outstation cheques should be reduced as the responses of customers indicate that banks take more time or even days in this direction.

7. The organization of ‘customer meets’ need to be streamlined further and the frequency of such meets should be increased. Large majority of respondent customers (82.21%) have maintained that such meets are held only once in a year. Hence it is necessary to hold customer meets more frequently to ascertain the problems of customers and also to
enlighten the customers about the banks' new schemes products/services and policies towards giving more facilities to the customers. There is also need to involve varied sections of customers in the customer meets viz. farmers, businessmen, industry and professionals etc.

8. Incentives in the form of gifts and honouring of good customers are found inadequate by the respondent customers. Hence this aspect of promotion of services marketing needs to be addressed by the bank officers and management.

9. There is need for proper training and updating of knowledge of bank officials about some broader areas of bank policies like pricing i.e. interest rate policies etc. There is no clear idea among the officers about who fixes the interest rates of the banks as respondent officers indicated different authorities viz., RBI, Head Office of the Bank, Board of Directors etc. There is also need for providing some liberty to the senior managers for following a limited amount of flexibility in deciding interest rate in suitable cases like weaker sections, women entrepreneurs, students loans etc.

10. A few respondent customers have indicated that personal contact with bank staff helped them in quicker disposal of loan sanctions. This trend should be curbed and bank staff should have a common customer friendly approach to every customer.