Chapter-II

Research Design
&
Methodology
Chapter – II

Research Design and Methodology

An earnest attempt is made in this chapter to examine the significance of the study, statement of the problem, review of existing available literature relating to the topic of the research and research design and methodology.

2.1 Significance of the study

A customer driven Bank provides unique attributes to products and services that are important to the customer. Such a Bank dedicates itself to be capable of delivering the products and services at levels that not only meet but exceed customers’ expectations. Customer satisfaction is the essence and goal of the Bank. With better understanding of customer’s perception, companies can determine the actions required to meet the customer’s needs. They can identify their own strengths and weaknesses, where they stand in comparison to their competitors, chart out path for further progress and improvements in the work practices and processes used within the company.

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2.2 Statement of the problem:

'Customers', who are central to the Banking service, are not a homogeneous class. They come from varying socio-economic and cultural backgrounds. The perception of the quality of Banking services provided will differ from customer to customer and even for the same customer at different points of time, depending on the mood and mindset of the same user at a particular point of time. A customer who needs money and comes to an ATM on a Sunday to find that it is not working is likely to be much more dissatisfied than if she/he were to find the same ATM temporarily out of order on a working day.

A Bank can also devise various non-quantitative determinants to help it improve its service quality. This is necessitated because the objective and scientific measurement may not always be feasible or practicable. Non-quantitative determinants can also throw additional light on various facets of the Bank's service quality: some of the areas a Bank can focus on include branch premises and customer lounges, ATMs, technology, publicity, and Bank's staff members. As competition increases, quality will become the only true differentiator in services. Successful Banks will be those that compete on quality. Banks must realize that competing on price means that they are dependent on what the competition is doing, for their success. Competing on quality means staying ahead of the competition. Banks that wish to surge ahead successfully into the new millennium would need to ingrain a Quality Culture. The recent years have seen a drastic change in the Banking services as Banks are now becoming more customers friendly. Most of the Banks are now becoming one-stop shop for the various financial services. Further, the quality of service has also risen sharply even in the public sector Banks due to the competitive forces. Customer relationships should be maintained even after the service delivery is completed, and the focus should be on retaining customers, rather than simply trying to attract new ones.
2.3 Review of Literature

"Customer is the most important visitor on our premises; he is not dependent on us. We are dependent on him. He is not an interruption in our work. He is the purpose of it. He is not an outsider in our business. He is a part of it. We are not doing him a favour by serving him. He is doing us a favour by giving us an opportunity to do so".

- Mahatma Gandhi

Banking is a prime mover in the economic development of a nation and research is so essential to improve its working results. The management without any right policy is like "building a house on sand". It means an effective management always needs a thorough and continuous search into the nature of the reasons for, and the consequences of organization. In line with this, some related earlier studies conducted by individuals and institutions are reviewed to have an in-depth insight into the problem and exploring the reformation of Banking policy. An overall view of a few studies is presented below.

Branch expansion is a thrust for economic development. B.P. Sharma\(^1\) said: "The expansion of Banking facilities was uneven and lopsided, and Banks were concentrating their operations in metropolitan cities and towns. A fairly large number of rural and semi urban centres with reasonable potentialities of growth failed to attract the attention of commercial Banks. As far as the deposit mobilization in the rural areas is concerned, much remains to be done."

A policy of planned and systematic branch expansion laying stress not only on opening branches in the under-developed and neglected areas but also in the providing additional Banking facilities to the growing metropolitan and urban areas to cope with the ever-increasing requirements of trade, industry and commerce is more desirous. Pertaining to the devoid of Banking facilities, Gopal Karkal\(^2\) said "Some regions have done well in
spreading the Banking facilities, while some regions have still very backward. Further, our clients are larger merchants and big industrialists. They approach with their demand for larger loans and advances, and in return give large business. If we transfer our limited resources to small industry, agriculture etc., how can we increase our deposits, advances etc., and how can we survive.”

According to Raghupathy, R², “The performance of the Banking sector was better, and the development imperatives of the country call for much more than what has been achieved. If the objectives are not fully achieved, the fault does not lie entirely with the Bankers. The fault lies in our not being able to integrate all powerful instruments of development into an effective system.”

“It is doubtful whether the inter and intra regional imbalances that existed during the pre-nationalization period have significantly been reduced.” was told by Bilgrimi, S.A.M.⁴

To ensure the commercial Banks should not divert their attention from social responsibility, it was decided to control the branch network in the urban areas. The Raj committee set up by the Reserve Bank of India examined, the change in the tempo and direction of branch expansion needed. “The steps being taken by the Banking sector in respect of branch expansion would still seem to be short of the requirements covering the whole country.” by V.N. Saxena⁵.

Indian Bank’s Association (IBA)⁶ conducted an all India survey to rate the customer service provided by all the 27 public sector Banks aimed at fostering healthy competitive spirit amongst Banks to improve upon their customer service. The objective of this study is to evaluate quality of service as perceived by the customers of public sector Banks and identify areas where the Banks need to improve for achieving higher levels of customer satisfaction. The study has been a massive one covering about 2500 Bank branches and about 85,000 customers (respondents) at the all India level. Sample branches in all categories
The credit deposit ratio in Haryana (69 per cent), Tamilnadu (76 per cent), Andhra Pradesh (71 per cent) is high. And every Bank has some states where credit deposit ratio is very high say 90 per cent and the other States where it may be twenties. Thus, inter-regional imbalances are quite significant in the deployment of resources mobilized by the Banks in spite of massive branch network and multiplicity of Banks," said by Jayanti Lal Jain.  

Balakrishna made an attempt on regional Banking disparities. He observed that "disparities cannot be eliminated completely because of differences in topography, population, agricultural development, etc. If commercial Banks maintain their tempo in future years also, then these disparities can further be eliminated to a great extent."

Singhal's (1987) is yet another important study about customer services in Indian Banks. This study is based on a research project by Sushila Singhal, sponsored by Shri Ram Center for Industrial Relations, New Delhi. The study has two objectives: An adequate and systematic description analysis, and explanation of customer services by the Bank. This study is based on a broad sample of 528 Bank employees (both officers and clerks) and 1,427 customers selected by a purpose-wise procedure. She had adopted a stage-wise methodology to select Banks for the case study. She had chosen six Banks in the first stage and five branches of the six Banks in the second stage for a more intensive study. The most important findings of this study are: (a) There are considerable differences between different Banks in regard to employees' job involvement and motivation, customer loyalty and identification of Banks, and branch employees' attitudes towards Bank customers and colleagues, etc.; (b) The demographic and psychological variables were identified and their relationship with
employees' job performance and customer service is explained; and (c) There is no correlation between 'service efficiency' and 'customer satisfaction' and no relationship between the size of Bank branch and customer satisfaction. She discusses the implications of her findings for efficient Bank management. And her study is based on multi-method and multi-variable approach to explain the Bank employees' job behaviour."

According to Subrata Sarkar\textsuperscript{10}, "Present day corporate customers value efficiency highly rather than old connections and acquaintances. A well equipped and modern Bank which functions smoothly and efficiently would be the first choice of a corporate customer. The Bank should create an image of efficiency so as to attract good corporate customers."

S. Chandran\textsuperscript{11} stated that "Legal action should not be the inevitable last step in the process, branches should be educated to evaluate this option for recovery, like any other option, objectively before launching the same. Building up an information infrastructure at the apex level first and at the lower tiers subsequently should be initiated."

Regarding the branch expansion policy, Satya Sundaram\textsuperscript{12} observed that, "there are still wide disparities in spread of Banking facilities regionally. The lead Bank surveys at the district level have identified a number of un-banked rural centres which have potentials for opening branch office."

Swamy and Subrahmanyan\textsuperscript{13} attempted to focus on "Profitability within Public sector Banks. The study made an attempt to set benchmarks for laggards of public sector Banks in terms of performance."

In a study on myth of viability of rural branches, it is argued that "there is nothing inherently non-viable about Banking in rural areas. Inadequate management competence in individual Bank is a major cause of the non-viability of rural branches of many public sector Banks." Ramappa, P.\textsuperscript{14}
The organizational strains have experienced considerably by the commercial Banks in the process of coping with the expansion of volume of business because of their inability to adopt their internal organization to meet the new requirements. "There was no further need for any policy of branch expansion; and the expansion of branches should be primarily an internal management decision on their assessment of the commercial prospects," as per Mannur, A.G.15

A.Das16 compares performance among public sector Banks for three years in the post-reform period, 1992, 1995 and 1998. He finds a certain convergence in performance. He also notes that while there is a welcome increase in emphasis on non-interest income, Banks have tended to show risk-averse behaviour by opting for risk-free investments over risky loans.

"It is of paramount importance for Bankers to learn to look at the various tools for analysing the balance sheets critically and use them as audits of their management capabilities. These progress cards of management highlight strengths and weakness, and point to the tasks ahead. Managers and others who look on these documents as of now particular consequence will do so at their own peril," stated by Vasant C. Joshi and Vinay V. Joshi.17

N.K. Thingalaya18 said, "One major change observed in recent years is the process of de-regulation of the interest rate structure by the Reserve Bank of India. This is certainly a welcome step in improving the competitive efficiency of Banks."

In the words of P.B. Kulkarni19, "Nationalisation of Banks in 1969, no doubt produced a number of desired results but it also created a number of weaknesses and problem's for the Banks and within the system as a whole. They are: (i) deterioration in customer service (ii) development of a culture to please people who mattered for one's career
(iii) publishing of 'no fair view' balance sheets to avoid the stigma of showing losses and (iv) lack of transparency in overall operations.”

Banks geographical pervasiveness coupled with the range and depth of service as also virtual monopoly of 'payment mechanism,' makes the commercial Banking system, an indispensable medium in every day transactions. In this regard, Bhiswambhar Jha observed that, “Banks provide the much needed lubricant to keep the wheels of trade and industry moving and therefore, they constitute an important adjunct in the economic development process.”

The overdue or bad loan is not confined to any particular sector or purpose or class of borrowers. However, it is the big borrowers who contribute much to the product of bad loans. According to figures culled from data released by the Reserve Bank of India, Commerce and Industry account for around 70 per cent of the total non-performing assets of the Banking system. A review of the individual non-performing assets of over Rs.50 crores shows that it is the big corporate, who are closely associated with the major chambers of commerce, are to be blamed the most. The recovery of big loans continued to be a problem despite the 'fairly liberal' settlement scheme announced by the Central Bank,” Samik Dasgupta

R.Nambirajan, in his study compared Gross and Net Non Performing Assets of all Public sector Banks from 1998 to 2000 and could find marginal increase. The study states that corporation Bank has got lowest NPAs (1.92 %) and Indian Bank has got highest NPAs (16.18%).

A.Gnanadoss, highlighted “the branch expansion statistics from 1969 to 1999 with a clear comparison of rural branch expansion with total branch expansion. The study includes comparison of structural deposits and credits of all scheduled commercial Banks from 1950 to 2000. He has compared the performance of scheduled commercial Banks in priority sector lending during 1990 - 2000.”

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D.V.L.N.V. Prasada Rao's study includes, “Bank category wise amount of loan given to various purposes in Belgaum district during 1997 – 1998. The study has listed various organisational, operational and co-ordinational problems in credit support.”

Unnithan et al. (2001) studied the drivers for change in the evolution of the Banking sector, and the move towards electronic Banking by focusing on two economies – Australia and India. The paper found that Australia is a country with Internet ready infrastructure as far as telecommunication, secure protocols, PC penetration and consumers' literacy is concerned. India, by comparison, is overwhelmed by weak infrastructure, low PC penetration, developing security protocols and consumer reluctance in rural sector. Although many major Banks have started offering Internet Banking services, the slow pace will continue until the critical mass is achieved for PC, Internet connections and telephones. However, the upsurge of IT professionals with growing demands is pressuring the government and bureaucracy in the country to support and develop new initiatives for a faster spread of Internet Banking. The economy is classically “the catch-up” one, trying to develop and catch up with leading economies.

“Due to the negligence of customers most of the frauds occur. Master card has lost $369 mn during 2001-2002 financial year. In India Credit Card frauds are much higher than that of the entire world.”, stated by R. Prasad.

“Out of the six distress zone Banks identified by Verma Committee, Vijaya Bank, Indian Overseas Bank and Union Bank of India have gone public and now Indian Overseas Bank still has an adverse coverage ratio. The remaining two Banks are in comfortable position,” as per Kasturi Nageswara Rao.

“Technological progress has created a segment between the Banks, that are techno savvy and those that are not. Amidst all these, the good old distinction of new private sector and old private sector Banks continues to thrive. Here is an analysis of the old private sector
Banks that have seen a decade of evaluation and now stand at a crucial stage of their evolutions," as per Suresh Krishna Murthy

"Gross and net NPAs of commercial Banks from 1996 to 2000. The study tries to identify the relation between Non Performing Assets and operating efficiency," stated by Indira Rajaraman, Garima Vashishta

"Various managerial skills to be possessed by the managers at different levels in Public sector Banks based on Katz model of managerial skills and Keilty, Goldsmith and Boone's five key commitment model (Commitment to the customer, Organization, to self, to people, to the task)," stated by Mohd. Azmathullah Mobeen

According to Karamala Padmashree, "The performance of Banking sector in terms of branch network, mobilization of deposits, deployment of credit, priority sector services, Non-performing assets, profitability and productivity".

K.Shiva Kumar and V.Samyoudha's study includes, "the ratings given by the respondents in a sample survey for various services namely customer responses towards counter services, passbook services, cheque services, demand draft services, depository services, etc., The study states that customers are highly satisfied with the services that are provided by private sector Banks when compared with public sector and co-operative Banks."

According to Aditya Puri, "Technology has enabled Banks to target customers, and provide customized products and services to match their individual requirements. The winners will be those Banks that make optimum utilization of available technology to innovate, offer customized products and services and make the most of the resources at their disposal."

"State Bank of India is one of the fast growing players in the Indian Banking Industry with around 13,000 branches (including the branches of seven associate Banks) and
51 foreign offices in 31 countries. These branches handle 25 million transactions a day. The cost of funds is lowest for SBI at 7.6% as compared to others,” stated by Yash Paul Pahuja.

“Emerging trends have got a lot to do with the changes in the structure of the Banking system. The second and equally important area, where Banks are Banking on other of their ilk, is on the retail side,” stated by Aloka Majumdar.

Agarwal et al. (2003) explored the role of e-Banking in e-Democracy. With the development of asynchronous technologies and secured electronic transaction technologies, more Banks and departments were using Internet for transactional and information medium. Initiatives such as E-SEVA and Financial Services Centre’s (FSC) are the milestones towards achieving comprehensive e-governance.

According to Dharmalingam Venugopal, “The future of nationalized Banks lies on their ability to build good quality assets in an increasingly competitive milieu while maintaining capital adequacy and prudential norms. Consolidation, to enhance managerial efficiency, and competition, to transform customer service, are the key factors that will impact nationalized Banks.”

“As our market evolve, so customer requirements change, and hence the positioning strategy needs to be modified. Positioning is not a one-time effort. It is a constant pursuit,” stated by K. Eswar.

According to Suresh Krishna Murthy, “Public sector Banks, hither to seen as the Government’s white elephants, have entered into a golden era. Reduced NPAs and better operating practices have turned these enterprises into a force to reckon with.”

Varghese and Ganesh (2003) analyzed customer services in PUBLIC SECTOR BANKSs and old private sector Banks based on the responses of 776 customers of 10
PUBLIC SECTOR BANKSs and 13 old private sector Banks operating in Kerala. They found that there is no difference between the two types of the Bank branches.

"Both public and private Banks are spending large amounts of money on technology to provide innovative products and services to their customers with more convenience and satisfaction. Technology is reducing the cost of transaction and helping to increase customer base and enable wider reach," stated by Pramod Gupta.\(^4\)

Chander Shekhar\(^4\) stated that," The third and the most important dimension of the Banking sector reforms was reduction of the non-performing assets (NPAs). In fact the whole effort to reform the Banking sector would collapse if the Banks are not able to contain and reduce their NPAs. It would be impossible for a Bank with high NPAs to be either vibrant or competitive. What are these NPAs? These are the assets that do not yield any return"

"Convergence in the Banking sector assumes increased significance because Banks today no longer compete merely with other Banks. They in fact compete with altogether different sectors," as per V.Raghunathan.\(^4\)

"Among the public sector Banks 48 percent of Banks offered internet Banking, however only 15 percent offered fully transactional internet Banking. Among the private sector Banks 50 percent of Banks offered internet Banking, however only 33 percent of Banks are fully transactional Banks. Similarly 55 percent of foreign Banks offered internet Banking and all are fully transactional Banks. Only 17 percent of scheduled commercial Banks offered Internet Banking in the first quarter (Q1) of 2004. However among the commercial Banks 51.6 percent offered internet Banking. As a group these Internet Banks accounted for almost 75 percent of commercial Banking system assets and 73 percent of deposits account," said by Balwinder Singh & Pooja Malhotra.\(^4\)
According to Zarin Daruwala, "With an aim to boost its rural credit portfolio, ICICI Bank launched ICICI Bank Kisan Loan Card in association with the Tobacco Board, Ministry of Commerce in Andhra Pradesh. In addition to cash loan through the card, the farmer can also avail of crop loans from ICICI Bank to procure fertilizers, seeds, pesticides, diesel and other agricultural inputs".

"Our aim is to blend the old world charm of personalized Banking with the new technology-driven products and services. In this endeavour we have been quite successful", said by A. Sethumadhavan.

"As far as Banks are concerned it's a cheaper option to invest in an electronic data capture terminal that costs around Rs.15,000 rather than lakhs on an ATM machine. However, the introduction of this facility would be subject to regulatory clearance", as per Santanu Mukherjee.

"Time is not ripe for merger and acquisition in the Banking industry in the way the government wants them to happen", according to opinion experts at a panel discussion on “Should Banks be Merged?” organized by the Corporation Bank Officers Organization (CBOO) in Udupi on Oct,31st 2004.

According to Hasanbanu, "The rural customers are not aware of the purpose for which the loans are available and how they can be availed. Customers do not know the complete rules, regulations and procedures of the Banks as the Bank personnel do not take interest in educating customers."

Singh (2004) appraised customer services of PUBLIC SECTOR BANKS and concluded that the level of customer services and satisfaction is determined by the branch location, design, variety of services, rates and changes, systems and procedures, and attitude and responses. His study is purely concerned with the customers of PUBLIC SECTOR BANKS.
Shankar.A.Gauri\textsuperscript{50} (2004) concluded that focus on customer is not to be viewed as just a business strategy but should become the corporate mission. The challenge for Banks is in the areas of people (changing their beliefs and attitudes), technology and competition.

Santi Swarup. K\textsuperscript{51}(2004) concluded that for delivering quality service, it is imperative to have customer orientation as a culture in the Bank. Customer orientation builds long-term relationships resulting in customer satisfaction and cash flows to the Banks.

Ratnam and Suguna\textsuperscript{52} (2005) said that the Banks are facing many hurdles in the new era of deregulation and ever increasing competition. To fight these problems efficiently, Banks should focus on customer satisfaction, which can be achieved through providing customized products, innovative ways of delivery, etc.

“Banking has traditionally operated in a relatively stable environment for decades. However, today, the industry is facing an aggressive competition and Banks have lost a substantial proportion of their domestic business to essentially non-Bank competition. Fighting competition is vital for the profitability and ultimate survival of Banks,” as per Zineldin, M. (2005)\textsuperscript{53}.

Uppal (2006)\textsuperscript{54}, with stratified sampling of 500 Bank customers, explained the impact of computerization on the satisfaction of customers of all Bank groups and concluded that customer services are quite better in fully computerized Banks and further in e-Banks in partial and non-computerized Banks. But the study is only concerned with the urban sector of Punjab.

“Knowing customer needs is the most crucial success factor in any industry. Customer profiling helps the organization to develop a better relationship with the customer by understanding him/her better. Through predictive analyzes, it helps to cut losses by taking timely initiatives,” stated by B.Sujatha\textsuperscript{55}.

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R.K. Uppal noted, "In the post-LPG (Liberalization, Privatization and Globalization) era and Information Technology (IT) era, transformation in Indian Banks is taking place with different parameters and the contours of Banking services are dynamically altering the face of Banking, as Banks are stepping towards e-Banking from traditional Banking. Most of the customers of e-Banks are satisfied with the different e-channels and their services, but the lack of awareness is a major obstacle in the spread of e-Banking services."

Sultan Singh, Reader, Department of Business Administration, Ch. Devi Lal University, Sirsa said, "The level of customer service and satisfaction is determined by the branch's location and design, variety of services, systems and procedures, delegation and decentralization, mechanization and computerization, complaint redressal; and skills, attitudes and responses of the staff."

Shradha Malhotra Banga said, "Banks have a major role in increasing the supply of money by rapidly increasing the pace of transfer of money, which, in turn, leads to an increase in the velocity of money. The latest technologies in the Banking sector have nearly done away with the time lag in making monetary transactions. They are utilizing Electronic Funds Transfer (EFT) facility to enhance the velocity of money under Core Banking Solutions (CBS) norms of RBI."

According to S.S.N. Murthy & Jayasree Menon (2010), "The Banking industry is in a better shape to undertake consolidation when compared to the global peers and probably that is the reason Government is frequently urging the Banks to go in for Mergers & Acquisitions. As the Banks are increasing their asset size year after year, they also have to have capital as per Basel II. The Government is finding it difficult to contribute to the capital of the Banks in order to keep its share at the level of 51%. At the same time, the Government also expects the Banks that their capital adequacy ratio should not fall below 12%. To subscribe to the capital of the PUBLIC SECTOR BANKSs, the Government has recently..."
raised a loan of $3 bn from World Bank. Capital being a scarce resource, constraints are always there in raising the capital in future also."

**Studies abroad:**

According to Kokkomelis K\(^6\), "Banking is a sector of the world economy in which important changes have taken place in the past few decades. The terms of 'operation' and 'performance of Banking institutions' have changed significantly. Globalization of international markets and the appearance of new leading parties (through strategic financial alliances and Bank mergers and acquisitions) are both the result of technological developments and the loosening of administrative and monetary interventions, and have led to stronger competition and the risk of reducing market shares for each Banking institution."

Ennew and Binks\(^6\) (1996) explored the relationship between service quality, customer relationships and customer loyalty in the Banking sector. They examined the factors affecting customer retention defection and the extent to which these were influenced by service quality. The results showed that service quality is an important factor, which contributes to an organization's ability to retain loyal customers and thus, contributes to improved organizational performance."

"Customer relationship management (CRM) has been adopted by many organisations in recent years because of their effort to become more customer focused to face the increasing competition. Many companies highlighted that they have applied CRM methods and experienced success," stated by Newell,F. (2000)\(^6\).

Internet Banking refers to the use of Internet as a remote delivery channel for Banking services. Such services include traditional ones, such as opening a deposit account or transferring funds among different accounts and new Banking services, such as electronic bill
presentment and payment (allowing customers to receive and pay bills through a Bank's website) -- Furst K, Lang W M and Noelle D E (2000)\textsuperscript{63}.

Especially in services, perception is reality; what really matters is how the customer interprets the interaction -- stated by Chase R B and Dasu S\textsuperscript{64} (2001).

Powell, Thomas D\textsuperscript{65} stated that, "It's hardly great news that there has been tremendous growth in the use of the Internet and other electronic facilities to process financial transactions. The number of adults using PC Banking is also growing. With this growth, there is an increased awareness of the benefits of using online transaction processing, thereby fuelling the thought that all business should be electronically facilitated."

"Although three out of four Banks calculate customer profitability, many struggle to make the data actionable at the point of customer contact. To drive customer profitability, Banks must develop actionable customer profitability information that is meaningful and used in a fashion transparent to customer-facing staff and customers," as per Gartner's Kim Collins\textsuperscript{66}.

"The commitment of the Banks towards e-Banking is evident by the fact that most of them have made substantial investments for moving towards e-Banking and to provide customers with the facilities of on-line Banking transactions. Five of these Banks are reported to have invested millions of Ringgits in Internet technology. For example, Malayan Banking Berhad spent RM20 mn on Internet Banking, in addition to RM300 mn on building up IT infrastructure to support e-Banking," according to Ahmad N, Ahmad N and Haron S\textsuperscript{67} (2001).

Janice et. al.\textsuperscript{68} (2002) based on interviews with four Banks in Hong Kong noted that Banks view the Internet as being a supplementary distribution channel for their products and services in addition to other forms of distribution channels such as Automated Teller Machines (ATMs), phones, mobile phones and Bank branches. Basic transactions and
securities trading are the most popular types of operations that customers carry out in Internet Banking.

Hasan.1 (2002) found that online Home Banking has emerged as a significant strategy for Banks to attract customers. Almost 75 percent of the Italian Banks have adopted some form of Internet Banking during the period 1993-2000. It also found that the higher likelihood of adopting active Internet Banking activities is by larger Banks, Banks with higher involvement in off-balance sheet activities, past performance and higher branching network.

Awamleh et. al. (2003) found that Banks in Jordan are not fully utilizing concepts and applications of web Banking. In comparison to developed international markets, it is fair to say that this sector is largely undeveloped. Indeed, only two Banks offered limited number of services through their web. The major challenge facing further development of web Banking in Jordan is, for example, the high cost of telecommunication. Another element is the non-availability of information technologies, packages, solutions, and human resources, which facilitates optimum use of technology. The study revealed that Jordanian Banks have been successful in the introductory phase of web Banking. However Jordanian Banks are required to move towards web Banking usage with a view to conducting real financial transactions and improving electronic customer relations.

Dolbeck, Andrew (2003) stated that, "A good brand name is gold in the financial services industry. Banks rely heavily on their reputation. After all, Banking only works if the consumer is willing to trust the Bank company with large sums of money. Branding is particularly important to the financial sector in the current economy, since investors and other big spenders are being cautious about making large financial transactions."

According to Johnathan et.al. (2003), "A growing global economy made it somewhat easier to be a Banker in the past 12 months, as credit risks generally declined and demand for
Banking services was brisk. The skills of the world’s Bankers are being tested at present, however, as a weaker underwriting environment is forcing greater reliance on advisory and other fees, including those from mergers and acquisitions. Ironically, it is the Banking industry itself that is making the biggest contribution to Mergers & Acquisitions activity, as industry consolidation continues apace in many countries."

“The Bank was able to focus on profitable clients through efficient segmentation according to individual behaviour. Information about ‘who buys what and how much’ enabled the Bank to have a commercial approach based on the client and not solely on the product. Thus, the Bank was able to better satisfy and retain its customers,” as per Lindgreen, A. and Antioco, M^{73} (2005).

Tower Group’s Kathleen Khirallah^{74} (2009) says consumers are dissatisfied with the service decisions their Banks make and that the problem can be solved by taking an enterprise view of decisioning. K. Khirallah explained how Banks must re-examine their decision-making capabilities and leverage integrated processes that yield relevant customer data to help them make smarter, more informed and disciplined decisions.

2.4 Need for the Study

The country’s financial markets would be characterized by financial liberalization, disintermediation, internationalization and technological advancement. Competition in the Banking sector gets intensified because of low product differentiation and easy copiability of most of their services. Indian Banking industry is also on a major technological upgradation drive after having successfully absorbed the international standard in its operating norms. The advent of technology, Internet Banking has become an important part of the services offered. Consumers are not willing to queue in a Bank to get petty remittances of payments or inquiring about the account balance and other consulted facilities. So as an integral component of comparative analysis of services and facilities, Customer Relationship
Management is significantly gaining greater importance. The study also portrays the level of satisfaction among the respondents while availing the Bank's service through different channels such as Internet, phone, branch, ATM, etc.

Though several studies on the subject of CAMEL ratings and service quality have been conducted abroad, the explorations on the subject in the Indian context have been meager. The review of various studies and literature on Banking revealed that there is not even a single study that covered the CAMEL ratings and Quality of customer service. Hence, it is felt that, there is an imperative need to study about the CAMEL ratings and Quality of customer service. In view of this, the present study is targeted at understanding the CAMEL ratings and quality of customer service with reference to Rayalaseema region.

2.5 Present Study:

2.5.1 Objectives:

The Objectives of the study are as follows:

- To know the various services provided by the selected Public Sector Banks.
- To evaluate the existing services at selected Public Sector Banks.
- To examine the quality of services attributes in selected Public Sector Banks.
- To examine the quality of basic amenities at selected Public Sector Banks.
- To know the opinion of the respondents on E-Banking facilities of selected Public Sector Banks.
- To ascertain the drivers of customer satisfaction and also the satisfaction level of Customers.
- To suggest improvements given out by Respondents to the selected Public Sector Banks.
2.5.2 **Hypotheses:** Based on the aforesaid objectives the following hypotheses were formulated and tested to find out the degree and direction of variables.

1. Customer prefers the Banks where Customer Relationship Management is good.
2. The impact of advertisement is high in promoting the product / services of selected Public Sector Banks.
3. The overall satisfaction level of Customers is high on the quality of services provided by the selected Public Sector Banks.

2.5.3 **Research Methodology**

2.5.3.1 **Data Collection:**

In order to achieve the objectives both primary & secondary sources of data are relied upon. In this connection the primary source of data are collected by administering a structured questionnaire and filled out by personally interviewing the 480 respondents and the data were recorded by the researcher. The first part of the structured questionnaire is concerned with the socio-economic profiles of the respondents in terms of their age, gender, educational backgrounds and income levels. The second part of the questionnaire deals with the quality of services provided to the customers by the selected Public Sector Banks.

The secondary sources of data comprises of the information which has been collected from the various magazines, journals, daily news papers, reference books, websites, etc.

2.5.3.2 **Period of study:**

The period of the study covers five years i.e., 2004-05, 2005-06, 2006-07, 2007-08 & 2008-09.
2.5.3.3 Sampling:

To achieve the stated objectives has used both the primary and secondary data.

The study has been based on stratified random sampling selection of 120 respondents each of four districts of Rayalaseema Region of Andhra Pradesh viz., Anantapur, Chittor, Kadapa and Kurnool each comprising three Revenue divisions. The following table explains the breakup of the sample pertaining to the study.

Table 2.1: Sample details

<table>
<thead>
<tr>
<th>Districts</th>
<th>Revenue divisions</th>
<th>No. of Respondents</th>
<th>Total Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kurnool</td>
<td>Kurnool</td>
<td>40</td>
<td>120</td>
</tr>
<tr>
<td></td>
<td>Adoni</td>
<td>40</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Nandyal</td>
<td>40</td>
<td></td>
</tr>
<tr>
<td>Chittor</td>
<td>Chittor</td>
<td>40</td>
<td>120</td>
</tr>
<tr>
<td></td>
<td>Madanapalli</td>
<td>40</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Tirupathi</td>
<td>40</td>
<td></td>
</tr>
<tr>
<td>Kadapa</td>
<td>Kadapa</td>
<td>40</td>
<td>120</td>
</tr>
<tr>
<td></td>
<td>Rajampet</td>
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<tr>
<td></td>
<td>Jammalamadugu</td>
<td>40</td>
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</tr>
<tr>
<td>Anantapur</td>
<td>Anantapur</td>
<td>40</td>
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</tr>
<tr>
<td></td>
<td>Dharmavaram</td>
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<tr>
<td></td>
<td>Penukonda</td>
<td>40</td>
<td></td>
</tr>
</tbody>
</table>
2.5.3.4 Tools:

The data collected through primary sources has been analysed with the help of simple statistical tools viz., tabulations, percentage and chi-square test.

The biographical questionnaire contained the personal information to be completed by the sample respondents. The purpose of was to determine what demographic factors are related to the level of customers satisfaction among the respondents. The specific demographic factors addressed are gender, age, income levels, marital status, educational background, occupational level, etc.

2.5.3.4.1 Chi-square test as a test of Independence

With the help of Chi-square test we can find out whether two attributes are associated or not. Suppose we have N-observations classified according to some attributes. We may ask whether the attributes are related or independent. In order to test whether or not, the attributes are associated we take the null hypothesis that the attributes are independent.

If the calculated value of Chi-square is less than the table value at a certain level of significance (generally 95% level of significance) we say that the results of the experiment provide no evidence for doubting the hypothesis.

On the other hand, if the calculated value of Chi-square is greater than the table value at a certain level of significance, we say that the results of the experiment do not support the hypothesis.

"If you can not measure it, you can not improve it"- Lord William Thomsen Kelvin (1824 - 1907).
2.5.4 Limitations of the study:

In a study of this magnitude though meticulous care is taken in each and every aspect of the study certain limitations are likely to be there in the study.

1. The study is based on the reported response evoked through the questionnaire and direct interview techniques rather than on direct observation of what consumers' perception towards quality of services of Selected Public Sector Banks.
2. Since some of the respondents did not cooperate in replying to each of the question in detail, hence a chance of bias might have crept in the research work.
3. Few respondents were hesitant to give details about the services provided by the Banks.
4. A sample of 480 respondents only has been taken into consideration in the whole three revenue divisions of each four districts might have to some extent affected the final results.
5. No specific theoretical model on consumer behaviour was applied in this present study, since each and every aspect relating to consumer behaviour was studied independently.

2.5.5 Chapterisation Outline: The research report is organised into eight chapters. The first chapter deals with the overview of Banking, evolution of Banking, Banking industry in India, Nationalisation era, performance of Select Public Sector Banks with regard to CAMELS and recent trends in Banking. The research design and methodology including review literature is given in second chapter. The third chapter deals with the theoretical foundations and about the service quality assessment, significance, planning, measuring of service quality and customer satisfaction measurement with empirical evidence. The Profile of Study area & Select Public Sector Banks is described in fourth chapter. The fifth chapter deals with the perceptions of respondents about the quality customer service towards Select Public Sector Banks. The sixth chapter deals with the statistical analysis - testing of hypothesis. The seventh chapter incorporates the summary of findings and suggestions. In addition, hints for further research in future are also indicated.
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