2.1 Introduction

A brief literature would be of immense help to the researcher in gaining insight into the problem selected. The researcher would gain good background knowledge of the problem by reviewing certain studies. A reference of these earlier studies will be relevant for shaping the present study. So, in the present chapter, an attempt has been made to review the earlier studies relevant to customer service, customer satisfaction and customer attitude.

2.2 Review of Literature

A working group headed by Varadachary (1977) was appointed by the Government of India to study the problem of customer services in banks. The group made a study of banking services with regard to deposits, lending and other services. The report of the working group paved the way for many other reforms of customer services of commercial banks. The Government of India accepted most of the recommendations for implementation.¹

Shah (1982)² in his article “Training for Customer Service” stated that the quality of customer services in banks had sunk to very low and poor levels because of two vastly different reasons. The first was that even simple routine services had

broken down. The second area in which customer services was lagging was that of special situations.

Goyal (1983) in his article “Improving Quality of Banking Services” revealed the importance of improving customer services in banks. Improving banking services had three dimensions.³

i. Motivation and orientation of staff

ii. Systems and procedural and

iii. Specific schemes to suit customer needs.

Anantharam Iyer (1986) in his article “Information Technology, Electronic Banking and Development in India” concluded that banks which had a central place in the economy had a positive role to play in using information technology for sound management.⁴

Sakesna (1988) in his article, “The Imperatives of Bank Mechanization/Computerization” revealed that the imperative need for their healthy operation on account of the vast funds they controlled and the important role of a change agent assigned to them towards the socio-economic well-being of the country and the

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people there was an urgent need to place productivity tools at their command that would speed up transaction processing in respect of all the resources.  

Joseph De Feo (1990) stated in his article entitled “The Technology Imperative” that information technology was imperative in financial services and it could not be outside the mainstream of the bank to satisfy the customers. 

Star Comber (1990) in his article “Banks Designed by Customer” observed that cash dispensers and automated deposit facilities could take care of the normal business of a bank while the staff were to inform toe customers about any financial need they might have. He stressed the need for bank staff to be trained to fully understand the products and to relate them to individual customer’s needs.  

John Bery (1990) in his article ‘Spotlight on Personal Services’ identified the main areas where services in banks were required to be improved. He suggested that each branch should have customer services managers with overall responsibilities for customers’ welfare and satisfaction. 

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Prushothaman Nair (1991) conducted a survey of the “Implementation of Customer Service in Public Sector Banks in Kerala”. The report showed the implementation of customer services measures in the public sector banks in Kerala was “average”. Customer’s services rendered by the urban branches were better than those of rural branches. These differences were mainly due to the variation of three variables, viz. 9

i. Immediate credit of outstation cheques up to Rs.2500.

ii. Expeditious disposal of proposals for advances relating to SSI units and

iii. Expeditious collection of outstation cheques.

The report took the attention of rural bankers to these variables.

Datta (1991) stated that “Customer services of commercial banks were constantly deteriorating”, every banking organization as well as the regular authorities had been devising ways and means to improve the quality of banking service. He further stated, that for the satisfaction of customer needs, the bank’s systems and procedures or even policies might sometimes have to be bent rather than customers being bent to conform to the bank’s rules. In general, all that a customer needs cannot

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always be met. But the ingénues of the organization can stand to “re-position” its services while trying to come as near as possible to what the customer desires.¹⁰

Sumangala Kumar (1992) in a study entitled “Vistas Human Resources Development in Banks” mentioned the need for training programmes for bank employees. According to him, well-trained staff could anticipate customer needs and satisfy them.¹¹

Dilshath (1992) conducted a study on “Customer Satisfaction in Nationalized Bank”, with special reference to Madras city. Some of the important findings were:

i. Customers were not satisfied at the counter due to long time taken for drawing money.

ii. Customers were also dissatisfied because certain services, like investment advice and tax advice were not given to them.

iii. Borrowers were dissatisfied because of the cumbersome procedural formalities in getting loans sanctioned.¹²

Vijay Walia (1992) in his article entitled “Computers in Indian Banks” focused on the cases of falling profitability and customer services in banks. He pointed out that

manual accounting systems used in banks suffered from limitations of errors in posting, maintaining a large number of ledgers, delayed posting of books and the suggested computerization for quick disposal of customers’ demands.¹³

Huter & Ben (1993) in their article, “Banking –Changing Paradigm” described how a payment was automatically transferred through electronic signals and information about the Automated Clearing House (ACH). They also described how the Automated Teller Machine (ATM) system worked; areas that challenged regularly authorizes to find ways to make a network socially optimal. ATM is one of the technologies which come under the umbrella term fast packet along with frame relay and cell relay. The problem with multimedia communication was line capacity. They suggested various means of flexibility that would offer band width on demand, removing the need for users to pre-calculate their communication capacity for dial-up or leased line networks. They concluded that various applications of technology could offer a competitive edge in banking activities.¹⁴

Indraneel Chaudhri (1994) stated in his study “Improving Customer Satisfaction in Banks” that bank’s customer’s needs were mainly concentrated in the field of account opening, closing and transferring withdrawals, cash deposits and withdrawal, cheques or bills- negotiating and premature withdrawal or renewal of time deposits. Ancillary needs of bank customers were mainly in the nature of remittance –drafts,

mail transfers, telegraphic transfers, telegraphic transfers, demand draft purchases, locker facilities, traveler’s cheque, gift cheque and credit cards.\textsuperscript{15}

Revathi (1994) in a paper entitled “Customer Service” stated that customers had complaint about long time taken by the bank in serving customers and indifferent attitude of bank staff. She suggested a change in the attitude of bank staff and commitment to service oriented work culture.\textsuperscript{16}

Munirg (1994) in his article, “Strategies to Improve Customer Services” analyzed the strategies necessary to meet the changing environment and emerging challenge. He suggested segmentation of customers on the basis of their psychographic nature.\textsuperscript{17}

Sobhana (1994) in her study, “Marketing Strategy and Customer Satisfaction in Public Sector Banks” concentrated on the customer satisfaction regarding the services of public sector banks and observed that customers had the complaint on lack of comprehensive information system. She also observed that customers were


dissatisfied with the existing communication devices and lack of effective suggestion box scheme with regular customer meet.\textsuperscript{18}

Durairaju (1994) focused attention, “A Study on Services of Banks and Customer Satisfaction”. He clearly identified that customers were dissatisfied with the cumbersome procedural formalities in availing services and the efforts towards complaint redressal.\textsuperscript{19}

Ranganathan (1994) in his paper, “Customer Service”, focused on the problems of bank customers. He stated that there had been determination in the services offered by banks and offered the following suggestions.

i. In each bank there should be an enquiry window manned by a staff well-versed in banking routine and having abundant human qualities.

ii. Training course should be organized for the bank officials to train them in matters relating to dealing with customers.\textsuperscript{20}

iii. Computerization of transactions should be done to render better services to the customers.


\textsuperscript{19} Dorairaju, S., “A Study on Services of Banks and Customer Satisfaction”, M.Phil Dissertation, Bharathiar University, Coimbatore, 1996.

Govindarajalu (1996) in his study titled “Satisfaction and Dissatisfaction with Bank Services - A Research Note”, took undimensional view of satisfaction/dissatisfaction. In that the extent of dissatisfaction with extrinsic factors or the extent of satisfaction with intrinsic factor would depend upon the degree of disinformation between the perceived performance and expectations. It was found that every service in a bank was unique in the sense it involved interpersonal relationships between the customers and the front-line staff.  

Godse (1996-97) in his article, “Technology in Banking” revealed that technology would improve customer service, enhance productivity and ultimately, facilitate banks to maximize profits.

Sangeetha Aurora and Minakshi Malhotra (1997) in their study “Customer Satisfaction: A Comparative Analysis of Public and Private Sector Banks”, analysed the factors determining customer satisfaction at the different levels and marketing strategies for increasing the level of customer satisfaction. Factor wise average scores revealed that there was significant difference between the satisfaction level of public and private sector bank customers. The latter were much more satisfied than their counterparts in public sector banks. The most distinguishing and outstanding factors


responsible for the satisfaction of private sector bank customers were staff and service factors. It was suggested that public sector banks needed to adopt certain specific marketing strategies to survive in the present day world of competition.\(^{23}\)

Doreswamy (1997) in his study entitled “Customer Service in Bank” explained that customer service in banks would improve by four dimensions such as customer education, customer survey, customer contact programmes and empowering employees.\(^{24}\)

Indravadern Parmer (1997) in his article titled, “Processes, Products and Priorities”, quoted a research which was conducted by one U.S. Agency, Technical Assistance Research Programme (TARP) in 1981 noted that 90 per cent of customers contacts were requests for information, statement of accounts and utilization of routine services at the customers’ end.\(^{25}\)

Bhide (1997) in his article, “Information Technology in Banks”, concluded, Indian public sector banks are raring to go. It was only a question of time before they committed themselves on full scale technology upgradation, aiding their growth and adding to their competitive might. The computer and communications age opened up


a flood of new opportunities that redefined the very concept of traditional banking. It was for the individual banks to reinvent themselves and reconfigure their business processes and practices in tune with the growing customer expectations in an ever increasing competitive environment.\textsuperscript{26}

Saraf (1997) in his article, “Banking Technology: Agenda Ahead” concluded that Indian banking showed commendable resilience in the past decades and it would undoubtedly enter the new millennium as a strong, forward-looking, customer oriented industry, by adopting technology in operations.\textsuperscript{27}

Stewart (1998) in research paper titled “An Exploration of Customer Exit in Retail Banking” found that if the marketing community was to adopt the prescription of the relationship marketing school of thought, more knowledge and understating of relationship were required. The knowledge of the customer was growing and there was now greater appreciation of the process germane to healthy relationships such as trust satisfaction and commitment. Less attention had been paid to the negative


aspects such as relationship break down and ending. This paper addressed the neglected area of the end of customer bank relationship or customer exit. Interviews conducted with bank customers who had recently used to exit option. As reported here, the research took the perspective of the customer. This showed that customers ended their relationships with banks after facing many problems. She concluded that banks needed to develop relationship management systems and skills.  

Uma (2000) in her study “A Study on Customer Satisfaction Relating to the Services Rendered by Commercial Banks – with Reference to Nationalized and Non-Nationalized Banks” identified various services rendered by commercial banks and regulations relating to customer services. She also observed the extended of customer satisfaction on services rendered by banks. She concluded that banks should meet the growing needs of the customers in the changing competitive environment and bring about total customer satisfaction by rendering quality service.  

Lesser, Manolis and Winsor (2000) in their research paper “Service Quality Perspectives and Satisfaction in Private Banking” examined the effects of service quality on customer satisfaction from two distinct methodological perspectives. Specifically, a study utilizing a sample of international private banking customers was  

conducted wherein service quality was operationalized via two distinct and well-known measures—SERVQUAL and Technical/Functional quality. These two service quality measures were subsequently compared and contrasted as to their ability to predict customer satisfaction. To further assess the validity of these findings, two moderators of the service quality/customer satisfaction relationship were introduced and evaluated. The findings were of importance to service managers as they would strive to identify efficient and effective approaches.  

Narasimha Rao (2000) in a study entitled, “Service Quality Management in Indian Bank: Opportunities and Challenges” concluded that the only solace was that banks had physical facilities and non-physical facilities. An integration of the two was the need of the hour. He also suggested that by investing in technologies a bank could render quality service to the customers well-trained and motivated employees could render quality service to customers. Proper handling of customers’ complaints and grievances would also improve the quality of service in banks. 

Ananthanarayanan (2000) in his thesis entitled “A Project on Customer Orientation” concluded that courtesy, speed, punctuality and accuracy were the most important variables in retaining customers. He also suggested “Relationship Banking” to bankers for approaching customers and for moving from customer satisfaction to

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customer delight. According to him customer contests and customer suggestions would prove to be good promotional tools in selling products.  

Benjamin Christopher and Maruthupandian (2000) in their paper “Customer Satisfaction in Public Sector Banks” assessed the level of customer satisfaction in selected public sector banks by constructing satisfaction index. They concluded that customers were dissatisfied with various services and suggested the need for refinement.

Rangarajan (2000) in his article, “Banking in the High–Tech Environment”, found that use of computer and communication technology would assume a critical role. Banks customers were becoming very demanding and it was extensive use of technology that would enable banks to satisfy adequately the requirements of customers.

Weitzman (2000) in his study, “Citi Private Bank to Customize Service on Web” highlighted the customization through web Citi Bank intended to talk directly with

customers about the type of market information they want on their personalized site with private banking clients in 30 countries. Citibank was looking for a global channel to deliver the private banks away of more than 200 products. The internet brought all the clients what they wanted. The same internet provided delivery channel for its customers in 30 countries. Then online transaction saved a bank-man and it was storing banking by senior bank executive coupled with high demand for service that spurred Citibank to move into the internet banking. \[35\]

Bisht and Mishra (2000) in their study on “Liberalization and its Effects on Indian Banking” highlighted that the banking structure at present was the outcome of a process of expansion, reorganization and consolidation which had been going on for many years and could be perceived in their important phase such as pre-nationalization phase, post–nationalization and post-liberalization. With the advent of internet, one could distinctly perceive the arrival of the fourth phase which would lead to a mass structural change in banking by replacing brick and mortar branches with the electronic delivery channels to provide more options to customers. \[36\]

Primal Vyas (2000) in his article “Measurement of Customer Satisfaction: A Study of Banking Service” attempted to study empirically customers’ satisfaction from the services provided by different banks and also to analyze the response of customers.

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towards the actual time taken by banks to complete the banking transactions. The findings of the study revealed that nationalized banks and co-operative banks needed to improve on reducing the overall time taken to complete banking transactions comparatively. The private and foreign sector banks took much lesser time for completing their transactions. Nationalized banks and co-operative banks needed to increase the use of information technology and CRM to deliver standard customer-specific banking services to its target customers.  

Hasan Banu (2002) in her study, “A Study of Customer Services Rendered by Public Sector and Private Sector Banks in Theni District” concluded that customers expected speed, courtesy and concern from the system followed in banks and the banks needed a review for simplifying the various forms and proceedings for sanctioning loans. In fact banking sector reforms would be meaningless if they had not improved customer perception of bank services. Customer services should be improved through innovations such as Automatic Teller Machine (ATMs), Home Banking, Anywhere Banking, Single Window Service Concept, Specialized NRI/SSI branches, Personal Banking, Electronic Fund Transfer, On-line terminals to customers, SWIFT bank net, Smart card and Shared Payment Network System.  

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Mahila Vasantha Thangam (2002) in her study, “A Comparative Study on Customer Satisfaction regarding Banking Services rendered by Public Sector and Private Sector Banks (With Special reference to Coimbatore City) identified the various factors influencing customer satisfaction and also observed the extent of customer satisfaction derived by both public sector and private sector bank customers. Further, she identified the various services enjoyed by the customers and focused her attention in finding out the best sector from customer’s point of view. She concluded that there was not significant difference between the mean score of volume transactions and customer satisfaction both in private and public sector banks. She also found that private sector banks offered quick and convenient service than public sector banks. But facilities and services related to safety were better offered by public sector banks.  

Hephzbah Priyadarshini (2002) concluded that adoptability of new technology would improve banking transaction by improving customer service in banks.  

Anshul Kaushesh (2002) in his study, “Customer Service for the New Millennium Winning and Keeping Value Driven Buyers” found that low prices and good quality of excellent service alone were not sufficient to attract new age customers. He

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40 Hephzibah Priyadarshini, “ A Comparative Study on Services Rendered by Traditional Banks (SBI) and New Generation Banks (NGB’S) in the Modern Banking –With Special reference to Coimbatore City”, M.Phil Dissertation, Bharathiar University, Coimbatore, December, 2002.
emphasized that companies had to go beyond satisfaction and strive to exceed customer expectations to build a loyal customer franchise.  

Rewani and Gupta (2002) in their study on the topic “Role of Information Systems in Banks: An Empirical Study in Indian Context”, stressed the importance of computerization and mechanization in banking industry.  

Gani and Bhat (2003) in their study “Service Quality in Commercial Banks” conclude that the service quality of foreign banks was comparatively much better than Indian banks and suggested that heavy investments by Indian banks in intangibility dimension would improve the quality of service to the customers.  

Shainesh and Tanuja Sharama (2003) in their study “Libayes Between Service Climate and Service Quality” pointed out the reduced gaps between foreign banks and private banks. This was contrary to the conventional wisdom that we need to ape the west to be competitive. The private banks adapted the best practices and used technology to chart their growth. The progress of private banks, especially the new generation private banks, clearly showed the path to success. Good system designs,

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progressive review practices, addressing the needs of teamwork and customer orientation were important contributions to their success.\textsuperscript{44}

Javadev (2003) in his article, “Banks Become Customer Centric” found that the major reasons for the radical changes in banking industry in asset portfolio were competition, consolidation, information technology and the need to be customer centric. Banks could improve the profitability by adopting strategies like market segmentation innovation, price bundling and relationship. Technology had a major role to play in retail banking, but its role was complementary to customer service initiatives.\textsuperscript{45}

Hebber (2003) in his article entitled, “Building Trust in E-Banking” highlighted that managing technology was a key challenge for the Indian banking sector. Banks had enhanced their network and communication infrastructure to reap the full benefits of computerization. The components such as trust, privacy and confidentiality were the required concern for today’s network banking. Public Key Infrastructure (PKI) provided the framework of trust essential for e-business to their effective business turnover. PKI systems were also used to generate and verify digital signatures of the


customers. The Real Time Gross Settlement (RTG) system was being introduced in the country to build on the trust levels.  

Kanagarathinam (2003) in her study, “A Stud on Customer Satisfaction after the Computerization of Banking Services-with Special Reference to Pollachi” identified that after the implementation of computerization customer services improved. Customers were satisfied with computerized services.  

Archana Mathur in her article, “Customer Service in Public Sector Bank – A Comparative Study” revealed that customers faced the problems of delayed service, lack of proper guidance and discrimination by the bank staff. She suggested automation to reduce delay in the offering of the service.  

Shastri (2003) in his article, “Recent Trends in Banking Industry: IT Emergence” concluded that ensuring customer satisfaction leading in turn to customer delight would be the primary goal of all future initiatives.  

Kalpana Arora (2003) in her article, “Indian Banking: Transformation through Information Technology”, concluded that banks must remember that technology

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adoption is necessary to achieve their business goals and not for the sake of technology adoption only or because everybody else is doing it.\textsuperscript{50}

Sebastain Titus and Albin Robert (2004) in their study “Customer Focus in Banking Services” implied creation and delivery of customer satisfying services at a profit to the bank.\textsuperscript{51}

Aravind Singh (2004) in his article, “Customer Relationship Management New Horizons in Banking” argued that the truly most productive and desirable assets were not buildings and fixtures but a profitable customer base. He also stated that enhanced customer relationship implied taking customer service and associated profitability to new heights by increasingly interactive banking and client links. He also suggested that banks globally must consider themselves as innovative solution providers satisfying the customer rather than just a product driven or a profit driven distributor. He also discussed extensively, how the advancements in technology had changed the face of banking and made banks in the UK and the USA to rethink their strategies and must acquire a mindset in managing customer relationship to be successful in the ever changing markets.\textsuperscript{52}

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Denial Ashok (2004) in his study highlighted the emergence of new generation banking facilities in India, where the rules of the banking business would witness a tremendous change in the way banking was carried out. Banks restructured their business models and changed their approach from just a profit making business to relationship management oriented approach.  

Savitha (2004) in her study, “Customer Perception Towards Service Quality in Commercial Banks” – A Study in Erode District” suggested that high rating had been found with a higher percentage of the customers of private sector banks when compared to that of public sector banks. Therefore public sector banks should improve their service quality by providing better services.  

Panemangalore Srinivas Shenoy (2004) in his article “IT and Business Strategy Alignment in Financial Services” concluded that the alignment of business and IT strategies must result in delivery of measurable quality of customer services like

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reduction in account opening time, shorter teller queues, faster loan processing and services for corporate customers etc. apart from financial results.\textsuperscript{55}

Shastri (2004) in his article “Leading Issues in Banking Technology” argued that the basic challenge was to integrate a host of information towards effective customer management, to explore new ways for mitigating risks, to enhance operational efficiency in tune with technological developments and to actively explore new opportunities in business.\textsuperscript{56}

Kohli (2004) in his article “Technology and Risk Management” revealed that the advantages due to implementation of technology outweighed the risks due to technology implementations. There was a need to properly manage the risks so that the technology implementation was smooth and was beneficial to the customer and the organization.\textsuperscript{57}


Visweswar Valluru and Samarohada (2004) in their article “CRM: Benefits and Strategies” revealed that to succeed with CRM, companies needed to match their products and campaigns to prospects and customers, in other words, to intelligently manage the customer life cycle.\(^5\)

Rajeswari Krishnan (2004) in her article “Banking – CRM Makes the Difference” concluded that the banking industry in India had undergone volatile changes during the last decade and one of the major areas of change had been customer service. Customers of the day demanded ‘Universal banking’. This was possible if CRM had been implemented in its true spirit.\(^6\)

Sheeba Kapil (2004) in her article “E-Banking: In Nascent Stage in India” concluded that banks moved towards privatization, such technologies would help banks to become more profitable and add value to shareholders investment, customers satisfaction, and employees productivity.\(^7\)

Sharad Kumar (2005) in his article “Innovation in Customer Service in Banks” concluded that the banking sector should start emphasizing on its customer service part and to implement the concept of CRM in their institutions.\(^8\)


Vijaya Ratnam and Suguna Kumari (2005) in their article “Customer Service in Commercial Banks in the New Era” come to the conclusion that to ensure their competitive edge in future, the banks to fight with rivals in terms of quality of their service. The challenges had before the bankers were four fold. First, they needed to satisfy customer needs that are complex and difficult to manage. Second, they need to face up to increased competition from within the sector and from new entrants coming into the financial sector market. Third, they need to address the demands based in supply chain. Finally, they must continually invent new products and services to attract and retain the customer.  

Prasad Lavanya (2005) in their article “Technology Management in Banks” revealed that the rapidly evolving banking needs of customers in India called for increased emphasis and sharp focus on the development of IT based products and solutions for rendering better customer service. Technology development should be a key driver in formulating the growth and business strategies of a bank. This in turn would demand that investments in technology should result in cost efficiencies, speedy transactions, and availability of customer services like 24×7 availability, multichannel banking and straight through processing and so on. Advantage should also be taken of the power of IT in integrating multifarious product and channel systems for improved customer service. Finally, to acquire and retain new customers,

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Customer Relationship Management (CRM) software might be installed at various customer contact points across all phone banking channels and at major branches.  

Manoj Kumar Joshi (2006) in his study, “Customer Service in Retail Banking in India” stated that the cumbersome administrative and legal procedures had resulted in the loss of faith in private, foreign banks. It was widely believed that money was safe only with those institutions (such as nationalized banks and post offices) which were backed by the government. Customers had come to the belief that they would stand lost once these banks downed their shutters. To restore faith and confidence, government and the RBI should come out with proper guidelines, quick and efficient legal measures and policies to uphold the safety of public money whenever there was any crisis in these banks on a par with nationalized banks. 

Chalam and Nageswarra Rao (2006) in their article, “E-Banking Applications in Indian Banking” found that banks in India stood immensely benefited by implementing bank-related e-technology applications. Some of the specific implications in implementing e-banking solutions were computerization and networking that had impacted the banking operations in our country. As a consequence of these developments, there had been new avenues for diversifying and augmenting viewers

from banking business. Internet banking was a major thrust area in this direction. The induction of the ECS, ATMs and Credit/Debit cards has truly made banking customer focused. Moreover, EFT, Home Banking, Smart Cards and Internet Banking would result in the formation of a new culture in Indian e-Banking.  

Venkatesh and Periasamy in their article “Role of E Banking in Emerging Scenario” stated that the future prospects therefore lie in strengthening the package of innovative banking services already provided as well as offering complementary services where the banking and foreign exchange financial service industries should start to concentrate towards the customer oriented outlook with certain regulations to face the 22nd century customers.  

Ajaya Kumar Mohanty (2006) in his article “Innovations in Banking in the Reform Era” observed that the technology based furnishing in the form of credit card, debit card, ATM, anywhere banking, multiple delivery channels, single window service, mobile banking, internet banking, had definitely met customer aspirations. Service at the door steps had been the latest innovations by many banks. Many banks had introduced seven day banking, evening branches for the convenience of customers to attract more business turnover. With full-fledged operation of CBS in banks there

would be further convenience to the customer to operate outstation accounts, collect outstation cheques instantly. All the above facilities flowed from the technology implementation.\textsuperscript{67}

Selvakumar and Kathiravan (2009) in their study titled “A Study of Profitability Performance of Public Sector Banks in India” urged to generate sufficient revenue to meet the rising cost of funds. Profitability is a key result area where performance and results directly and virtually affect the survival. Therefore, this study analyzed the profitability performance of public sector commercial banks in India. From this analysis, one could easily understand that the functions of the PSCBS were efficient and profitability was good.\textsuperscript{68}

Ahmed Arif Almazari (2009) in his study on “Banking Competition - An Empirical Study on the Jordanian Commercial Bank” presented an empirical analysis of the impact of banking competition, investigating the competitive factors and obstacles facing this industry and proposing some solutions which could be a source of help to the bankers in Jordan. To achieve the main purpose of this study, some questions were raised. “Does increased competition affect the banks’ interest rates, risks and loans? Does increased competition lead banks to lower costs and increase capital? Does the entry of foreign bank influence the domestic banks? How do the economic


environment and concentration influence banking competition?” The methodology followed a descriptive and analytical approach based on a disproportionate stratified random sample of Thirteen Jordanian Commercial Banks. The finding of this study indicated that increased competition provided incentives for banks to hold more capital as against default, that competition exposed the Jordanian banks to take more risk, that foreign competition reduced the quality of domestic loans portfolio but still granted loans after screening but some banks issued loans to less credit worth borrowers due to intense competition, that Jordan banks had a sound network base, that they also had good investment opportunities but they were not fully utilized due to lack of capital, that under all economic circumstances banking competition still existed in that market and that, as reported by the respondents the recent global financial crisis had its impact on the Jordanian Banks’ performance. It was suggested by the researcher that the Jordanian Banks must be more effective to have more power on the market, strengthening their capital base, avoiding risks by following good measure of screening, expanding and diversifying their business to enable them to meet financial and economic shocks.  

Richa Verma Basaj (2009) in his study on “Capital Adequacy Regime in Scheduled Commercial Banks - A Case of India” analysed the capital adequacy ratios of Indian Banks as worked out on the lines of the CAMEL model. It was found that

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majority of scheduled commercial banks in India were maintaining capital adequacy ratio above 9 percent irrespective of their ownership pattern. While in terms of CAR, Foreign Banks (FBs) had the edge, the Public Sector Banks (PSBs) enjoyed the same in terms of ratio of Government securities to the total investment. The Debt/Equity ratio was found the lowest in the case of Private Sector Banks (PBs). Advance to Asset Ratio had increased significantly in the case of the domestic banks during the past five years. On the whole, the banks operating in India had shown appreciable improvement in each of four ratios used to measure capital adequacy according to the CAMEL model. Based on the results of this study, interestingly, it was obvious that most of the banks in India were capable of absorbing additional requirement of capital under based regime.

Amit Kumar Dwivedi and D. Kumara Charyulu (2011) in their study “Efficiency of Indian Banking Industry in the Post-Reform Era” analysed the major objectives of Indian banking sector reforms to encourage operational self-sufficiency, flexibility and competition in the system and to increase the banking standards in India to the international best practices. The second phase of reforms began in 1997 with the aim to reorganization measures, human capital development, technological up-gradation, structural development which helped them for achieving universal benchmarks in terms of prudential norms and pre-eminent practices. This paper sought to determine

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the impact of various market and regulatory initiatives on efficiency improvements of Indian banks. Efficiency of the firm was measured in terms of its relative performance that is, efficiency of a firm relative to the efficiencies of firms in a sample. Data Envelopment Analysis (DEA) was used to identify banks that were on the output frontier given the various inputs at their disposal. The study was confined only to the Constant-Return-to-Scale (CRS) assumption of decision making units (DMUs). Variable returns to scale (VRS) assumption for estimating the efficiency was not attempted. It was found from the results that national banks, new private banks and foreign banks had showed high efficiency over a period time than remaining banks.71

An article published on “The Indian Banking Sector: Recent Developments, Growth and Prospects” by India Brand Equity Foundation (2013) stated that the economic growth of the country was an apt indicator for the growth of the banking sector. The Indian economy was projected to grow at a rate of 5-6 per cent and the country’s banking industry was expected to reflect this growth. The onus for this lay in the capabilities of the Reserve Bank of India as an able central regulatory authority, whose policies had shielded Indian banks from excessive leveraging and making high risk investments. The competitive scenario in India was strong, with the landscape primarily dominated by government banks. Market entry at the country level was expected to be tough for new players due to the moderately consolidated nature of the industry and extremely high competition. The key challenges for the industry were

to reduce NPAs, increase financial inclusion and raise capital for the Basel III compliance.72

2.3. Summary

In this part of the chapter the researcher has reviewed the various literatures connected with the present study. There have been many studies already been undertaken in the field of banking industry in general. But none of the studies is related with study on the Marketing Strategy and Customer Satisfaction in Private Sector Banks. The customer satisfaction is the major factor for deciding marketing strategy of any institution including banking companies. The researcher has thoroughly reviewed the existing literature in the field of banking industry and particularly private sector banks in India and identified the current topic for the research.

Chapter III
PRIVATE SECTOR BANKS IN INDIA