REFERENCES


6.1 INTRODUCTION

The SBI is a giant industry which provides different products namely deposits, advances and other services. It is a good old bank which markets its products both at domestic and international level. There are numerous specialized branches and subsidiaries operating for different purposes. They have highly and professionally qualified persons to market their products. There are a number of foreign banks, private banks, cooperative banks and others who offer tough competition to them. Hence, the SBI in order to weather the competition should aim at satisfying the customers. This depends upon two important factors namely creation and delivery of prompt, effective, qualitative and effective customer services. Creation of wide range of services, meeting the customer needs, making service more convenient for the customer through implementation of better technology, and introduction of creative and new schemes were the factors identified. Besides, prompt, accurate, quick and
convenient delivery of these service schemes also assume importance. This can be done by measuring the level of deposits, advances and other services.

The staff members of the bank should remain in their positions. They should be polite in receiving their customers. They should know all the significance of their products. They should also know the ways and means of marketing their products. They should educate the customers and promote the themes of the products, among them.

In this last and final chapter, an attempt has been made to present the findings of the study and offer suggestions. This chapter presents the findings in two forms namely in summary form and list forms. The evolution of SBI and the marketing strategies of the SBI are elucidated in a summary form because those two heads are theoretical in nature. Perception of the customers towards the services of this bank is listed by points because these two are analytical in character.

6.2 EVOLUTION OF THE SBI

Banks essentially deal with funds. Banking business was practised even in early times. The bankers were called Shroffs, Sahukars, Shahus or Mahajans. Sri. S. Montague, in his evidence before Fowler Committee reported that in 1898 the nation wide banking institution called Indian National Bank offered the remittance facilities and was entrusted with the function of note issue. The East India company evinced interest in banking and formal banks namely the Bank of Calcutta in 1806, the Bank of Bombay in 1840 and the Bank of Madras in 1843 were formed. They were
treated as quasi-government joint stock banks. They were government banks in those
days and were called presidency banks. In 1921 these banks were amalgamated and
formed into the Imperial Bank of India (IBI). Then, IBI helped the other banks by
providing funds. It had its own by law. It adopted branch expansion programmes and
opened 322 branches in the important towns of India in 1918. It adopted different
business strategies and offered advances to small, medium and big traders and
agriculturists. Its net worth and deposits registered an increasing trend till
independence.

After independence, there was a general demand for nationalisation of this bank.
The government carefully examined this issue but the Rural Banking Enquiry
Committee in 1950 did not favour this issue. In August 1951, All India Rural Credit
Survey Committee recommended the amalgamation of IBI and ten other banks into a
newly formed bank called State Bank of India (SBI). This was discussed in the Loksabha
and the government of India introduced the SBI Bill on the 16th of April 1955 and it was
passed by the parliament and the president’s assent was given on the 8th of May 1955.
This act came into force on the 1st of July 1955 and the whole of the undertakings of
IBI was transferred to SBI.

There were eight state associated bank in India and these banks did not like to
amalgamate themselves with the SBI. Later, the SBI submitted a proposal to the state
associated banks for making them subsidiary banks. Most of these banks agreed and
an Act was passed in 1959 and it received the assent of the president on the 10th of
September, 1959. Accordingly these banks became the subsidiary banks of SBI.
The SBI has three subsidiary banks of SBI, namely SBI European Bank, SBI Canada and SBI California and four joint venture banks namely the SBI international (Mauritius), Indo-Nigerian Merchant Bank, Nepal SBI Bank and Bank of Bhutan. These banks perform both banking and non-banking activities to compete with other banks.

In India, the SBI has eight non-banking subsidiaries namely the SBI capital markets, SBI funds management (Mutual funds), SBI Home finance (Housing finance), SBI Factor and Commercial service (factoring), SBI Gilts (primary dealer), SBI Securities (Stock Broking), SBI cards and payments services (credit services) and SBI gold and precious metals.

It is a very old bank and it has branches in every nook and corner of India. It had 9156 branches with a total deposit of Rs.9156 crores in 2004–2005. On average, this bank had deposits of Rs.38.53 crores per branch in 2004–2005. The growth rate of deposit was zig-zag in trend due to heavy competition. Regarding advances, in 1997–1998, it lent Rs.64141 crores whereas in 2004–2005, it increased it to 178,475 crores. Anyhow the growth rate was fluctuating in trend.

The SBI is managed by a central board of directors which consists of a chairman, a vice-chairman and 18 directors. The chairman and vice chairman are appointed by the government of India in consultation with RBI and they can be in office for five years. There are four zonal offices in Tamil Nadu which are located in Chennai, Coimbatore, Madurai and Trichirappalli. Madurai region is the study area of the
researcher. It has 135 branches of which 48 are in rural areas, 59 in semi-urban areas and 28 in urban areas.

The SBI operates all traditional deposits and advances. It renders general utility services and miscellaneous services and charges nominal rates. ATM Dhost, tele-banking, e-mail, SBI-life, DEMATE services Smart Gold, plus schemes, E-pay, Drop-box facility and single window concept are its attraction services. The schemes which are exclusively meant for agriculturists are agri-gold loan, crop loan, dairy plus, tractors plus, krishi plus, land purchase schemes, kisan credit card, kisan gold card and produce marketing loan.

### 6.3 Marketing Strategies of the Bank

The term marketing in banking is the creation and delivery of products to satisfy the customers. Marketing of bank products is the aggregate of functions directed at providing services to satisfy the customers. The bank marketing generally has evolved through four phases such as foundation, expansion, consolidation, and reform. The foundation phase refers to the period till nationalization. The expansion phase refers to the post-nationalisation period in which banking was made to reach masses through branch expansion. During 1985 the branch expansion slowed down and consolidation process started during the period from 1985 to 1991. It was called the consolidation phase. The reform phase refers to the post-liberalisation period after 1991.

Marketing strategy is the heart of marketing plan which is designed to meet the needs of the customers. Marketing strategies generally involve the determination of
marketing objectives, generating alternative marketing mix, selecting profitable marketing mix and creating conditions for implementing the marketing mix.

There are seven Ps involved in the element of marketing mix and they are product, price, promotion, place, people, physical evidence and process. The SBI adopts all these marketing mix effectively. Deposits, advances and services are the products of SBI. Price involves interest rates paid by the banker on deposits, interest charged by the banker on loan, exchange rate for demand drafts, charges for various types of transaction and services. Promotion involves mela, stall, meet, advertisement through papers, magazines, radio and television, festival offer and the like. Place mix involves branch office location, access to the location, visibility of the location, competitor’s location and so on. People refers to internal customers and external customers of the bank. Internal customers are bankers and external customers means customers of the bank. Ambience, decoration, air conditioning, dress code of the staff, cleanliness of the office, arrangement and colour of building and furniture, conditions of cheque book, pass book and so on are physical evidences single window system, core banking solution and business process reengineering are also physical evidences. The process means by which the concepts are actively converted into action which are covered under the process mix.

6.4 PERCEPTION ON THE SERVICES

1. About one-fourth of the rural customers, one-half of the semi-urban customers and three-fourths of the urban customers have accounts other than savings bank account and in total 47.22 per cent of them have accounts. Anyhow
majority of the urban customers have accounts other than savings bank account as compared to their other counterparts.

2. Out of 540 respondents, 255 of them have accounts like fixed deposit, recurring deposit and current deposit and other deposits in addition to savings bank account. In total, about one-third of the respondents have recurring deposits.

3. About 80 per cent of urban respondents have accounts in banks other than SBI whereas about 43 per cent each of the rural and semi-urban respondents have accounts in other banks also.

4. Of the 540 respondents, 276 of them have accounts in other banks also. They have accounts in nationalized banks, co-operative banks, private banks and foreign banks, accounts in nationalized banks, followed by private banks and co-operative banks.

5. About 458 responses were collected from 276 respondents who have accounts in other banks in addition to SBI. They have savings deposit, recurring deposit, current deposit and others. Majority of them have savings deposit followed by recurring deposit.

6. About one-half of the customers in all the three areas became the customers of SBI just five years back but only very few of them were customers of this bank 10 years ago.

7. About 41.15 per cent of the rural customers, 53.81 per cent of semi-urban customers and 46.43 per cent of the urban customers visit this bank once in a
month and in total, only 17.60 per cent of them visit the branches of this bank daily because a sizable portion of them belong to the salaried class.

8. There were 11 factors identified by the researcher for collecting opinion about the availability of physical facilities. Each factor is correlated with a common factor. Through factor analysis all factors of the rural customers are brought under two heads namely availability of facilities in banks and regulation of banks. Basic facilities in banks, tangible attributes and internal facilities in banks were the three heads framed to collect the opinion of semi-urban customers. Regarding urban customers the related variables are brought under three heads namely visible attributes of banks, external facilities of banks and infrastructural facilities of banks.

9. Savings, security, high interest rate and status are the reasons for opening accounts in this bank, as identified by the researcher. About three-fourth of the rural customers, semi-urban customers and urban customers opined that savings and security were the main purposes for opening accounts in the bank.

10. Effective services, convenience, rate of return, proximity, receptiveness, atmosphere and good liaison are the factors influencing the customers to become customers of SBI. Through Garret ranking it was found that convenience was the main factor for rural customers and effective services were the vital factors for both semi-urban customers and urban customers.
11. The Kendalls’ co-efficient of concordance test has been used to test the level of awareness of deposit schemes. It was found through this test that there was some association between the area and the level of awareness of deposit schemes.

12. In order to ascertain the level of awareness of general utility services, the Kuruskal Wall’s test has been applied. It was found that there was association between the area of the respondents and their level of awareness of general utility services.

13. The Wilcoxon signed rank test has been applied in order to find out the area and the level of awareness of agency service. This test can be applied for matched pairs. The semi-urban customers and rural customers were brought under the first pair and urban and rural customers were brought under the second pair. The null hypothesis was accepted for two pairs because both the pairs were aware to some extent of the agency services.

14. Through Friedman test, it was found that the area influences the customers to be aware of innovative services because the calculated value was greater than the table value.

15. The Discriminant function analysis has been used to measure the attitude of customers on services of the SBI. There were ten statements given by the researcher. The whole rural, semi-urban and urban customers were classified
into satisfied and not satisfied groups. In order to find out the level of satisfaction and the most highly significant variable, the DFA has been used.

Through this technique it was found that the rural, semi-urban and urban customers were satisfied by the services of the bank. It was also found out that accessibility to bank, customers-meet and remains customers-oriented were highly significant at one per cent level between the satisfied and not satisfied groups among the rural, semi-urban and urban customers.

16. The Reserve Bank of India fixes the duration of 15 minutes for deposits, withdrawal of cash and encashment of cheque but for issuing a draft 20 minutes are fixed. Majority of the rural and urban customers said that their bankers adhered to the duration of time for deposit mobilisation and withdrawal of cash but they could not adhere to the duration of time for encashment of cheque and issuing of draft.

17. About 84.90 per cent of the rural customers, 93.64 per cent of the semi-urban customers and 97.32 per cent of the urban customers understood the entries made in the pass book.

18. Nearly 62.50 per cent of the rural customers, 55.50 per cent of semi-urban customers and 76.79 per cent of the urban customers were of the view that the banker’s service charges were normal. Besides, in total, about three fourths of the respondents said that service charges were reasonable.
19. A vast majority of the customers in all three areas have ATM card. They use this card only if necessary. The daily and weekly users were less in number and majority of them were occasional users.

20. About 80 per cent of the respondents in all the three areas do not use credit card and majority of them use this card occasionally.

21. Nearly 85 per cent and 58 per cent of the urban and semi-urban respondents respectively availed bank loans but only 37.50 per cent of the rural customers availed banks loan.

22. The SBI provides loans like personal loan, agricultural loan, jewel loan, housing loan and so on. Out of these, jewel loan in rural area (30%) personal loan in semi-urban area (30%) and housing loan in urban area (22%) were the large number of loans availed.

23. Majority of the rural customers viewed that the bank sanctioned the personal loan, agricultural loan, mortgage loan and jewel loan within a week. The semi-urban respondents opined that the bank took between fifteen days to one month for sanctioning car loan, housing loan, festival loan, educational loan, traders service loan and so on. The urban respondents reported that this bank sanctioned the mortgage loan, car loan, festival loan, educational loan, trader service loan and overdraft between one week and fifteen days, but jewel loans were sanctioned within a day.
24. Out of 540 respondents, only 315 have borrowed loans from this bank. About 63.81 per cent of them said that they received loans without cumbersome procedures.

25. Partiality, legal formalities and delaying attitude of the functioning authority were the nature of difficulties in getting loans. Partiality and delaying attitude of the sanctioning authority were major problems for rural customers. Partiality and legal formalities were the important problems to semi-urban customers. Legal formalities and delaying attitude of the sanctioning authority were the vital problems faced by the urban customers.

26. Borrower’s honesty, capacity to repay, technical skill of the borrowers and purpose and feasibility of the proposal are the bases for sanctioning loans. Out of these, borrowers honesty and capacity to repay were very important.

27. Regarding rate of interest, charges against advances about 70.83 per cent of the rural customers said that they were cheaper whereas about 62.32 per cent of the semi-urban customers and 94.47 per cent of urban customers said that the rates of interest were high.

28. About 69.44 per cent and 55.07 per cent of the rural customers and semi-urban customers respectively viewed that they demanded security but in urban areas, only 14.47 per cent of them said that they demanded security for sanctioning loan.
29. Most of the respondents (73%) did not face any problem in availing the service of this bank.

30. Fixed working hours of the bank (14%) delay in processing of loan operation (18%) rigid rules and regulations (13.46%) and attitude of employees (13.46%) and so on were the major problems faced in availing of loans.

31. Majority (86%) of the sample customers were satisfied with the services of the bank.

6.5 OPINION OF THE BANKERS ON THE SERVICES

1. Regarding the age of the employees who were working in SBI about 78.12 per cent of the sample rural staff members, 63.56 per cent of the semi-urban respondents and 67.78 per cent of the urban respondents belonged to the age group between 25 to 35 and 35 to 45 years but none of them belonged to the group of below 25 years of age.

2. The female sample respondents were less in rural and semi-urban area when compared to those in urban area (42.86%). In total 28.15 per cent of them were females but a majority were males.

3. As per the survey made, about 77.08 per cent, 77.97 per cent and 73.21 per cent of the rural, semi-urban and urban respondents respectively were graduates. In total about 18.52 per cent were post-graduates and only a very meagre percentage of them had studied upto the metric level.
4. Out of 270 respondents only 135 of them have passed the special qualification like C.A.I.I.B. and D.M.M, of which 48 were in rural branches, 59 were in semi-urban branches and 28 were in urban branches.

5. In total, about 63.70 per cent of the sample employees had initially joined as clerks and the rest of them joined as probationary officers and a portion of them joined as agricultural officers.

6. Exactly 50 per cent of the respondents were clerks and the remaining were Assistant Managers (18.15%), Deputy Managers (19.26%), Managers (10.74%) and Senior Managers (1.85%).

7. In total, about 52.59 per cent of the employees had less than 10 years of service in the present cadre, 21.85 per cent of them had 10 to 15 years and the rest had other periods of service.

8. Nearly 42 per cent of rural respondents had below 10 years of total number of years of services. Similarly 22.03 per cent of the semi-urban respondents and 25 per cent of the urban respondents had less than 10 years of total services. Only 6.68 per cent of the total respondents had more than 25 years of total service.

9. The bankers helped the customers in different ways. Regarding opening of new accounts, the bankers helped the customers to fill up the application (34.07%), helped them to fill up the application by themselves (39.63%), requested other known customers to help them (1.85%).
10. The ANVOA test has been applied to find out whether the total years of services influenced the banker to have more knowledge. The null hypothesis is rejected for all deposit products except a few deposits among the rural, semi-urban and urban area because the F – test ratio is less than 0.05 at 5 per cent significant level. Hence the experience of the staff members influenced them to gain knowledge.

11. The sign test has been applied in order to identify the level of knowledge of the staff members about the credit products. It was found through this test that eight schemes were known to the rural staff members and 17 schemes were known to both semi-urban and urban employees.

12. There were about eight innovative services identified by the researcher. The Likert scaling technique was applied in order to find out which one was mostly utilized by the customers. The weightage was given to each innovative scheme to find out the intensity value. Through the intensity value it was identified that the ‘SBI life’ had the maximum intensity value in all the three areas followed by tele-banking.

13. About 61.86 per cent of the semi-urban and 55.36 per cent of the urban respondents said that they had just the right number of deposit scheme, whereas 37.50 per cent of the rural respondents informed that they had the right deposit scheme. None of the semi-urban respondents and urban respondents said that they had too few deposit schemes.
14. About 61.64 per cent of rural respondents and 66.48 per cent of semi-urban respondents and 48.21 per cent of urban respondents said that there were too many schemes available in the SBI.

15. In total 40.37 per cent of the sample bankers said that their other services were too many, 45.56 per cent of them said that the services were just right and the rest of them informed that they offered other services also.

16. Majority of the sample bankers said that they provided ‘good’ services in all the three areas.

17. Exactly all the rural sample bankers, 83.90 per cent of the semi-urban bankers and 96.43 per cent of the urban bankers said that their banks were located in suitable places.

18. A vast majority of the banker in all the three areas felt that the present accommodation was good and convenient.

19. Nearly 95 per cent in each of the rural, semi-urban and urban areas, bankers felt that the working hours were suitable for the local people.

20. Though the government had announced that the management of the banks would work on all seven days, as per the survey, made a vast majority of them did not work on all seven days.

21. About 63.45 per cent of the rural respondents, 68.64 per cent of the semi-urban respondents and 83.93 per cent of the urban bankers felt that the strength of the staff was inadequate.
22. As per the survey made, in total about 20.38 per cent of the staff are required at the officer level, 53.85 per cent of the staff are required at clerical level and 25.77 per cent of the staff are required at sub-staff level.

23. Majority of bankers liked allotment of work by rotation.

24. A vast majority of the sample bank employees reported that they liked work by rotation. In total, about 74.47 per cent of the respondents said that the job rotation did not affect the customer services.

25. Absence of continuous contact (8.72%), losing contact of the valuable customers (37.58%), neglecting the customers of high reputation (26.85%), problem of recovery (41.03%) and lack of understanding of the job (22.82%) were the hindrances affecting the work by job rotation.

26. Regarding the relationship between the customers and the employees, a sizable portion of the bank employees opined that close relationship was essential, (46.84%) followed by discharging the duties promptly (20.37%).

27. A large majority of all rural, semi-urban and urban respondents said that they had undergone training to update knowledge.

28. Fast service, less time consumption, reduced errors, reduced burden of the banker, wider service, avoidance of duplication of work and reduced stationery expenditure were the major reasons for the introduction of computerization in banks. Through Garret ranking it was found that fast service was the vital
reason for both rural and urban bankers and wider service was the main factor for semi-urban bankers, in the choice of the bank.

29. About 37.50 per cent of the rural respondents, 66.10 per cent of the semi-urban respondents and 91.07 per cent of the staff emphasized marketing of the products. Moreover, it was identified through the sample bankers that promoting marketing activities, innovative new ideas, control of business and launching of new products were the tasks of specialized staff in marketing activities.

30. Nearly one-half of the respondents in all the three areas said that environmental review and review of the bank’s operational system were to be made at the head office level and the rest of them said that these review should be made at the branch level.

31. All the sample respondents said that they conducted staff meeting regularly. About 81.25 per cent of the rural respondents, 65.26 per cent of the semi-urban respondents and 55.63 per cent of the urban respondents said that they conducted meetings occasionally.

32. As per cent the survey made, a majority of the respondents were aware that a copy of the resolutions was sent to the head office / higher authority for consideration.

33. In total, nearly 85 per cent of the respondents said that they had adopted marketing strategy to promote deposit and advances. It was inferred by the
investigator that advertising (36.11%), publicity (12.88%), public relation (8.08%), personal selling (26.52%) and others (16.14%) were the mode of promotion.

34. Cent pre cent of the respondents said the service of the bank was excellent, and 42.96 per cent said that it was good. But none of them said that the service was average and poor. As per the survey made, the environment at the branch (19.32%) courteous services (18.64%) quick service, simple procedures (4.09%) and staff co-ordination (15.45%) were the reasons identified by the investigator for good or excellent customer services.

6.6 SUGGESTIONS
1. The bankers should be friendly and loyal to the customers.

2. They should collect cheques without delay.

3. They should avoid delay or indifference in providing services by the bank employees.

4. Every branch of SBI is a service outlet. So considered, it will change the customer’s attitude towards the branches.

5. Human resource development standards should be maintained in recruitment and selection of personnel at all levels, so that the banks can maintain good service culture.
6. Banks should realize that the customers are the ‘focus points’ and the management of the bank should instruct the staff members to do service effectively.

7. The SBI should issue cheque book within a day.

8. According to the norms, prescribed by the Tandon, Chore and Marathe Committee, the manager of the banks should conduct pre-sanction visits for specific loans in respect of general advances, the branch manger should make strict checks.

9. In order to find out the ways and means of utilisation of the loans sanctioned, the branch manager must conduct post-disbursement inspection properly.

10. There is a novel and unique scheme by name the Grahat Mitra scheme introduced by the SBI in a few branches and this has to be launched in all the branches.

11. There are private, co-operative, foreign and other public sectors banks existing and offering competition in urban areas. Hence, the SBI should change the working environment by adopting sophisticated techniques.

12. There is a need to change the working hours which should be between 8 a.m. and 8 p.m. for the working group.

13. There is need for seven days of work at least in urban centres in order to reduce the rush of customers.
14. The SBI should create provision separately for middle income group and higher income group and fix a ceiling to withdraw money through Automatic Teller machine.

15. The formalities for opening of new accounts should be minimized.

16. There are a number of innovative services in SBI, but people do not utilize all the schemes. Hence the bankers should take steps to create awareness on such schemes among the customers.

17. They should provide courteous service to the existing customer in order to attract more new customers.

18. The skills of personnel who are working in the essential areas of the bank should be enhanced through continuous and updated training programmes.

19. The banker should not delay sanctioning of loans.

20. Branch managers should adopt right strategies for advances such as follow up, end-use credit, intimation to the borrowers in advance, informing the due date of the instalment, recovery visit, initiating legal proceedings against willful defaulters and so on.

21. Before sanctioning loan, the bankers should ensure the credit worthiness of the borrowers, so that they can avoid the problem of over dues and non-performing assets (NPAS)
22. During credit camps organised for disbursement of loans, borrowers who are prompt in repayment of loans must be invited and felicitated. This will motivate the defaulting borrowers.

23. Special branches like agricultural development branches, industrial branches and foreign branches should meet the loan needs of agriculturists, industrialists and foreign businessmen effectively.

24. In order to market the products of the SBI the following promotional services should be used:

a. Promotion activities in banks include advertisement, customer service, public relations and so on. Advertisement plays a vital role in the marketing process. They are used for projecting the image of banks. A good image should be cherished, nurtured and protected. Therefore, ‘convenience’ in banking, dependability on service and prestige become the major factors in advertisement.

b. Banks should put up necessary banners at prominent places. They should have close intimacy with the villages which would help to create confidence in the minds of the customers.

c. They should effectively place banners, posters, brochures at appropriate places in an attractive manner.

d. The employees of the bank should be well informed about the various bank products.
e. Banks also should put up “welcome’ boards at the entrance of cities. However the boards of some banks conveying special messages, such as, “keep your city clean and the city maps” for guidance and they project the image of the bank. Moreover, the banks should sponsor international, national sports in metropolitan centres for publicity.

f. The rural branches of SBI should adopt innovative, publicity strategies, such as, puppet shows, folk dances, drama and so on to bring out the value of their products. There is a need to use audio-visual aids for spreading the messages. They should use radio, television and special film shows, particularly in the area of agricultural finance.

g. In order to secure deposits and offer advances, the SBI should give gifts like calendars, key chains, files, diaries and so on to the selected customers. Besides, they should appoint marketing executives for spreading the message about the bank products.

h. Advertisement, in fact, plays a vital role in the process of marketing but, advertisement does not contain complete information on the products. Therefore, personal contact with the existing customers and potential customers should be made for conveying correct and complete information. The bankers should not exaggerate the information, make false commitments, misguide the customer, act irresponsibly.

25. The bankers should provide more safety lockers.
26. There is a need to install ATMs in all viable areas.

27. The bankers should provide all physical facilities to the customers, in every branch.

6.7 CONCLUSION

The service industry has always been a vital component of all economic progress. The banking industry is not an exception. The bank cannot sell services to the customers but they can provide services in the buyer’s market. Banks are entering market-emphasized banking environment and moving beyond the horizons of direct banking. In view of this, the banks should adopt the right modern strategies and marketing philosophy, besides maintaining the tempo of operational management of their services.