1.1 INTRODUCTION

Service and service industry has been the most important characteristics of modern life. In a service industry like banking, customers would continue to be the principal factor and customer services would be one of the factors for improving profitability.\(^1\) Customer service is complex in nature and dynamic in action and approach. Banking is essentially a high contact service industry and there is a close interaction between service providers and customers in the traditional banking scenario.\(^2\)

The customer service means generation of range of services designed to meet the customers’ needs, not only the present but also the future demand of the potential and perspective customers. The customer service is gaining importance in the world of growing competition, technological advancement, expanding world markets, changing international environment, increasing customer sophistication, growing size and complexities of modern business.

Banking business mainly depends upon its customers. A successful banker should treat the customer well. Banking is not purely a profit-making business. With the concept of welfare state, the idea of banking has undergone a change in the modern days. Banks are expected to contribute to social welfare. Therefore modern banks have taken keen interest in the well being of the customer and the success of the bank depends on the good will of its customers. The customers
should be recognised and they should be treated in the way they like to be treated. In order to render service to the customers more efficiently and to the highest level of satisfaction, technology upgradation is an important aspect to speed up the services in all spheres of banking to fulfil the customer needs.

Today the customer preferences keep on changing at a rapid speed and his demands are so many that they cannot be satisfied. In order to cater to the changing preferences, banks are bound to provide services suitable to customer needs to survive the competition. Truly, the customer is the king in the present day banking, since the banks provide tailor-made service to the changing needs of customers to face the competition from the rival banks.

Banking is very much a service function. The banks have been doing the service and provide facilities to cater to the needs of the customers. A service is an activity that one party can offer to another that is essentially intangible and does not result in the ownership of anything.

Today banks have become a part and parcel of our life. There was a time when only the dwellers of any city alone could enjoy their services. Now banking services have been extended to areas highly untouched. It is now increasingly recognised that what is not good for the public is not good for the banking industry also. So, banking is a service industry because there service for the satisfaction of customers.
Customer’s attitude is closely related to his understanding and awareness of banking services. A study on the customer’s mind is indispensable for a successful banking, otherwise human needs cannot be converted into wants. Therefore, it is essential to know about customer’s likes and dislikes. By identifying these things, the bankers will be able to render customer service successfully.

Banking organisation can never be justified in discharging their duties to the fullest extent unless they give due importance to their organisation’s performance as a whole. Their excellence in performance and rational behaviour is essential for rendering good service to their customers. The success of bank depends largely on the range of services rendered to the customers.

A successful banker should know his customer well because the customers are helpful for the success of his business. It has rightly been said, “Know the customer; they are the paymasters”. Customers should be recognised and treated in the most pleasing way. The future of banking business very much depends upon the ability of the banks to develop close relationship with the customers. In order to develop close relationship with the customer, the banking industry has to focus on the technology oriented innovations that offer convenience to the customers.\(^3\)

Based on the importance of customer services of commercial banks, this study has been conducted in Virudhunagar District. ‘Commercial Banks’ at the Virudhunagar District refers to the branches of all the public and private sector commercial banks.
1.2 STATEMENT OF THE PROBLEM

Customers are the lifeblood of any business regardless of its nature, type and size. Marketing has its focus primarily on the identification of customer need and fulfilment of the same. The term customer service has gained paramount significance in the past two decades. The Reserve Bank of India has been reviewing customer service in banks by appointing various working groups. At this juncture, an attempt has been made to identify what are the services available in the banks and whether they are satisfying the present day customers.

Today, all banks basically offer the same types of services and facilities to the customers. Banking business has been standardised with regard to banking environment, interest rates, service charges and so on. The only factor that distinguishes the service of one bank from the other is the “Customer Service” rendered by the bank. It is the most important factor that influences the customer’s choice of the bank.

Banking is a fiercely competitive business today. Quick dealing with an enquiry about personal welfare with a pleasant smile and offering a seat to sit are some of the factors that may induce the customer to choose a particular branch. Only by offering good service, a bank can gain advantage over other competing banks.
Identification of customer should be followed by identification of customer needs. The process of fulfilling customer’s needs would necessitate tailoring bank service to what customer wants, rather than making him accept whatever banks can provide. The success of banking generally depends on the customer services.

Generally, all banks have the same interest rates and their charges for discounting of bills and other services are uniform. The banker, who wants to compete with others, has to depend more on the efficient services and coordinate relationship with his customers. Customers bring business. As Mahatma Gandhi once said,

“Customer is the king
He is the most important visitor of our premises.
He is not dependent on him
He is not an interruption on our work
He is the purpose of it
He is not outsider to the bank
He is part and parcel of the bank”

We are not doing him a favour by serving him. He is doing us a favour by giving us an opportunity to do so.

In a service industry like banking, the quality of customer services holds primary significance, particularly in the context of sustained business growth.
Unlike the other industries engaged in the production of tangible goods, banks are unique in the sense that they produce and deliver the services instantaneously at the service delivery point at the branches. This has an overwhelming impact on customers’ behaviour which causes the customer to estimate the quality of service. Customer service in the banks is a continuing issue. In a deregulated environment, customers’ expectation keeps rising, as they look for more convenient and flexible option are available to them at competitive rates from many players operating in the field. So the study “Customer Services of Commercial Banks in Virudhunagar District”, has been carried out to find out the awareness of banking services, customer satisfaction level on various services provided by the banks and problems of customers in getting services from the banks.

1.3 REVIEW OF LITERATURE

The following literatures have been reviewed to make this study effective.

S.Uma (2000) in her study entitled “A Study on Customer Satisfaction Relating to the Services Rendered by Commercial Banks - With Reference to Nationalized and Non-nationalized Banks” has identified the various regulations relating to customer services. She has also observed customer satisfaction on services rendered by banks. She has concluded that banks should meet the growing needs of the customers in the clear competitive environment and should bring about total customer satisfaction by rendering quality service.
R. Parameswaran and S. Natarajan (2001) in their book entitled “Indian Banking” classified the commercial banks and functions of commercial banks like deposit function, advance function, investment function, dealing foreign exchange, agency services and general utility services.  

G.L. Shiyam (2002) in his book titled “Banking Lokpal – The Third Umpire” studied in chapter IV ‘Customer Service in Banks’ analysed expectation of customers, elements of customer service, rights of the customer, delays in counter transactions, measuring and managing customer service from the banks. Banks in India are realising the significance of customer service not only for business expansion, but also for their survival. The customer is the focus in banking. He is both, an input and a resource in the service production process. Banking services have some distinct characteristics, unlike those of manufacturing or other industries.  

S. Hasan Banu (2002) in her study, “A Study of Customer Services Rendered by Public and Private Sector Banks in Theni District” has concluded that customers expect speed, courtesy and concern from the system followed in banks needs a review for simplifying the various forms and proceedings for sanctioning loans. In fact banking sector reforms will be meaningless if they do not improve customer perception of bank services. Customer services should be improved through innovations such as ATM, Home banking, anywhere banking, single
window service, concept, specialised NRI/SSI branch, personal banking, electronic fund transition – line terminals to customers, SWIFT bank net, smart card and shaved payment Network system.9

B. Santhanam (2002) in book entitled, “Banking and Financial System”, studied during the recent years the commercial banks in India have adopted new technology and have introduced innovative methods in performing their various business operation. As a consequence, a bank branch now depicts a picture different from the one that existed back. This supplement briefly highlights the important technological developments involving banking practices.10

N. Raman Nair (2003), in his thesis entitled, “Marketing of Financial Services by Commercial Banks in Kerala – A Case Study of State Bank of Travancore”, revealed changing customer expectations, advances in technology and globalisation of the economy are the new dimension that has brought growing pressures on banks in terms of declining profitability and attendant implication on bank viability. The study of the strengths and weakness of the existing marketing techniques is expected to be useful to operating staff and policy makers of banks in improving the effectiveness of internal marketing and in framing future marketing strategies.11

G.S. Batra (2003) in his article on “Relationship Marketing and Service Quality of Banking Services” discussed the changing dimensions of Marketing of
Banking Services Public Sector Banks and Private Sector Banks in India after liberalisation in 1990s.\textsuperscript{12}

H.L. Sharma (2003) in his book entitled, “Commercial Bank Development”, discussed history and structure of banking in India. The public sector banks constitute the dominant part of commercial banking in India and control more than 90 percent of the total scheduled commercial banking business in India.\textsuperscript{13}

K.S. Srinivasa Rao and Prof. Chowdari Prasad (2003) in their paper presentation in international conference "Business and Finance" discusses Indian Public Sector Banks have been operating in different economic and political conditions for several decades – earlier as Private Sector Banks and now in Public Sector subsequent to their nationalisation. They have been functioning as commercial and profit oriented establishments for long period but due to the developmental policies of the Government of India, profit making was given a go-by. It suggest that the managements of these 27 banks will give a thorough look at all the aspects of study, diagnose the reasons for the outcome, and assess their strengths and weaknesses so as to initiate corrective or remedial measures, wherever warranted.\textsuperscript{14}

M. Expan Varghese and C. Ganesh (2003) in their article titled, “Customer Service in Banks: An Empirical Study”, mainly focus on how to measure the speed in which commercial banks are rendering service to their customers in 13
different dimension. The result obtained from this study suggests that there is no difference between the public sector banks and the private sector banks in the customers’ time consumed for transacting business with the bank. It is generally observed that bankers measure only action time and do not take into account the access time and queuing time which are critical to customers.

R. Miller (2004) in his article titled, “Customer Expectation Vs Customer Needs” analysed customers feeling that they are getting a comparable service and product at a fair price. Creating customer value and loyalty comes from consistently exceeding expectations. Delivering product or services below expectation is obviously bad, but in the context of creating loyalty, it is simply satisfying the customers, because they are getting nothing more or less than they expect.

A.Venkatachalam (2004) mentioned in his article titled, “Latest Trends in Banking Sector” deals with the technology of electronic fund transfer, internet banking, mobile banking, credit card system, debit card system, ATM facilities and so on.

S.Saravanan (2004) in his article titled, “Service Marketing for the New Millennium in Banking Sector” analysed products and services offered by the banks and marketing mix for banking services. It concludes that there is
tremendous scope for this line of marketing as the banks not only build the national economy, but also earn valuable foreign exchange to the country.18

S.Hasanbanu (2004) in his article entitled, “Customer Service in Rural Bank – An Analytical Study of Attitude of Different Types of Customer towards Banking Services” analysed the attitude of different types of customers towards banking services in rural branches.19

G.Ananthakrishnan (2004) in his article entitled, “Customer Service in Banks” has dealt with some information regarding customer services such as proper orientation, greeting customers with smile, knowledge about the products of the banks, helping tendency, listening to the customers, keeping the branch premises clean and so on.20

Sultan Singh (2004) in his article titled, “An Appraisal of Customer Services of Public Sector Banks” has examined the level of customer service and satisfaction is determined by branch location and design, variety of services, rates and changes, systems and procedures, delegation and decentralization, mechanisation and computerisation. Competitive efficiency complaint, redressal and very importantly staff skills, attitudes and responses.21

P.V. Anantha Bhaskar (2004) in his article titled, “Customer Service in Banks” discussed the standard of quality of satisfaction through the implementation of new technology such as computerisation, electronic banking
through e-mail, tele-banking, mobile phone banking and wide net of ATMs through channel migration process. All these factors would help to increase customer service.\textsuperscript{22}

V. Gomathi (2004) in her article titled, “Information Technology in Banking Sector” discusses EFT (electronic fund transfer) ATMs, Debit card and Internet banking. By making effective use of these technologies, Indian banks can definitely pave their way for improving their productivity, profitability and efficiency and thus winning the trust of their valued customers to a very large extent.\textsuperscript{23}

R. Amuthan (2004) in his article titled, “A Study on Retail Banking Strategies in Private Sector Banks with Special Reference to HDFC Bank and ICICI Bank Ltd”, studied distribution strategies of retail service in banks. As long as there is demand for retail lending, banks will ensure that retail business keeps powering ahead while innovating to keep risks at a minimum. As for HDFC Bank and ICICI Bank, they are stealing the show over all other banks in terms of retail business.\textsuperscript{24}

Robert Moment (2004) in his article, “How to Turn Customers Complaints into Profits”, concluded that instead of getting frustrated, consider it as an opportunity for reinforcing strong customer relationship and bettering business for customers to come.\textsuperscript{25}
Sauitha (2004) in her dissertation entitled, “Customer Perception towards Service Quality in Commercial Banks – A Study in Erode District” has suggested that high rating has 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.26

S. Bodla (2004-05) in his article entitled, “Service Quality Perception in Banks: An Indian Perspective” analysed the quality of services provided by commercial banks (both public and private sector) in India. The study brings out that the actual delivery of service by both public and private sector banks in India falls short of the expectations of customers on a large majority of the elements of service quality. Nevertheless, private sector banks were found having an edge over public sector banks in terms of quality of services being offered to customers.27

S. Gopalakrishnan (2005) in his article titled, “Customer Service: Vital Tool for Success” has studied that banks are realizing that customer retention has become more crucial than acquiring new customers. Growing competition and technological innovations are pulling customers awareness among customers whose expectations are growing day by day. Banks had no option but to address the needs of customers effectively to survive in the liberalised regime. Prompt and
efficient customer service alone will tempt existing customers to continue and induce new customers to try the services preferred by the banks.²⁸

M. Selvam (2005) in his article entitled, “Customer Satisfaction of Banking Services: An Overview” has studied to assess the measurement criteria and to evaluate customer satisfaction regarding banking services and evaluate the level of satisfaction of customer services provided by the banks. He concluded that the bank has to keep in mind the mantra that “Customer is the King” and banks exist to serve them and should practice range of services which fulfill customers’ satisfactions.²⁹

K. Alagesan and S. Rajamohan (2005) have highlighted in their article, “A Study On Innovative Services of State Bank of India” how ATM, Tele-banking, E-rail, SBI life, DEMAT service, E-pay, drop-box facility, smart gold, STEPS and on line services are employed by SBI. They called them as innovative scheme of SBI.³⁰

A.J. Joshua and Moli P. Koshi (2005) in their article titled, “Expectations and Perceptions of Service Quality in Old and New Generation Banks – A Study of Select Banks in the South Canara Region” have studied comparison of service quality across different banks. It has concluded that the performance of new generation banks across all the service quality dimension are better than those old generation banks in the region selected for study.³¹
Saveeta Saggar (2005) in his book entitled, “Commercial Banks in India” has studied history and growth of commercial Banks in India. The banking industry in India has recorded remarkable progress particularly with respect to branch expansion, deposit mobilisation and credit deployment. But, the major issue is whether the scheduled commercial banks’ profitability performance has been keeping pace with the remarkable growth of these banks.32

V. Veerakumar (2005) in his article, “Marketing of Banking Services in India” opine that the process of closer external linkages gather momentum and competition intensifies, the domestic banking system can expect to face increased competition with an emphasis on improving customer services, reducing cost and strengthening of prudential norms, better risk management, higher level of professional expertise, technological upgrading and overall efficiency.33

Sharad Kumar (2005) in his article, “Innovation in Customer Service in Banks” concludes that the banking sector should start emphasising on its customer service part and should implement the concept of CRM in their institution.34

M. Kathirvel (2005) in his dissertation entitled, “A Study on the Services of ICICI Bank to its Customers in Madurai City”, has studied the needs and importance of customer services in ICICI bank. It can be concluded that age, sex, occupation, income and awareness of the customers do not significantly affect the level of attitude of the customers towards in ICICI bank services.35
R.Krishnaveni and D. Divya Prabha (2005-06) in their article entitled, “Insight into the Internal Service Quality Perceptions of Bank Employees” has studied the relation between internal service quality, service capability and customer satisfaction. The study focuses on banks in Coimbatore region covering a sample of 270 respondents. Though this study gives an insight into the internal service quality perceptions, its generalisations is limited due to smaller sample size and regional coverage. Developing long-term relations with the external customers depends primarily on the superior quality of service delivered to the customer.\(^{36}\)

M.R.Pai (2006) in his book entitled, “Depositor Rights and Customer Service in Banks” has studied the rights of depositors, modern banking products and services and card products. The continuous rapid changes in various modern banking products and services like ATM, credit cards, smart cards, demat accounts, and so on have given us an opportunity for more instantaneous and accurate financial transactions. He concluded that in the post-reforms period (which began in July 1991) there has been a welcome change in the mind-set of the bankers towards customer services. It is evident that the RBI has taken significant institutional initiatives to enhance the quality of customer service.\(^{37}\)

R.K.Uppal (2006) in his book entitled, “Indian Banking Industry and Information Technology” has discussed the importance of banking industry in the
Indian economy, Indian banking in historical perspective, structure of Indian banking system and impact of information technology in banking industry. 

Ritu Sapra (2006) in his article titled, “Socio Cultural Factors Influencing Banking Service Providers in Post Liberalisation Era”, has studied to examine the socio cultural factors influencing the customer choice of private and public sector banks. It can be concluded that socio-cultural factors influence choice of private and public sector banks. Private sector banks were most popular amongst younger age group, high income and business group.

K.Seyatha (2006) in her thesis entitled, “A Study on Customer Satisfaction of Banking Services Rendered by the Public, Private and Co-operative Sector Banks with Special Reference to Chidambaram Town”, has studied to know and understand current service level of banks at Chidambaram town, in order to identity which bank is excellent in services, the customer satisfaction level among the select banks and to establish the order of preference identified by the customers for transaction purpose.

Jitendra Kumar Mishra and Monesh Jain (2006-07) in their article entitled, “Constituent Dimensions of Customer Satisfaction: A Study of Nationalised and Private Banks” have revealed ten factors and five dimensions of customer satisfaction for nationalised banks and private banks each. The constituent factors of customers’ satisfaction for nationalised banks were vigilance, competence,
advancement in services, reliability, vision, responsiveness, reach, cost, effectiveness and efficient process. The dimensions of customers’ satisfaction for nationalised banks were service orientation, diligence, adherence, value for money and amiability. The determinant factors of customers’ satisfaction for private banks were service quality, reliability, competence, efficient process, customisation, ATM facility, vision, vigilance, simplicity of system and brand image. The dimensions of customers’ satisfaction for private banks were commitment, service orientation, value for money, dependability and diligence.

R.K. Mittal and Sanjay Dhingra (2006-07) in their article titled, “Technology in Banking Sector: Issue and Challenges”, have discussed technology in helping the banks to reduce transaction cost and improve efficiency. The main challenge, however, remains to motivate the customers to increasingly make use of IT while transacting with banks. Thereafter, the focus of banks should be on reducing the transaction costs. This requires winning the trust of customers and having appropriate model for customer services.

V.Gomathi (2007) in her article entitled, “Customer Relationship Management – With Special Reference to Banking Sector”, has studied CRM aims focusing all the organisational activities towards creating and maintaining a customer. The marketing of banking services mean organising right activities and
programmes in rendering right services to the right people at the right place, at the right time, at the right price and with right communication and promotion.\textsuperscript{43}

Mukesh Mathur (2007) in his article entitled, “Changing Scenario of Commercial Banks and Role of IT”, has studied that the technology has helped the banks to strategically look at customer needs to offer newer and efficient banking services. He has concluded that information technology has stiffened the competition and the banks have come out with new products and service delivery systems. Technology-intensive delivery channels like net banking, ATMs, tele-banking, mobile banking and so on have created a win-win situation by extending great convenience and multiple options for customers while providing tremendous cost advantages to banks.\textsuperscript{44}

Vijaya Ragavan Iyengar (2007) in his book titled, “Introduction to Banking” has analysed ‘Customer Service in Banks’ in the sixth chapter. He has dealt with customer service guidelines and implementation of various measures by banks to improve the customer service in banks. He has also discussed RBI instruction on the customer service and how to improve the customer satisfaction.\textsuperscript{45}

R.Rathiha and M.Edwin Gnanadhas (2007) in their article entitled, “Truths and Myths of Service Quality in Banks” have studied the quality of service in banks. They say that in the long run, the banks must adapt themselves to the
changing customer’s financial needs, wants and preferences. Banks which provide better service quality will be the ultimate winners in the growing competitive financial market.\(^{46}\)

R. Sriandal Esakkirani, S. Vijayalakshmi and V. M. Selvaraj (2007) in their article entitled, “Performance of the Mobile Banking: An Analysis”, have analysed the types and transaction of mobile banking and its benefits to the customers and banks. He has concluded that the mobile banking is one of the best alternative channels available to customers with quick, correct and efficient service at anytime and anywhere.\(^{47}\)

K. Revathi (2007) in her article titled, “Banks with New Approach” says that the banks are development oriented. They are helpful for the economic development of the country. They have to guide the borrowers to grow and achieve prosperity.\(^{48}\)

O.P. Bhatt (2007) in his article titled, “Banking in India” has analysed history and growth of banks in India. The day when a bouquet of financial services will be available to six lakh Indian villages is perhaps not too far away. The saga of Indian banking like most others has been its vicissitudes. Its genre has not however changed much since the colonial days.\(^{49}\)

S. Sudalaimuthu and M. Sundaram (2007) in their article titled, “Service Quality Gap Prevailing in Banking Industry” have analysed dimension of service
quality in banking industry and have concluded that ‘sincere interest shown in solving problem’ occupied the highest mean score of 6.50.50

V.Jeelan Basha (2007) in his article titled, “Paradigm Shift in Banking Sector” has discussed the Indian banking system which has undergone a major and rapid structural transformation over the last four decade – from social banking to commercial banking; traditional class banking to mass banking; brick and mortar banking, electronic banking and local banking to universal banking. The banking system has attained complete e-banking status.51

H.C.Purohit and Avinash D.Patharadikar (2007) in their article titled, “Service Quality Measurement and Consumer Perception about the Services of Banking Institutions” have studied service of banking institutions and service quality measurement. It is clear that the nationalised banks have almost the same policies regarding the customer dealings and financial transactions. Almost all the services have been rated as good by the respondents; except for loaning interest rate and mortgage facilities.52

Prabir K. Biswas (2007) in his article titled “Know Your Customer or Know Your Bank” has studied the strategic plan to improve customer service. Customer service has not improved due to lack of involvement of the executives, officers and other staff of the banks as exemplified by non-deployment of resources and non-integrating customer service as part of banks’ operating
strategies and plans and also due to regulatory approach of too many regulations to regimentalise customer service.\textsuperscript{53}

Jelsy Joseph and N.Shani (2008) in their book entitled, “Changing Role of Banks – A Global Perspective” have discussed the attitude of the customers towards banking services like time taken for opening saving account, time spent for depositing cash and withdrawal, satisfaction of customers and problems of customers. They conclude that the customers are benefited by long term profitable relationship with banks in terms of improved service quality, personalised care, reduction of customer stress, increased value for money, customer empowerment and so on.\textsuperscript{54}

S.S.Hugar and Nancy H.Vaz (2008) in their article entitled, “An Evaluation of Customers Orientation of Indian Public Sector Banks” has studied that the customer orientation is the attitude of a concern towards its business wherein it places prime emphasis or listening to customers with a view to maximise their satisfaction with the concern and its products. He has studied SWOT analysis of public sector banks and suggested that the technology helps in enhancing the relationship with the customers by offering guidance and easy access to the analysed information about the customers.\textsuperscript{55}

P.Periasamy and J.V.Balasubramanian (2008) in their article titled, “Customer’s Awareness and Problems of Services in Bank: A Study” have
analysed the customer awareness about the nature of services offered by banks and problems related to customer services. It is disheartening to witness the major problems faced by the sample respondents. They are ‘undue favoritism to some client’, ‘lack of guidance about bank schemes and services and ‘too much dependence on superiors in clarifying doubts especially in advance section’.

C. Thiruchelvam (2008) in his article titled, “Marketing of Banking Services: A Case Study” has studied about the 61 public sector bank branches and 26 private sector bank branches. The relative expectations of the customers can be assessed with the help of research tools and staff who may be trained as active quality conscious personnel. The concept of customer as asset may be emphasised so that the customers are treated as the key factor in marketing.

N.B.Premkumar and J.Esther Gnanapoo (2008) in their article titled “E-banking the Essential Need of Today” have studied emergence, evaluation, transaction, and benefit of e-banking services. E-banking being an important output of information technology has ushered in an era which is transforming the entire functioning of banks. He has concluded that banks are slow but are going to offer further more e-banking services to keep pace with the evolving pattern of customers’ demand.

Trichirapalli” have studied to ascertain the source from which the customers get information regarding bank’s products and services, opinion of the customers on behaviour and efficacy, of the employees of the bank and customers level of satisfaction derived from the customer service rendered by the bank. Such scenario warrants immediate attention of the banker towards customer service and more so in case of urban customers, since their level of knowledge and expectation is high. Customer service should be the ultimate motto of the banker.59

N. Baluswami (2008) in his article titled, “Marketing of Services in Cooperative Banks” has studied marketing mix of bank services like product, pricing, promotion, place, people, physical evidence and process. He has also studied SWAT analysis of bank services. He concludes that they have to be modernised to improve their efficiency and effectiveness by revamping the different fields like reducing the cost of services, computerisation, modernisation, and so on.60

Hamed Haghtalab (2008) in his article on “Study of Service Quality in the Iran Islamic Banks” has analysed the service quality in the Iran Islamic banks and compared service quality between governmental Islamic banks and the private Islamic banks. Linear regression results indicate that there was a positive and statistically significant relationship between overall service quality and the SERVQUAL dimensions in the Iran Islamic banks.61
A.Subbiah and S.Jeyakumar (2008) in their article titled, “Customer Service in Commercial Banks in India: A Study with Reference to Core Banking” have discussed core banking solution, impact of core banking, benefits of core banking and implementation of core banking. It has concluded that the future smooth functioning of bank depends on the pace of technological upgradation. Benefits of core banking have reduced transaction costs, increased customer satisfaction, rapid implementation of e-banking services, management of ever-increasing transaction volume and better security. Rapid improvements in technology, faster communication facilities and availability of high computer power, net banking and core banking have resulted in a revolution in the banking industry world-wide.\textsuperscript{62}

R.N. Kadam (2009) in his article titled, “Marketing of Banking Services: An Overview” has studied characteristics of banking services and marketing of banking services like market research, product development, pricing and developing market orientation. Banks must analyse the needs of all the segments, the methods of servicing them and their own competencies which can help them serve the market better.\textsuperscript{63}

M. Ashok Kumar and R.Rajesh (2009) in their article titled, “Whether Today’s Customers are Satisfied? – A Study with Banks” have analysed customer satisfaction on banking services. It is concluded that both public and private sector
banks lack one or the other aspect so that there is no significant difference between overall customer satisfactions of the banks. Hence, all such banks should aim at satisfying the customers by providing maximum features in their banking services.\textsuperscript{64}

R. Selvaraju and G. Vasanthi (2009) in their article titled, “Marketing Mix Strategy of Banking Services” have discussed marketing mix of banking services of commercial banks in India. In classical marketing literature, there are four components of marketing strategy – product, price, place and promotion. The production of quality service products is crucial because of the strong presence of human factor.\textsuperscript{65}

V. Mariaponci (2009) in her dissertation entitled, “A Study on Customer Services of Selected Commercial Banks with Special Reference to Kovilpatti Town” has studied satisfaction with the working of the teller system, improving the quality of services, exchange rate on draft as reasonable and satisfactory. Availability of the innovative services, good personal relations, time taken for sanctioning loan, treating the customers politely and so on are the factors influencing the customers’ satisfaction. The ‘T’ test and the ‘Z’ test are used by the researcher to ascertain how the personal factors influence the customers’ satisfaction.\textsuperscript{66}
S. Jeyakumar and A. Subbiah (2009) in their article titled, “Satisfy Your Customers through Compromise” have stated that there are not many win-win situations in life. Having a cooperative strategy towards customer service is more of a ‘win some-lose some’ strategy.\textsuperscript{67}

A. Subbiah and S. Jeyakumar (2009) in their article titled, “Customer Service in Commercial Banks – A Theoretical View” have discussed expectations of customers, right of the customer, characteristics of banking service and service offered by the commercial banks in India. They are of the view that the banking business mainly depends upon its customers. A successful banker should treat the customers well. Growth and profitability of banks to large extent depends on the customer service. The bankers should create awareness about the technology and innovative services to the customers.\textsuperscript{68}

A. Subbiah and S. Jeyakumar (2009) in their article titled, “Customer Service of Commercial Banks with Special Reference to ATMs” have analysed benefits and advantages of ATM to customers getting services. It is concluded that ATMs are on the top of their agenda for enhancing customer services. The ATM machines work much faster than human Tellers with lower error-margins. ATMs play an important role in tapping the customers to get the service from the commercial banks. ATM card is a revolutionary product of modern banking in India that offers convenience at its best. More people are now moving towards
using the automated teller machines (ATM) for their banking needs. ATMs are functioning 24 hours a day and so are providing non-stop services to the customers.\(^6^9\)

A. Subbiah and S. Jeyakumar (2009) in their article titled, “Growth of ATMs in Banking Sector – An Overview” have discussed history and growth of ATMs and ATMs in commercial banks in India. ATM is proved to be an important technological development that enabled financial institutions to provide services to their customers in a 24X7 environment. The ATM has enhanced the convenience of customers by enabling them to access their cash wherever required from the nearest ATM.\(^7^0\)

A. Subbiah and S. Jeyakumar (2009) in their article titled, “E-banking – A New Dimension of Customer Service of Commercial Banks in India” have analysed electronic banking in India and services of electronic bank to the customers. E-banking is reducing the transaction costs. It has won the trust of customers with appropriate model for customer service of commercial banks in India. So the E-banking is a greater role in customer service of commercial banks in India.\(^7^1\)

A. Subbiah and S. Jeyakumar (2009) in their article titled, “CRM Strategy – Impact on Customer Services in Banks” have discussed CRM strategy and process in banking services. It is concluded that CRM manages to place the
customer at the focal point of the organisation in order to cater to his needs and thus maximise the profits of the organisation. Banking CRM understands the needs of the customer and integrates it with people, technology, resources and business processes. It focuses on the existing data available in the organisation and uses it to improve its relationship with customers. Banking CRM uses information and analytical tools to secure customer focus. The main value of CRM banking lies in satisfaction and increased retention of customers in banking services.\textsuperscript{72}

A. Subbiah and S. Jeyakumar (2009) in their article titled, “Customer Services of Commercial Banks” have analysed the perception of customers towards the services of commercial banks and reasons for having opened account in commercial banks in Virudhunagar District. It concludes that a majority of the customers have savings account and savings is the main purpose of opening an account. Convenience and necessity are main reasons persuading the customers for having an account in commercial banks.\textsuperscript{73}

A. Subbiah and S. Jeyakumar (2009) in their article titled, “Retail Banking – An Emerging Issue in Indian Banking Sector” have discussed the concept, impact, scope and opportunities of retail banking. Banks can foster lasting business relationship with customers and retain the existing customers and attract new ones. The efficiency of operation would provide the competitive edge for the success in retail banking in coming years.\textsuperscript{74}
N. Panchanatham and T.S. Umarani (2009) in their article titled, “Creativity and Innovation in Marketing Strategies of Banks” have analysed banking services and factors influencing the banking industry in India. As we all know, Indian banks are becoming more and more innovative and are gradually dominating the market. They are capturing market share from their counterparts – the foreign banks offering services in an innovative way. Creativity and Innovation is often the key to the success of banking services.75

A. Subbiah and S. Jeyakumar (2009) in their article titled, “Internet Banking – Impact on Banking Services” have analysed the internet banking in India as new trend which has increased the speed of banking services. The internet banking, thus, now is more of a name rather than an exception in many developed countries due to the fact that it is the cheapest way of providing banking services. Internet banking is increasingly becoming a “need to have” than a “nice to have” service.76

The above reviews of literature deal with marketing, service quality, banker-customer relationship and role of information technology (ATMs, Core Banking, Internet Banking, E-Banking and Mobile Banking) on banking services. The present study focuses fully on customers’ opinion on banking services provided by the commercial banks in Virudhunagar District. This study analyses the awareness of customers on banking services, customer satisfaction on banking
facilities and services and problems of customers in getting services of commercial banks.

1.4 SCOPE OF THE STUDY

The present study aims to analyse the customer services of commercial banks in Virudhunagar District. The study concentrates on the various banking services and attitude of customers regarding various services provided by the commercial banks. This study is limited to the customer services of commercial banks operating in Virudhunagar District. This study also compares the customer services offered by the public and the private sector commercial banks in Virudhunagar District. This study focuses on the opinion of customers and does not cover the opinion of bank employees.

1.5 OBJECTIVES OF THE STUDY

The objectives of the study are as follows:

1. To study the history and growth of commercial banks in India.
2. To analyse the theoretical view of customer services of commercial banks.
3. To analyse the perception of customers towards the services of commercial banks in Virudhunagar District.
4. To study the awareness of customers regarding banking services of commercial banks in Virudhunagar District.
5. To analyse the customer satisfaction of banking facilities and services provided by the commercial banks in Virudhunagar District.

6. To identify the problems of customers getting services from the commercial banks in Virudhunagar in District.

7. To analyse the opinion of customers promoting banking services of commercial banks in Virudhunagar District.

8. To offer suitable suggestions based on the findings of the study.

1.6 METHODOLOGY

The data needed for this study have been collected from both primary sources and secondary sources. The primary data have been collected through a well-designed interview schedule constructed for the purpose of the study. The secondary data required for the study have been collected from banks, RBI bulletins, RBI annual reports, Report on trend and progress of banking in India, government publications, journals, magazines, unpublished theses, newspapers, websites, Virudhunagar District annual credit plans and books.

1.7 SAMPLING DESIGN

For the purpose of this study, 45 branches have been selected out of 105 branches, by adopting random sampling technique and by using lottery method. Table 1.1 reveals the sample customers selected for the study.
The sample customers have been selected proportionately from branches of different classification of commercial banks like the public sector and the private sector commercial banks at the rate of 225 customers from each classification of commercial banks. The sample customers have been selected from Rural (180), Semi-urban (180) and Urban branches (90) of commercial banks of different classification operating in Virudhunagar District.

The sample customers have been selected from the banks listed in the following Table 1.2.

**TABLE 1.1**

**Sample Customers**

<table>
<thead>
<tr>
<th>Customers</th>
<th>Public Sector Banks</th>
<th>Private Sector Banks</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural</td>
<td>90</td>
<td>90</td>
<td>180</td>
</tr>
<tr>
<td>Semi–urban</td>
<td>90</td>
<td>90</td>
<td>180</td>
</tr>
<tr>
<td>Urban</td>
<td>45</td>
<td>45</td>
<td>90</td>
</tr>
<tr>
<td>Total</td>
<td>225</td>
<td>225</td>
<td>450</td>
</tr>
</tbody>
</table>
TABLE 1.2
Banks Selected for the Study

<table>
<thead>
<tr>
<th>Public Sector Banks</th>
<th>Private Sector Banks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. State Bank of India</td>
<td>1. ICICI Bank Ltd.,</td>
</tr>
<tr>
<td>2. State Bank of Travancore</td>
<td>2. Catholic Syrian Bank Ltd.,</td>
</tr>
<tr>
<td>3. Allahabad Bank</td>
<td>3. City Union Bank Ltd.,</td>
</tr>
<tr>
<td>5. Bank of India</td>
<td>5. Lakshmi Vilas Bank Ltd.,</td>
</tr>
<tr>
<td>7. Canara Bank</td>
<td>7. Tamilnad Mercantile Bank Ltd.,</td>
</tr>
<tr>
<td>8. Central Bank of India</td>
<td>8. AXIS Bank Ltd.,</td>
</tr>
<tr>
<td>9. Indian Bank</td>
<td>9. HDFC Bank Ltd.,</td>
</tr>
<tr>
<td>10. Indian Overseas Bank</td>
<td>10. Indus Ind Bank Ltd.,</td>
</tr>
<tr>
<td>11. Oriental Bank of Commerce</td>
<td></td>
</tr>
<tr>
<td>12. Punjab National Bank</td>
<td></td>
</tr>
<tr>
<td>13. Syndicate Bank</td>
<td></td>
</tr>
<tr>
<td>14. UCO Bank</td>
<td></td>
</tr>
<tr>
<td>15. Union Bank of India</td>
<td></td>
</tr>
</tbody>
</table>

1.8 FIELD WORK

For collecting data from the customers of this bank, the researcher was permitted by the branch managers to interview them on the branch floor. As there were 45 branches out of 105 branches in the sampling area it took 45 days, for the researcher to complete the survey of the customers of the bank, from June 2009 to July 2009.
1.9 PRE-TEST

For the purpose of the study of the sample customers, a pre-test was conducted among 45 customers to analyse the effectiveness of the interview schedule. The interview schedule was modified on the basis of the pre-test and data were collected from 450 customers.

1.10 HYPOTHESES

The following hypotheses were framed for the purpose of the study.

1. There is no significant difference between the sex, age, marital status, literacy level, employment status, type of family, size of family, monthly income of family of the respondents and their level of satisfaction on banking facilities.

2. There is no significant difference between the location of bank branch of the customers and their level of satisfaction on banking facilities.

3. There is no significant difference between the opinion of customers in public and private sector banks about the satisfaction on bank services.

4. There is no significant difference between the ‘Yes’ and ‘No’ responses of customers for each of the problems.

1.11 FRAMEWORK OF ANALYSIS

In order to analyse the customer services of commercial banks in Virudhunagar District, the data have been analysed by using appropriate statistical
techniques namely Percentages, Garrets Ranking, Weighted Average Score, Chi-square Test, Mean Value ($\bar{X}$), Standard Deviation ($\sigma$) and Co-efficient of Variation, ‘t’ Test and Sign Test.

The percentage analysis has been used throughout the thesis, whenever required.

The Garret Ranking has been used to find out the reasons for having the account in a particular branch of public and private sector banks and find out opinion of the customers in promoting bank’s services.

The Weighted Average Score has been used to study the analysis of awareness of customer services of commercial banks.

Chi-square test has been used to analyse the opinion of customers about banking facilities in Virudhunagar District.

The customer satisfaction of bank services has been analysed through Mean Value ($\bar{X}$), Standard Deviation ($\sigma$) and Co-efficient of Variation.

‘t’ Test is applied to know whether there is any statistically significant difference between the opinion of customers in the public and the private sector banks about the satisfaction on bank services.

Sign Test has been applied to know whether there is any significant difference in the responses of bank customers about the problems of the customers in getting services from the public and private sector commercial banks.
1.12 OPERATIONAL DEFINITION OF CONCEPTS

1.12.1 Respondents

The term ‘respondents’ refers to customers of the public and the private sector commercial banks.

1.12.2 Customers

A person who comes to a bank to make transactions involving deposit or withdrawal of money or both is known as a customer. Persons who have account in banks and have regular dealings are considered to be the customers for the purpose of this study. Companies, corporations, governments and other organisations have been excluded.

1.12.3 Customer Service

It refers to the discharge of duties to satisfy the customers in respect of the primary and all subsidiary services expected by him/her. Customer service is the provision of service to customers before, during and after a purchase.

1.12.4 Customer Awareness

The knowledge of the customers regarding the various services offered by the commercial banks is known as customer awareness.

1.12.5 Rural Branch

Rural branch is a bank branch operating in a rural area where the population is less than 10,000.
1.12.6 Semi-urban Branch

Semi-urban branch is one which is operating in a place, where the population is above 10,000 but below 1,00,000.

1.12.7 Urban Branch

Urban bank branch is located in a place with a population of more than 1,00,000 but below 10,00,000.

1.12.8 District

In this study ‘District’ refers to Virudhunagar District.

1.12.9 Commercial Banks

The ‘commercial banks’ refers to the public and the private sector banks.

1.12.10 Public Sector Banks

The ‘Public sector banks’ refers to the SBI and the Nationalised banks.

1.12.11 Private Sector Banks

The ‘Private sector banks’ refers to the old and the new private sector banks.

1.13 CHAPTER SCHEME

The chapterisation of the study has been designed as follows:

The first chapter deals with the introduction, statement of the problem, review of literature, scope, objective, methodology, sampling design, field work,
pre-test, hypotheses, frame work of analysis, operational definition and chapter scheme of the study.

The second chapter focuses on the history and growth of the commercial banks in India. This chapter also discusses the history of banking in India, committees of Indian banking system, commercial banking structure in India and future of banking industry in India.

The third chapter deals with profile of Virudhunagar District and banking facilities in Virudhunagar District. This chapter deals with the types of commercial banks operation in Virudhunagar District, classification of branches of commercial banks on the basis of area of operation and branch expansion of commercial banks in Virudhunagar District.

The fourth chapter focuses on theoretical view of customer services of commercial banks. This chapter also discusses types of customers in banking, expectations and rights of customers in bank, services offered by the commercial banks, marketing mix of customer services in banking industry, impact of improving customer services in banks, customer service of yesterday and today, good customer service and advantages to the bank and steps to improve customer services in banks.

The fifth chapter analyses the perception of the customers towards the services of commercial banks operating in Virudhunagar Districts. This chapter also analyses the socio economic condition of the respondents, purpose of opening
a account in a bank, frequency and purpose of visit to the bank and reasons for opening an account in a bank.

The sixth chapters focus on an analysis of awareness of customer services of commercial banks in Virudhunagar District. This chapter also discusses awareness of loan services, deposit services, Technology services, Agency services and miscellaneous services.

The seventh chapter assesses the customer satisfaction on banking facilities and services in Virudhunagar District. This chapter also discusses the socio-economic factors and the level of satisfaction on banking facilities and customer satisfaction on loan, deposit, technology, agency and miscellaneous services.

The eighth chapter deals with the problems of customers getting services of the commercial banks in Virudhunagar District and also the opinion of the customers for promoting bank’s services.

The ninth chapter is a summation of the findings. It offers suggestions for improving the customer services in commercial banks. It also suggests the areas for future research.
REFERENCES


CHAPTER I
INTRODUCTION AND DESIGN OF THE STUDY

1.1 Introduction
1.2 Statement of the Problem
1.3 Review of Literature
1.4 Scope of the Study
1.5 Objectives of the Study
1.6 Methodology
1.7 Sampling Design
1.8 Field Work
1.9 Pre-test
1.10 Hypotheses
1.11 Framework of Analysis
1.12 Operational Definition of Concepts
1.13 Chapter Scheme