REVIEW OF LITERATURE & RESEARCH DESIGN

2.1. Literature Review

Indian Banking industry is one of the most technologically advanced industries with vast networks of branches empowered by strong banking systems, their wide range of product and effective distribution channel capabilities. However, regulatory, structural and technological factors are significantly changing the banking environment throughout the world. One of the most important factors that is motivating the growth of the Indian banking institutions is the liberalization. The financial sector reforms in India were designed to infuse greater competitive vitality in the banking system. To achieve this objective, the “Narsimhan Committee” was formed. The Narsimhan Committee report suggested wide ranging reforms for the Indian banking sector in 1992, including the important one to introduce internationally accepted banking practices so as to enable Indian banks to achieve service excellence. The Committee recommended a liberal policy towards the entry norms of private sector banks and foreign banks into the Indian banking sector.

The Interest rate structure has been deregulated to a great extent and banks have been given a great degree of freedom in determining their rate structure for deposits and advances, as well as their other product range. Banking has also become more competitive in respect of branch network. The end result is that market power is getting shifted from banks to their customers. Financial liberalization has led to intense competitive pressures, and retail banks are consequently directing their strategies towards increasing customer satisfaction and loyalty through improved service quality. With such a high potential in the Indian banking industry, all leading
banks are looking ahead to establish themselves as the most preferred bank by the customers and this can only happen when they are able to differentiate themselves on the basis of service quality being offered by their competitors. Retail Banking has immense opportunities in a growing economy like India. As the growth story further unfolds in India, retail banking is going to emerge a major driver of economic growth. A.T. Kearney, a global management consulting firm, recently identified India as the second most attractive retail distribution centre of 30 emergent markets.

2.2. Statement of Problem

The present study is accordingly, devoted to a detailed probe into the retail banking in India. It also focuses to make a comparative study, on the basis of quality dimensions, between public sector banks and private sector banks. The study has set its scope to evaluate the nature, prospects and challenges as well as organization and working of retail banking in India.

Before embarking upon the actual conduct of the study, a survey of available and pertinent published work on the subject of this study is made in order to have an insight into the depth of Retail Banking and also the specific aspects covered in the work. The Review of Literature presented below recounts the work so far done in the field of present study, the nature of the work, the aspects dealt with as well as brief outcome emerging from the studies.

1. Bayel & Janalgie (1994) had set their goals of services quality dimensions in Retail Banking. First the study investigates & identifies the services quality dimensions pertaining to financial services. Secondly, it examines the relationship between perception accorded to these dimensions & the overall
attitude towards the banking. Thirdly, it examines the important discrimination in service quality factors among the different group of banks by paired comparison.

2. Robert Johnston (1997) in his study entitled as, “Identifying the critical determinants of service quality in retail banking: importance and effects”, focused on the categories of the quality factors in terms of their relative importance and their effect on satisfaction and dissatisfaction. The study is based on an analysis of over 200 customers in the UK banking industry and 100 interviewers. The study suggests that increasing the speed of processing information, delighting customers, such as improving the reliability of equipment, will lessen dissatisfaction rather than delight customer.

3. Frances X. Frei (1999) in the article entitled as, “Process variants as a Determinant of Bank Performance: Evidence from the retail banking study” explains the relation between retail banks branch-based processes and financial performance. There are 11 processes included in this study which represent the bulk of activities performed in a typical retail branch (eg opening checking accounts). The findings of this study are that the financial performances of banks that perform better across these processes tend to be better than that of other banks.

4. Applied Communicating Inc (ACI) (2003) in the study entitled as, “Retail Banks Require Enhanced Systems as the Industry Changes” explores the challenges that retail banks must overcome with innovative IT systems. In today’s fast paced technological age, consumer and corporate customers
expect faster execution of transaction. The challenge for the bank IT groups is to ensure how their system can cope with the voluminous transaction without increase in per-transaction processing cost. The article discussed managing electronic funds, prepaid card e-money, remittance market and how banking services through internet have been replaced by mobile banking technologies & ATM.

5. Bhayani, S.J. (2003) in his study entitled as, “Empirical Study on Retail Banking Awareness” has focused on the Retail Banking Awareness by conducting a survey on 200 customers having their current accounts with private banks, nationalized and cooperative banks in Rajkot city of Gujarat. The main objectives of his study was to compare the services provided by different private sector banks in the Rajkot City and also to know the customers awareness about the services provided and how often they utilized these services. The study concludes that in India, due to various factors like illiteracy etc, the IT awareness of the customers was still very low. That’s why the banks needed to put major efforts towards educating the customers for building up an IT savvy customer base”.

6. Source Technologies, (2004) in this paper entitled as, “Teller Assisted Self Services: The New Face of Retail Banking” emphasize the concept called Teller Assisted self services (TASS), which is the amalgamation of self-services and human services. How this service had integrated multiple data sources and CRM information is also dealt with.
7. Temu Santonen (2004) in the article entitled as, “Price Sensitivity as an Indicator of Customer Defection in Retail Banking” analyses different dimensions of perceived service loyalty, including price stability, and explains the customer defection in retail banking in Finland. The study find out that the growth of the body of knowledge regarding customer loyalty & price strategies in retail banking is vital since price competition is becoming increasingly wide spread. The study also implied that in retail banks with a greater than average amount of price sensitivity customers will lose most in a scenario of aggressive price offers; loyal customers are receptive to tempting marketing information. The willingness to acquire information is strongly related to customer defection and banks should prepare solid counter attacks, when substantially lower price based rivals enters into the markets.

8. Financial Objects Plc (2005) in the study entitled as, “The Birth of Brand Banking: A passive Trend or The Shape of Things to Come?” assesses the emerging trend of retail banking in Europe and pressure to deliver innovative services in order to gain and maintain market shares. The study highlights the technological consideration to make the banking services successful, like customer experiences process excellence, reduced cost and risk and sustainable leadership. It explains the Services Oriented Architectures (SOA) that create a new land of flexibility in how banks interface and integrate application.

9. Mohammad A Al-Hawari (2005) in the study entitled as, “The Influence of Internet Banking and Teller Service Quality on Customer Retention: A Comparative Study” examines the relative importance of internet banking and
tellers in retaining retail customers. The results indicate a significant relationship between bank teller service quality and retention rates; internet banking is also positively related to customer retention, the data analysis outcomes show that delivering service through traditional service channel (branches) has a stronger relationship with increasing bank retention rates than internet banking. This result empirically adds further understanding to the knowledge and supports the view that automated services could enhance the disconnectivity and positivity in customers.

10. Sudhir (2005) in his study entitled as, “Growth Pattern of Retail Banking” emphasizes that existing potential of Retail Banking was untapped in rural and semi-rural areas and that untapped clientele provided a good and vast opportunity for growth in this segment.

11. Timothy & Williams (2005) in their article, entitled as, “The Role of Retail Banking in the US Banking Industry: Risk, Return and Industry structure’ focused the return in retail’ in the US Banking industry, the reason for shift and the rising trends in retail loan share. The observed trends in retail loan shares, retail deposit shares, the balance sheets of US consumer and the number of bank branches all indicate an increased focus on retail activities. The micro (customer based business catering to large number of small customers products and services) and macroeconomic (interest rates) factors affect the stability of retail banking. The Retail Banking Industry will be driven by volatility in capital markets and wholesale banking activities, deregulation and technology.
12. Lakshminarasimha & S. Murali (2006) in their study entitled as, “Measurement of Customer Satisfaction - Need of the Hour” lay emphasis on the use of SERVQUAL for measuring service level of banks in 5 dimensions i.e. Tangibles (appearance of physical facilities, equipment and personal), reliability (ability to perform service dependably and accurately), Responsiveness of banks personnel to various requests and demands of the customers, Assurance to customers as reflected through knowledge and trust of people in the bank and finally, the Empathy and caring of banks towards customers. It is opined that measurement of customer satisfaction helps to promote an increased focus on customer outcomes and stimulate improvements in the work processes.

13. Neeta Prakash (2006) conducted a comprehensive study on “Growth of Retail Banking in India” in which she had focused on high growth pattern of the retail Banking. The main findings of the study indicate that growth & development of Retail Banking is an important milestone in Indian banking sector development, though the growth of Retail banking in India is very small as compared to world standards. The study also finds that the performance of Private sector banks in respect of growth of retail banking is much better than that of their public sector counterparts.

which could be used as a basis for bankers and researchers in differentiating
the good and poor quality of services offered by banks.

15. Tapan K. Panda & Bivraj Bhushan Parida (2006) in their study entitled as
“Customer Relationship Management in Retail Banking in India” talk about
the implementation of CRM principles in Retail banking sector, analyze the
need for drivers of CRM implementation and the challenges associated with
illustration of HDFC Bank and PNB. The article discusses the retail banking
challenges like customer retention and finding new customers and the need for
implementing CRM in this sector. The study revolved around the perception
that the CRM has opened a new path to the world of customer intelligence. In
today’s environment business decision & strategies are made looking at the
proximity to customers.

16. The market research report by RNCOS (2006), entitled as “Booming Indian
Retail Banking Sector” provides extensive research and rational analysis of the
opportunities, challenges and drivers critical to the growth of the retail
banking Industry in India. The future overview of the industry in terms of
asset size, number of financial cardholders and various other important
features. The future forecast discussed the prospects of different arms of
banking Industry, including rural banking by bank assurance, financial cards,
mobile banking, role of technology in retail banking, pension fund and future
course of action or strategies for Retail Banking.

Models in Retail Banking” focuses why bank managers went for transforming
operating models, increasing revenue growth, improving customer services and cutting costs. The major findings of this article conducted by survey relate to what Retail Banking operating models look like today and what drives their information and what these models will look like in five years in the area of retail banking operations conducted. The retail banks managers would focus on five key success factors to globalize their operating models. Developing international governance, ensuring consistency with market and product strategy investing upfront in IT transformation building a very thorough HR vision and focusing on execution quality.

18. Chris Baumann (2007) in his article entitled as, “Predicting Consumer Behavior in Retail Banking” dwells on the customers share of wallet (SOW), or the percentage of their business that they assign to one bank. This study based on 1951 retail banking customers develops separate models predicting SOW for deposits, debt and loans, and percentages of accounts and credit cards used from customer’s main bank. The result suggest that about 25% to 65% of the variance in SOW can be produced by demographic factors such as age, income and a customer’s residential location while overall satisfaction and affective attitude have generally been found to be strong predictors of behavioral intentions.

19. Dhandapani Alagiri (2007) in his article entitled as, “Retail Banking: Challenges” has focused on the Retail banking with increased consumer spending and increased challenges in the form of competition and technological upgradation that comes along. Product innovation and competitive packaging services are the most important issues for the new
generation customers. It has increased the uses of the mobile and e-banking facilities, security and confidentiality have become very difficult to maintain and that has become a major challenge for the banks. The study emphasized that credit delivery mechanism improved considerably with the advent of technological advances and more methodical credit evaluation and credit scoring models. The study also dwells on the implications of Basel II for retail banking.

20. Holger J Kern (2007), in his study “Retail Banking-Global Perspective” focused on the competition level in Retail Banking and strategies to retain customer. This study emphasized the causes that why retail bank should focus on the customer’s need for understanding the customer and product differentiation. A box client segments and retail banking is provided to show the importance of segmenting the client and specializing specific products for specific groups.

21. Kaushik Mukherjee (2007), in his study entitled as “CRM in Banking - Focus on ICICI Banks’ Innovation” discusses on the various innovations on CRM front as implemented in ICICI Bank. The study gives an account of the benefits of CRM Initiatives that include: (Customer usage pattern of CRM Integrated warehouse Data, New Product Development and central Data Management. It focuses on benefits of the initiatives such as mobile ATMs, Bulk Deposit Facility in ATMs, ATMs for visually challenged, other services through ATMs and Mobile phone as a virtual valet.
22. S.Venkata Sessaiah & Vunyale Narender (2007) in their study entitled as, “Factors Affecting Customer’s Choice of Retail Banking”, have identified various factors affecting customer’s choice and study consumer behavior with respect to the people’s choice of retail banks. In this study efforts have been made to go deep into the psychology of the customer’s loyalty. Through a survey is different factors have been identified (1) Safety of deposits (2) size and strength (3) Accuracy (4) General Survey Quality (5) Speed of delivery (6) proximity (7) Security of Environment (8) Cordiality of staff (9) Price & services charges (10) Product packaging (11) General Public Impression (12) Peer Group Impression (13) Face lift (Structural) (14) Friendship with staff (15) advertising & Publicity. The findings showed that retail banking must reorganize their activities to achieve their corporate mission through customer orientation.

23. A.B Arnoud (2008) in this article, entitled as, “Review of Competition in the Dutch Retail Banking Sector” presents the details of retail banking sector in service quality quoting the model of service in Netherland that has one of the world’s most concentrated banking sectors. This document explores key practices and regulatory issues for the Dutch Retail Banking Sector which is following the concept of cross-selling to make consumer banking profitable. The study in general gives the overall experience of retail banking consumer segment in the Netherland.

parameters, drawn from customer’s perception about service quality as well as the bank marketing and literature were drawn up. These parameters have been used in the context of four of the largest banks in India to identify the underlying dimensions on Service quality, using factor analysis. The study suggests that customer distinguish four dimensions of service quality in the case of the Retail Banking industry in India, namely attitude, competence, tangibles and convenience.

25. Kamble (2008) in his study entitled as, “Perceived level of Bank Service Quality in Banking Sector” investigated the dimensions of the service quality banking services in private and public sector banks using BSQ an instrument specifically designed for banks. He found that the public and private sector banks have different perceptions of receiving service quality, private banks are perceived to be better on the dimensions of effectiveness, access and tangibles where as, the public sector banks are perceived better on the dimensions of price reliability.

26. Manoj Kamar Joshi (2008) in his article entitled as “Customer Service in Retail Banking in India” deals with the service aspects of banks in retail banking. It attempts to highlight that customer service of high standard and quality implemented through the use of modern technology helps banks to succeed in the competitive world of retail banking. Banks should also provide comprehensive information to the borrowers with regard to the fees / charges levied while processing the loans. Banks, by standardizing the procedures, shall make the customer’s visit to banks hassle free and direct them to the right officials to save the customers from making time-consuming enquiries.
27. Smith Ramachandran (2008) in this paper entitled as, “Customer Management in Retail Banking: An overview” studies the concept of retail banking and it is becoming customer-driven. The study focused on the role of Information Technology in the growth and future of Retail Banking. The issues and operational challenges like customer satisfaction and retention, customer acquisition, competitive pressure to deliver the new product & services rapidly to market are highlighted. The study is discussed the importance of and the growing need for Customer Retention Management.

28. V.V. Gopal (2008) in his article entitled as, “Banking on CRM - An Approach to Implementing CRM in Banking” provides insight into customer relationship management and its relevance and significance in banks. It expresses the pre-requisites for successful CRM in banks and suggests having a thorough understanding of the organizational structure and environment. It further suggests that frontline executives in banks should possess adequate knowledge about the banks as well as the competitor’s products and the competitive environment.

29. Zillur Rahman (2008) in his article entitled as, “Service Quality - Gaps in the Indian Banking Industry” conducted a study for measurement of service quality of banks in India. It examines and evaluates factors like - competitive service quality assessment scores, expectation, perception and gaps among users of bank services. The purpose of the study is to diagnose service shortfalls in the banking system accurately by assessing and comparing customer perceptions. It investigates the discrepancy between customer’s expectations and perceptions towards quality of service provided by banks. The results
indicated that the sample population has perceptual problems with their banking service experience and it is, therefore, recommended that managers should become more aware of their role and provide the staff with adequate training in order to offer a consistently high standard of service quality.

30. R.K. Uppal (2009) in the study entitled as, “Customer Service in Indian Commercial Banks: An empirical study” describes that in the emerging competitive environment and IT era, with little or no distinction in the product offering, it is the speed of rendering services that sets apart one bank from another. Prompt service is equated with quality service. Time is a major factor which affects the quality service and that is why they are becoming more popular.

31. Tranniarajan (2009) in his article entitled as, “Demographic Discriminators of Service Quality in the Banking Industry: An empirical Study”, suggested that perceived level of service quality importance varies among different markets of various customer profiles and that the service provider might realize that a move towards mechanization has great impact on service quality of banks. There is need that different market strategies for urban and rural customers are visualized. The occupation and income of the customer also play an important role for any policy implementation. The study also highlights the expectations of the customers.

32. Birender Kumar (2009) in his report entitled as, “Performance of Retail Banking in India”, highlights the financial performance of retail banks in the financial quarter (2010). It shows that Indian retail banking sector which
mainly depends upon transaction directly with consumers saving and lending, registered a decline in its share of 5.02% during the first quarter of FY’10 as compared to the corresponding period last year as per analysis of thirty public and private Indian banks.

33. Gronroos (1984) in his study entitled as, “A service Quality model and its marketing implication” defined service quality as a perceived judgment which is resulting from an evaluation process, where customers compare their expectations with the service they perceived to have received. According to him service quality issues could be split into technical quality (what is done) and functional quality (how it is done).

34. V.A Zaithaml & L.L Berry (1985) in their study “A conceptual model of service quality and its implication for future researches” has focused on service quality in Banking industry. In his article he has originally identified ten determinants of service quality generic to the service industry. These determinants were tangibles, reliability, responsiveness, competence courtesy, creditability, security, access, communication and understanding the customer. He developed a 22 item instrument in 1988, recognized as SERVQUAL that has become to be widely used as a generic instrument for increasing service quality. The instrument item represents the five dimensions i.e, reliability, responsiveness, tangibles, Assurance and empathy.

35. Persuraman et. al (1988) in their study entitled as, “SERVQUAL:A Multiple –Item Scale for Measuring Consumer Perception of Service Quality”, defined service quality as, “the degree of discrepancy between customer’s normative expectations for the service and their perceptions of the service performance.”
36. Fourier & Mick (1999) has considered the customer satisfaction factor as the essence of success in today’s highly competitive world of business. The importance of that customer place on service quality attributed is the driver of satisfaction. Loyalty is a crucial output to a firm’s resource allocation strategy and quality improvement efforts. Service Quality is particularly essentials in the financial services context because providers tend to view as relatively undifferentiated, & hence it becomes a key to competing advantage.

37. Lori S. Cook & Rohit Verma (2002) in the study entitled as, “Exploring the Linkages Between Quality System, Service Quality and Performance Excellence: Service Providers Perspective”, explore the linkages between quality system, employee service quality culture, and performance excellence in the banking industry operating in a turbulent business environment. Properly conducted quality culture and strategic consensus assessment has the potential of informing a service organism of its current position and possible area of improvement. The purpose of the study was to assess the service employees perception of an organization’s quality management system on service quality and on operational performance. As discussed in the case study and shown by the survey results, the proposed relationship seem to hold for a large service organization operating in the turbulent business environment.

38. Naceur Jabnoun and Hussain A. Hassan Al-Tamimi (2003) conducted a study to identify the dimensions of the banking services and how valid or reliable are these dimensions of the instrument. They developed a questionnaire of thirty items based on the SERVQUAL and analyzed using the factor analysis to test the dimensionality of the items. To investigate the predictive validity of
the instrument, the authors conducted correlation and regression analysis. The authors found the customer value three dimensions of service quality i.e. human skills, tangibles and empathy but their main emphasis remains on human skills.

39. Sheetal B. Sachdev & Harsh V. Verma (2004), in the study entitled as, “Relative Importance of Service Quality Dimensions: A Multi Sectored Study”, explore relative importance of service quality dimensions across a ‘select’ service context. The result suggest that (i) all the service quality dimensions are equally important as no proper order of their importance could be established, (2) the service performance in relation to the expectators” is poor in respect of nearly all the dimensions and in all the select service, and (3) the nature of service does not seem to have a role in establishing an order of importance of the dimensions.

40. Nalini Prava Tripathy (2008) in her article entitled as, “A service Quality Model for Customers in Public Sector” brings out the various aspects that emerged out of four public sector banks having maximum number of branches in Orissa. Factor analysis has been used to identify the group determinant in the study. The study provided ranking factors of customer satisfaction. The study has gone through different variables like: waiting time, speed of depositing money and the speed of withdrawals, service charges, Interest on deposits, loans and advances, technology innovation, behavior / knowledge efficiency of staff, pattern of advertising and promotion campaigns and relationship with customers. The study concludes with a revelation that
suggests some measures and strategies on the part of banks to lure the customers.

41. Rengaswamy Elango & Vijay Kumar Gudep (2008) in the article entitled, “A Comparative Study on the Service Quality and Customer Satisfaction among Private, Public and Foreign Banks”, referred to the recommendations on customer service by several committees of Government of India which urged the Public Sector Banks to design effective customer service systems. The study involved various dimensions of quality of customer services in banks i.e. banking personnel, convenience of working hours, web based services, error free value added services and efficient grievance redressal mechanism. The study was considered necessary in view of the change in customer’s needs like access to deposits anywhere, anytime, speedy transfer of funds, quick remittances and bill collections fast screening of credit proposals without involving paper work. The results of the study indicated that the level of awareness of customers improved. It further revealed that the new generation private sector and foreign banks are fore-runners in customer services and the implications are for the public sector banks, who should improve their approach towards customers to perform better.

42. Bahia and Natel (2009) proposed a specific scale, the BSQ (Bank Service Quality) for measuring perceived service quality in retail banking consisting of size dimensions: effectiveness and assurance, access price, tangibles, service portfolio and reliability.
43. Danious DiliJonas (2009) in the article entitled as, “Sustainability Based Service Quality Approach for Automated Teller Machine Network”, presents the self service systems quality management and evaluation framework. The framework describes these groups of imperatives aimed to ensure sustainable service provision for self-service banking clients by increasing quality of the operational resource and marketing services. As the outcome of the research, based on principal components analysis, the study presents three factors for evaluation operational service quality for automated teller machine network; ATM replenishment specifies ATM service quality delivery and ATM service delivery structure.

44. Sultan Singh (2009) in his paper entitled as, “Impact of ATM on Customer Satisfaction” highlights the impact of ATM on customer satisfaction. It is a comparative study of three major banks i.e. SBI, ICICI Bank and HDFC Bank. It includes the review of the various services provider by the three banks. A sample of 360 respondent’s equally representing each bank has been taken through questionnaire which shows the level of satisfaction among different customers.

45. Mallika Kumar & Aftab Khan (2010) in the study entitled as “Service Quality Analysis of Cooperative Banks” identifies ten factors in the choice of the Cooperative Bank, gives an insight into members perception about the Cooperative Bank Service Quality (CBSQ), ranks overall factors influencing customer satisfaction with cooperative banks service, and assess the importance of each of these. The study compares the different heirs of rural
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credit cooperatives on these dimensions and draws important conclusions and policy implication for their sustainability in the competitive environment.

46. H. Emari & S. Iranzadeh (2010) in the study entitled as, “Determining the Dimension of Service Quality in Banking Industry: Examining the Gronroos’s Model in Iran”, was to determine the dimensions of service quality in the banking industry of Iran. The study empirically examines the European perspective (i.e. Gronroos’s model) suggesting that service quality consists of three dimensions, technical, functional and image. This research is an applied research and the results of the study showed that in case of a banking service the overall service quality is influenced more by a consumer’s perception of technical quality than functional quality.

47. Muhammad Asif Khan (2010) in the article entitled as, “An Empirical Study of Automated Teller Machine Service Quality and Customer Satisfaction in Pakistani Banks” investigate significant dimension of ATM (automated teller machine) service quality and its effect on customer satisfaction. Questionnaire was used to collect the data from a convenient sample of 500 customers of multinational and national banks. The results indicate that convenience, efficient operation, security and privacy, reliability and responsiveness are significant dimensions of ATM service quality and that ATM service quality positively and significantly contributes towards customer satisfaction.

48. Sandip Ghosh & Kailash B.L. Srivastava (2010), in their study “Impact of Service Quality on Customer Satisfaction, Loyalty, and Commitment in the Indian Banking Sector”, examined the strength of association among the independent variable, namely service quality perception and dependent
variable namely customer satisfaction, customer loyalty and customer commitment. The results showed that customer value four dimensions of perceived service quality: assurance, empathy, tangibles, security and reliability. The result also showed significant differences between public and private sector banks with regard to customer satisfaction, commitment and two dimensions of loyalty namely, loyalty to company and willingness to pay. Public sector banks should focus on assurance – empathy, tangibles and the private sector banks should focus on providing reliable services.

49. Markus & Vikas (2008), in their study entitled as, “Internationalization of Retail banks: A Micro-level Study of the Multinationality Performance Relationship” discuss the reason for the variant nature of relationship between multinationality and performance of service industry. This explorative study of retail banks shows that the multinationality-performance relationship varies significantly depending on banks strategic decision regarding branch network configuration, product portfolios, branding strategies, organizational architecture (HQ-subsidiary relationship), and social network. The main contribution of the study is the theoretical discussion of the effect of service characteristics (inseparability, heterogeneity, intangibility and perishability) on the M-P relationship, and the identification of firm level strategic initiatives that moderate such an effect in the context of retail banking.

50. Ishfaq Ahmad & Shafiq Gul (2005) in the study entitled, “The Influence of Customer Perceived Service Quality on Customer’s Behavioral Intentions,” identify service quality, service feature and customer complaints handling as the major determinants of customer satisfaction in banking sector. It examines the customer satisfaction and retention for retail banks, and investigates, the
major determinant of customer satisfaction and future intentions in the retail banking sector. The study also identifies the determinants which include service quality dimensions (e.g. getting it right the first time), service features (e.g. competitive interest rates), service problems, service recovery and product used. It finds that service problem faced by the customers and the bank’s service recovery ability have a major impact on customer satisfaction and intentions.

51. Safiek Mokhlis (2009) in his article, entitled as, “Determinants of Choice Criteria in Malaysia’s Retail Banking: An analysis of Gender Based Choice Decision”, examines the gender differences and the relative importance of choice criteria in respect of selecting a retail bank. The study adopted quantitative methodology, using responses given by 368 Malaysia’s undergraduates. The findings of the study show that there are some differences in the choice factors employed by male and female customers in selecting a bank for patronage. The factor of which both male and female had variation are attractiveness, marketing promotion, ATM service, proximity, people influences and financial benefits. It is recommended that bank marketers should treat male and female customers as distinctive segments when designing their marketing strategies.

52. Groeneveld & Wagemakers (2004) in their article entitled as, “Retail Banking Strategies in Europe”, focuses on retail banking strategy and lays emphasis on retail banking in the broadest sense of the world. Many banks ‘rediscovered’ retail banking after the collapse of corporate and investment banking activities and the drop in stock prices in the last few years. The study describes retail banking strategies in general and deals with the strategic positioning of
Rabobank group and explains how Robobank group cope with these general challenges and trends.

53. A Krishna Kumar (2010) in his presentation entitled, “Customer satisfaction vs. Service Quality” focuses on the customer satisfaction which is the foremost key to remain in business in the Indian banking industry. The study compares the satisfaction level of customer with the quality services provided by the Indian banks with special reference to the State Bank of India. The presentation also lays emphasis on the excellence with customer service to improve the customer satisfaction.

54. R. Nagesh (2010) in his study entitled “A Study on Quality of Services as a Tool from Enhancement of Customer Satisfaction in Banks”, assesses the quality of services offered by two banks in Chennai and compares the service performance of these two banks respectively. The study has also focused on identifying the changes to be brought about at these banks in their service quality so that they act as a major delivery vehicle for service and play a vital role in enhancing customer satisfaction. The study has also concentrated on finding the discrepancy between customer’s service experiences and expectations, which acts as essential catalyst to enhance the customer satisfaction so that a better relationship is created between the service provider and the customer.

55. Kallol Jitesh and Vijay (2009) in their study entitled as, “Customer Relationship Management (CRM) Best Practices and Customer Loyalty – A Study of Indian Retail Banking Sector”, explore the association between development of customer relationship management (CRM) best practices and loyalty of profitable customers in Indian retail banking sector. The study
comprises two parts. The first part called the CRM best practice survey involves the use of descriptive research design; the second part which is based on case study research involves the use of embedded customer loyalty survey. The result implies that going for CRM deployment may not be a profitable strategy for retail banks, particularly in the Indian banking.

56. Suresh Chandar, Rajendran & Anantharaman (2002) in their study entitled as, “Determinant of Customer Perceived Service Quality - A Confirmatory Factor Analysis Approach” aspired to develop an empirical model of service quality with a specific focus on the banking sector. The students identify the critical factor of service quality from the customer’s perspective and proposed the 5 critical factors of service quality from the customer’s perspective i.e. human elements or service delivery, core services or service product, systematization of service delivery, tangibles (services scapes), and corporate social image. These factors resulted from modifying the original SERVQUAL instrument, by adding or reducing other relevant factors.

57. Reinhold Leichtfuss, (2010) in the study entitled as, “Retail Banking – Winning Strategies and Business Models Revisited”, analyzed the performance of retail banking in different western countries of the world. It highlight the strategies followed by different bank groups in the western countries. It also aims to help banks reassess their strategies, business models and plans for emerging from the crisis faster and in a stronger position than their peers. It also includes insight into the performance of retail banks for 2001 to 2008 and in the first three quarters of 2009, based on data of more than 140 banks around the globe.
58. Thomas M. Hoening (2009) in his study entitled as, “The Future of Retail Banking and Payments - Developments in Global Market, the Role of Central Banks”, points out that the retail payments in the United States and worldwide have an enormous transformation over the past decade driven by technology and change in consumer preference. Federal Reserve study indicated that electronic payments now exceed two-thirds of all non cash payments in the United States. The major factor of the transformation banking system is efficiency convenience, speed and ease of use and will continue to do so.

59. Tantakasem & Lee (2005) in their study entitled as “Service Quality and the Customer Satisfaction Chain in the Retail Banking Industry”, attempt to create a better understanding of the relationship between different types of service quality attributes and customer satisfaction by focusing on the retail banking industry in Thailand. The study finds that there are three types of quality attributes that affect customer satisfaction: (1) basic factors (2) performance factor, and (3) excitement factors, and that these factor will vary in their impact on customer satisfaction.

60. O.V. Safakali (2007) in his book entitled as, Testing Servqual Dimensions on the Commercial Bank Sector of Northern Cyprus” examines the sustainability of Servqual dimensions towards the service quality of commercial bank of Northern Cyprus. In the study, factor analysis as the principal method of the research has necessitated the revision of Servqual dimensions so as to reflect unique customer preference in Northern Cyprus.

61. Istvan Szuts (2008), in the report entitled as”, Customer Loyalty Problems in Retail Banking” explains that to achieve higher business growth, banks must increase customer loyalty by delivering a distinctive experience that combines
the right mix of convenience, value and service and forge an emotional bond
with consumers.

62. Sultan Singh & Komal (2009), in their study entitled as, “Impact of ATM on
Customer Satisfaction”, make a comparative study of three major banks viz.
State Bank of India, ICICI Bank and HDFC Bank. The study discusses the
introduction of ATM in the banking industry. It also includes the review of the
various services provided by the three banks. It also analyses the data
collected for the banks which shows the service quality of the banks.

63. Reena & Maha Lakshmi (2007) in their article entitled as “An Empirical Study
of Service Quality Gap in Banking Sector Using PZB Services Quality
Model” analyze the customer satisfaction level and investigate factors
associated with customer satisfaction among the customers of Indian foreign
banks (with special reference to standard chartered bank, Chennai) using the
gap model of service Quality as proposed by Parsuraman, Zeithaml and Berry.
The gap between the expected and perceived service forms the basis of
consumer’s perception of Service Quality.

64. Angur (et. al.) (1999) in their study entitled as “Service Quality in the Banking
Industry: An Assessment in a Developing Economy” examined the
applicability of alternative measures of service quality in the banking Industry
in India. Data were gathered from customers of two major banks in the retail
banking industry (a leading public sector bank and a leading private sector
multinational bank). The results suggested that the service quality concept in
the retail banking of India as one of the developing economy is a
multidimensional construct of service quality.
65. Rafiqul Islam, Samir and Pallab (2005) in their article entitled as, ”Customer Satisfaction of ATM Service: A Case Study of HSBC ATM” investigate the satisfaction levels of HSBC ATM card holders (both staff and non-staff) with respect to various aspects (promptness of card delivery, the performance of HSBC ATM, (service quality of ATM personnel etc.) of using HSBC ATM and elicit their opinions on various other related issues (such as positive and inconvenient features of HSBC ATM, Recommendation are put forth to improve the service quality, etc.

2.3. Research Gap

The above review presents a treasure of knowledge and information in respect of the earlier studies based on evolution, management, working, prospects and challenges of banking in India and abroad. Majority of these studies deal with the quality of banking services as a whole covering various aspects of banking operations and practices in India. Some of them have devoted to measure the levels of satisfaction of bank customers with the quality of services offered by Indian banks and made recommendations for bringing about improvement in quality standards. A couple of publications in the form of articles are no doubt, related to retail banking segment of Indian banking industry. But they are not comprehensive in coverage. They deal with a particular aspect of retail banking service quality, for instance, service quality of ATMs, levels of customer satisfaction with ATMs, retail banking challenges, predicting consumer behavior in retail banking and so on.

The review of literature thus reveals a gap in so far as no study comprehensively and specifically deals with the retail banking segment in India both
in the public and private sector banks. Nor does any work reviewed above tried to examine the comparative performance of public sector banks and private sector banks on the service quality dimensions in the context of Indian Retail Banking Industry. The present study is an attempt in the direction of bridging this gap. It is devoted exclusively to retail banking sector, analyses and examines the products and services offered by these sectors and assesses the quality of services rendered by banks in this sector. Since the retail banking is shared by both public sector and private sector banks, a comparative analysis is made of the performances of banks under both sectors on the basis of various dimensions of service quality.

2.4. Objectives of the study

The main objectives of the present study are:

1. To go through the concept of Retail Banking in India.
2. To analyze the prospects and challenges of Retail Banking in India.
3. To review the organization and working of Retail Banking in India.
4. To make comparative analysis and interpretation of the service quality dimension in the private sector banks and public sector banks.
5. To suggest the corrective measure to overcome to the problems of Retail Banking and bring improvement in the Service quality of Private as well as Public sector banks.

2.5. Research Methodology

The present study is based on both primary and secondary sources for collecting facts and figures relating to topic under research. Secondary data includes previously published literature, books, articles, journals, bulletins, magazines and specialized
banking periodicals and various websites, information provide the basis for building up the theoretical and conceptual framework of the study.

The primary data is collected with the help of questionnaire. To get the relevant information from the service quality dimensions based on their perceptions in the form of responses from the present customers of private and public sector banks. 500 responses are collected from the city of Aligarh, Agra, New Delhi, Lucknow, Noida, Mathura, Kanpur, Dehradun and Moradabad by way of self administrating the questionnaire. The customer banks are picked in terms of their demographical profile age, qualification, occupation, gender. The SERVQUAL questionnaire developed by Persuraman (2008) has been taken with certain modification to measure the trend.

2.6. Hypotheses of the Study

1. $H_0$: There is no significant difference in the perception of customers on the Service Quality dimension of tangibles between Public Sector Banks and Private Sector Banks in Retail Banking.

2. $H_0$: There is no significant difference in the perception of customers on the Service Quality dimension of reliability between Public Sector Banks and Private Sector Banks in Retail Banking

3. $H_0$: There is no significant difference in the perception of customers on the service quality dimension of Responsiveness between Public Sector Banks and Private Sector Banks in Retail Banking.
4. \( H_0 \): There is no significant difference in the perception of customers on the Service Quality dimension of Assurance between Public Sector Banks and Private Sector Banks in Retail Banking.

5. \( H_0 \): There is no significant difference in the perception of customers on the Service Quality dimension of ATM Service Quality between Public Sector Banks and Private Sector Banks in Retail Banking.

2.7. Presentation of the study

The study is divided into six chapters. The first chapter is devoted to ‘Introduction’. It defines the topic of research, highlights its significance and implication. It also deals with the various aspects of Retail Banking in India and sets out the steps in order to start the research work on Retail banking in India shared by both the private sector banks and public sector banks.

The second chapter presents Review of the literature and Research Design. It goes through the published work so far done by scholars, academicians and professionals in the area of Retail Banking, highlights its prospects and challenges and enlightens on service quality aspects of retail banking in India and abroad. The review of literature brings to fore the gap emerging from these works for further research. The gap justifies the problem of research set for this study as no work has been done so far specifically on the topic of research under current study. This chapter also states the objectives of the study, formulates the hypothesis to be tested, delineates the scope of the study, explains the methodology and limitation of study and presents the full view of the plan of work for conducting this study up to the completion.
The third chapter enlightens on the Evolution and Concept of the retail banking in India since 1991. The chapter presents an overview of the retail banking sector in India shared by public sector banks and private sector banks. It also highlights the current growth of retail banking in India and its competitiveness in India and at global level.

The fourth chapter is devoted to Working and Organization of retail banking in India. It also shows the comparative growth prospects and challenges of public sector banks and private sector banks. It enlightens the competency level of public sector banks and private sector banks on the service quality dimension which includes the share of customer retention, and customer’s perception about the service quality dimensions of the public sector banks and private sector banks.

The fifth chapter relates to the data collection, analysis and interpretation. It is divided into two parts. The first part of the chapter presents a conceptual framework of ‘Quality’ and ‘Service’ and the ‘Service Quality’ significance in the context of banks. It also explain the Service Quality Dimensions based on SERVQUAL Model which are later applied to measure the service quality of retail banking in Indian banks both in public sector and private sector. The second part makes the comparative analysis and interpretation of the service quality dimensions of public sector banks and private sector banks. Based on the logical inferences drawn from the analysis and interpretation of data, the hypotheses formulated have been tested at the end.

The sixth chapter draws conclusion, formulate the suggestions and measures to overcome the problems faced by Indian banks in retail banking segment on the basis of outcome of assessment of the service quality dimension.
2.8. Limitations of the Study

1. It was difficult to collect data from all over the country on account of restraints of time and finance. Yet best endeavors have been made to collect latest information and data from as many sources as have been possible.

2. The study has used convenience sample. Banks are not willing to share the information about customer’s profile because of privacy policies.

3. As the sample size is very small, geographical and regional differences could not be made.

4. Because of the time constraint, this study includes only few districts of the States of Uttar Pradesh, Uttarakhand and Delhi.
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