FINDINGS, CONCLUSION AND SUGGESTIONS

Economic prosperity has changed consumer demographics and technological factors have made consumers demand for better quality and efficient services. The service industry is becoming major contributor to the economy of many countries which were earlier dependent on the manufacturing sector. Service industry particularly the banking sector is not left behind in the competition. Banking industry has been highly commoditized. To be in business, every retail bank should have competitive differentiation that can be realized to a great extent through customer service excellence. The aim of retail banking industry is to satisfy customers and deepen their relationships. This can be achieved by taking the benefits of every cross-selling and up-selling opportunity. The availability of advanced technologies will help in boosting the cross-selling, increase customer retention and differentiate the brands in the retail banking sector.

The retail banking industry is facing stiff competition and the current scenario is that of the survival of the fittest. All the banks are trying to expand their customer base and are developing their own long-term strategies to stay in the market. To improve the customer services and relationship management many of the retail banks adapt information technology that has helped in integrating and consolidating banking operation. Competition in retail banking is increasing between the existing players, from international players and even from the new entrants. Retail banks should cope with the competition by providing excellent service through customer orientation for which can be achieved through specialization.
Retail banks in India are designing specialized and customized products keeping in mind their customer segment. To be able to up-sell and cross-sell their products, retail banks have to keep a good relationship with their client segment. The client segment is categorized according to the location of retail banks too like the urban and rural areas. Strategies are developed differently for different segments. Retail banks implement segment-specific channel strategies to develop high-performance by migrating clients to cost-effective direct channel. Another strategy adopted by retail banks are the development of contact centre services and processes for high-end and low-end customers. Retail banks are increasing their cross-selling and up-scaling activities for private banking clients with the intention of increasing their customer base and improve their customer relation. Product innovation is another strategy applied by retail banks. The different client segments are offered other services like insurance or leasing services.

The latest strategy is in the use of debit/ATM cards in all processing platforms irrespective of the retail banks. In other words a single credit/debit/ATM card can be used in any of the ATM machine without any processing or transaction fee. Retail banks adopted the strategy of strengthening the online offerings by implementing new direct net features and also integrating the newer and the traditional sales channels for the clients who are tech-savvy and use the internet for their transactions and dealing in the banks. Retail banks adopt the strategy of increasing their product penetration to the existing clients in the traditional market while for the urban or metro markets, increasing the distribution and selling of specialized business products to commercial customers is focused more. Many banks focus on those markets that provide them with the best mix market growth and target clients concentration.
Chapter – 6: Findings, Conclusion and Suggestions

The broad objectives of the research were to find out the compatibility between objective and Service Quality of Retail Banking in India. The study also aimed at ascertaining the gap in perception of customers on the Service Quality Dimension between Public Sector Banks and Private Sector Banks. The hypotheses constructed have been tested by means of the survey conducted to elicit the perception of customers on the Service Quality dimension (Tangibles, Reliability, Responsiveness, Assurance and ATM Service Quality) between Public Sector Banks and Private Sector Banks. The analysis of the data collected through the survey has few positive results and confirmed the hypothesis of the study.

6.1. FINDINGS

The important findings of the present study are summarized below:

1. To find out the differences in perception of customers on the Service Quality dimension Public Sector Banks and Private Sector Banks, independent t-test and one way analysis of various (ANOVA) was used. Significant differences emerged between the Public Sector Banks and Private Sector Banks on the Service Quality dimensions. Customers of Private Sector Banks are highly satisfied in comparison to Public Sector Banks on the Service Quality dimensions. Customers of Public Sector Banks are not as much satisfied on the ground of Tangibility, Reliability, Responsiveness and Assurance on the Service Quality which shows the difference in the percent Service Quality of the customers in Public Sector Banks and Private Sector Banks. Customers of the bank have different perception and expectation regarding the Service Quality of their banks.
2. The customer perception regarding the Service Quality dimensions between Public Sector Banks and Private Sector Banks is different on the Tangibility, Reliability, Responsiveness and Assurance. This means that there is significant difference in the perceptions of customers on the Service Quality dimension between Public Sector Banks and Private Sector Banks.

3. The Service Quality dimension of 'Tangibility' measures the 'Physical features', physical appearance, 'physical material such as Pamphlets etc and reception desk employees', The perception of customers regarding the dimension 'tangibles' between Public Sector Banks and Private Sector Banks is different. The mean value of private sector banks is higher in comparison to Public Sector Banks which indicate that there is significant variation in the perception of customers regarding the Service Quality dimension of 'tangibles' between Public Sector Banks and Private Sector Banks. The customers of Private Sector banks have positive attitude towards the physical facilities of their banks in comparison to the customers of Public Sector Banks.

4. The Service Quality dimension 'reliability' means the 'Service offered by banks', 'problem solving', on time service, error free service'. The perception of customers regarding the dimension 'reliability' between Public Sector Banks and Private Sector Banks differs. The mean values of Private Sector Banks is higher in comparison to Public Sector Banks which identifies that there is significant variation in the perception of customers regarding the service quality dimension of reliability between public and private sector banks. The customers of private sector bank have positive attitude towards the reliability
of service quality dimension in comparison to Public Sector Banks.

5. The service quality dimension 'responsiveness' measures the response of the employees regarding the prompt services, willingness to help, respond to request and bank’s behavior with their customers. The perception of customers of Public and Private sector Banks is different regarding the service quality dimension of responsiveness. The mean score of private sector banks is higher than the Public sector Banks which indicate the significant variation in the perception of customers regarding the service quality dimension of reliability between Public and private sector bank. It is found that the customers of Private Sector Banks have more satisfaction towards the ‘responsiveness’ attribute of their bank employees in comparison to the customers of Public sector Banks.

6. The service quality dimension 'assurance' measures the behaviour of employees, safety in transaction, politeness of employees and knowledge of the employees. The satisfaction level of customers regarding service quality dimensions 'Assurance' is different in Public sector Banks and Private Sector Banks. The mean values of Private Sector Banks is higher than Public Sector Banks which shows that there is significant variation in the perception of customers for the service quality dimension 'Assurance' between Public and Private Sector Banks. The customers of Private Sector Banks have more satisfaction towards the behavior of employees, safety in transaction, politeness of employees and knowledge of the employees in comparison to Public Sector Banks.

7. The service quality dimensions 'ATM service quality’ measures the 'quick
cash withdrawal through ATM’, ATM location, safe and secure ATM transaction, ATM machine, Attractive appearance of ATM, excellent quality of currency. The satisfaction level of customers regarding the service quality dimensions ‘ATM service quality’ is same in both the Public Sector Banks and Private Sector Banks. The mean values in case of public and private sector banks for ‘ATM service quality’ do not make any difference. This indicates that there is no significant variation in the perception of customers for the Service Quality dimension ‘ATM Service Quality’ between Public Sector Banks and Private Sector Banks in Retail Banking. It is found that the customers have no difference in the satisfaction towards the ‘quick cash withdrawal through ATM, ATM location, safe and secure ATM transaction, ATM machine, Attractive appearance of ATM, excellent quality of currency between Public Sector Banks and Private Sector Banks in Retail Banking.

6.2. CONCLUSION

Retail Banking deals with lending money to consumers which include a wide variety of loans, including credit cards, mortgage loans and auto loans. Retail Banking refers to banking in which banking institution execute transactions directly with consumers, rather than corporations or other entities. It is generally conceived to be the provision of mass market banking services to private individuals. It has expanded over the years to include in many cases services provided to small and medium sized business.

Retail banking is the fastest growing sector of the banking industry with the key success by attending directly the needs of the end customers. It holds a glorious future in coming years. Retail banking sector as a whole is facing a lot of competition
ever since financial sector reforms were started in the country. Walk in business is a thing of past and banks are now on their toes to capture business. Banks therefore, are now competing for increasing their retail business. There is a need for constant innovation in retail banking. This requires product development and differentiation, micro planning, marketing, product pricing, customization, technological upgradation, home/electronic/mobile banking, effective risk management and asset liability management techniques. While retail banking offers phenomenal opportunities for growth, the challenges are equally discouraging. How far the retail banking is able to lead growth of banking industry in future would depend upon the capacity building of banks to meet the challenges and make use of opportunities profitably.

However, the kind of technology used and the efficiency of operations would provide the much needed competitive edge of success in retail banking business. Furthermore, in all these customers interest is of chief importance. The banking sector is continuously rising to succeed in this credit path. Today retail banking sector is marked by high customer expectations and technological innovations. Technology is playing a crucial role in the day today functioning of banks. The banks that have harnessed and leveraged technology best have a strategic advantage. To face competition it is necessary for banks to absorb the technology and upgrade their services.

The customer services are playing a very significant role in banking business. In India major financial sector reforms, deregulation, liberalization and privatization have unleashed forces of competition making the banks run for their business, not only to create the customer, but more difficult to retain the customers. Prompt and efficient customer service has become very significant. The present study has
reviewed the literature available, the methodology has been outlined, the literature review demonstrated the vitality of this research within the retail banking industry in India and identified areas for improvement and how making the warranted changes would improve the Indian Retail Banking Industry ability to satisfy its customer’s needs and thus increase customer satisfaction and service quality of retail banking in India.

The foregoing discussion and analysis lead to the conclusion that banking structure of India is full of potential for growth. Indian Banking Industry has registered considerable development with significant impact on GDP, National Income, Per Capita Income, expansion and diversification of financial sectors of India. For the future growth prospects, retail banking in India has emerged as the showcase of innovation and development through its various products like personal loan, home loans, educational loans, deposits, credit and debit cards and depository services. There is a need of constant innovation and transformation of Retail Banking. Retail Banking develops a paradigm shift in financial services provided by bank through its innovative products and policies.

The emergence of new economies and their rapid growth has been the important contributing factor in the resurgence of Retail Banking. Changing life styles, fast improvement in information technology and other service sector, level of income have contributed to the growth of Retail Banking in India. The Indian Banks are facing a tough competition to grab a pie of Retail Banking Sector, which has enormous future growth prospects. Both Public Sector Banks and Private Sector Banks have cut throat competition to meet the requirements of customers and challenges like retention of customers, introduction of new technological facilities and
investment in such facilities like Security norms, KYC norms and credit evaluation.

Both Public Sector Banks and Private Sector Banks are vying each other to provide the Retail Banking facilities, such as housing loans, auto loans, educational loans, personal loans, various term deposits, debit/credit card facilities, smart card facilities etc. The most important factor that contributes to Retail Banking is the service quality provided by the different banks. In the present study, the focus is on the dimensions of the service quality in the Retail Banking industry which has been tested by using both traditional and modifying SERVQUAL model (Persuraman et al., 1985). The study is based on the comparative analysis of service quality dimensions both in public sector banks and private sector banks.

The study has tried to find out the perception of customers regarding the various service quality dimensions (Tangibles, Reliability, Responsiveness, Assurance and ATM Service Quality) between public sector banks and private sector banks in retail banking. For this purpose primary data was collected from various cities of U.P. and Delhi. From the analysis it has been found out that there exists a gap in the perception of customers regarding the service quality dimensions between public sector banks and private sector banks. Perception of customers varies between public sector banks and private sector banks. The analysis further reveals that customers of public sector banks are highly satisfied regarding the service quality dimension that is Tangibles, Reliability, Responsiveness and Assurance as compared to public sector banks. However, there is no variation in the perception of customers regarding the service quality dimensions ‘ATM service quality’ between public sector banks and private sector banks. The findings of perceptions about service quality dimensions is bases on ‘497’ respondents at random taken from the various cities of U.P. and Delhi.
to represent the view of the customers about the service quality dimensions. The results of the analysis have proved that there is significant difference between the public sector banks and private sector banks regarding the service quality dimensions.

The study concludes that:

(1) There is significant difference in the perception of customers regarding the service quality dimension of Tangibles (Physical features, physical equipments) between public sector banks and private sector banks.

(2) The customers of private sector banks have greater satisfaction regarding the service quality dimension of reliability (service offered by banks, problem solving, error free records) as compared to public sector banks.

(3) The customers of private sector banks are highly satisfied regarding the service quality dimension of responsiveness (Prompt service, willingness to help, respond to request) as compared to public sector banks.

(4) The customers of private sector banks are highly satisfied regarding the service quality dimensions of Assurance (behavior of employees, politeness of employees) as compared to public sector banks.

(5) The satisfaction of customers regarding the service quality dimension “ATM service quality” (quick cash withdrawal through ATM, ATM location, safe and secure ATM transaction, ATM machine) is same between public sector banks and private sector banks.

In nutshell, the present research has found out the perception of customers regarding the service quality dimension between public sector banks and private sector banks in retail banking and draws the conclusion that there exist variations in
the perception of customers regarding service quality provided by public sector banks and private sector banks. A gap exists in the satisfaction level of customers in four out of five attributes of service quality dimensions, viz: Tangibles, Reliability, Responsiveness, Assurance and ATM service quality between public sector banks and private sector banks. In case of the fifth attribute of service quality dimension, viz “ATM service quality” banks of both the sectors are at par in the satisfaction level of customers.

To overcome the striking variation and level up the perception of satisfaction of customers with the service quality offered by their banks of public and private sectors in retail banking the following suggestions are made:

6.3. SUGGESTIONS

1) There is difference of opinion among the customers of public sector banks and private sector banks regarding the service quality dimensions. Although customer is the king in the present day market, their opinion is more important compared to profitability of the banks. They regard the objectives of retail banking achievable on the service quality dimensions. It is necessary for PSBs and private sector banks to increase the motivational powers of the customers by satisfying them through well organized efforts, especially by providing confidence that the working and products of retail banking are highly useful for the customers.

2) The need for retail banking services provided by public sector banks is to improve their speed and efficiency of service delivery in a secure environment.
3) There is need to improve the quality of service delivery in such areas as accuracy in customer accounts management and, excellent and cordial banker-customer relationships by public sector banks.

4) It is felt that the retail banks to embark upon confidence building of their customers, so that both the parties would grow simultaneously in the process. This would help to increase credit facilities and investment advisory services to their worthy customers.

5) In order to have confidence of customer, the public sector banks have to consciously cultivate the habit of treating their customer as king. This would include provision of more and more customized services that are tailor-made to suit their individual needs.

6) The setting up of a new competitive environment has resulted in new challenges for the public sector banks to retain their share. Ongoing changes in the structure of Indian banking industry are clearly visible. The new private sector banks have succeeded in enhancing their position as retail banks.

7) The public sector banks need to recast their strategies model for the different dimensions of service quality so that they can be able to choose the right dimension and instrument to offer competitive services for the sake of holding sustainable growth and profitability for the organization.

8) The service quality dimension “Tangibles” is defined by whether the physical facilities and material associated with the services are visually appealing at the bank. All these are the factors that customer notice before
or upon entering the banks. These visual factors help customer to form their initial impression. All these tangibles that are the service facilities equipments and communication material are clues about the intangible services. The public sector banks can improve quality through tangible means to attract attention of customers to the smallest details of the banks. This visible detail can add up for customers and signal a message of caring and competence.

9) The service quality dimension “Reliability” is defined by the promise to do, problem solving techniques, performed service right to the first time, and error free records. The dimension reliability is associated with the bank’s ability to perform the promised service accurately and dependably. Performing the services dependably and accurately is the heart of service marketing excellence. Although there is no doubt that the public sector banks have been acquiring the large number of customers as compared to private sector banks but the customers of private sector banks feel more satisfaction regarding the Reliability dimension.

10) The service quality dimension “Responsiveness” is defined by quick response to request, behavior of employees. The dimension responsiveness is associated with the overall customer satisfaction. The rudeness of the bank’s customer service representative, the abruptness of the employees at the teller counter, reverses the impression created by high technical quality. The public sector banks need to improve on the responsiveness dimension by provision of personalized, courteous services and helpful employees who understand the customer’s need and this can be the strongest driver of success.
11) The service quality dimension “Assurance” is defined by willingness to help, politeness of bank employees. The service quality dimension assurance is associated with the dealing of individual customers and importance of customer at the counter. Unwillingness to help or harsh behavior of employees has a negative feedback about the bank’s employees which will reduce the faith of the customers in the respective bank. Hence, the public sector banks need to improve their treatment of customers on the dimension assurance by their employees in a positive way so as to retain their customers.

12) The service quality dimension “ATM service quality” is defined through the convenience of branch location, spreading the bank’s ATM network, quality of currency and quick cash withdrawal. The ATM service quality dimension is the enabling factor contributing to service quality by making it easy and comfortable for the customer to do business with their banks on regular basis. The banks need to improve their retail banking business through ATM service quality by expanding their withdrawal limit, new ATM locations increase the safety of transactions and prompt card delivery.

13) Banks should observe the RBI norms and provide facilities as per the norms which are not being followed by the banks. While the customer must be given prompt services and the bank officer should not have any fear on mind to provide the facilities as per RBI norms to the units going sick.

14) Banks should provide loans at the lower interest rate and education loans should be given with ease without much documentation. All the banks must provide loans against shares. For fair dealing with the customers, the staff
should be cooperative, friendly and must be capable of understanding the problems of customers.

15) Internet banking facility must be made available in all the banks. Prompt dealing with permanent customers and speedy transaction without harassing the customers would enhance the image of the banks.

16) Each section of every bank should be computerized even in rural areas also. Real Time Gross Settlement can play a very important role to enhance the retail services by public sector banks.

17) More ATM coverage should be provided for the convenience of the customers. No limit is placed on cash withdrawals on ATM cards.

18) The public sector banks should bring out new schemes from time-to-time so that more people can be attracted. Even some gifts and prizes may be offered to the customers for their retention.

19) 24 hours banking should be introduced so as to facilitate the customers who may not have a free time in the day. It will help in facing the competition more effectively.

20) The charges for saving account opening are high, so they should also be reduced. Banks should increase the rate of saving account.

21) Customers generally complain that full knowledge is not provided to them. Thus the bank should properly disclose the features of the product and services to the customers. Moreover door to door services can also be introduced by bank.

22) The need of the customer should properly be understood so that customer
feels satisfied. The relationship value should be maintained. Branch should promote cooperation and coordination among employees which help them in efficient working.

23) The technology driven services with hi-tech facilities of electronic fund transfer and electronic mail services should be effectively utilized to satisfy the customers. The customers need to be informed about the type of forms used for each transaction and to respond to their queries and complaints.

24) The Study has identified the areas of concern and pointed out the suggestive measures to remove bottlenecks and the operational lacunae in rendering of customer services and satisfaction. This would really help the appropriate bank authorities to evolve suitable strategy for the enhancement of customer satisfaction by providing efficient service and to put forth best performance level in future.

25) The study had incorporated time factor, human relation approach of bank employees, the enquiries and the employee response, knowledge and skill of the employees as indicators of good customer satisfaction. These variables were systematically weighed in determining the customer satisfaction. This study would definitely enable the bank authorities to bring this to the notice of bank employees who must shoulder the moral responsibilities for the growth and development of the country, in retail banking industry in particular.
Chapter – 6: Findings, Conclusion and Suggestions

References