INTRODUCTION AND METHODOLOGY

Chapter I

INTRODUCTION AND METHODOLOGY

- Introduction
- Market oriented approach in Indian Banking
- Significance of the study
- Statement of problem
- Objectives
- Variables under the study
- Hypotheses
- Methodology
- Research design
1.1. Introduction

Banking services sector is one of the major segments in Indian economy and is growing rapidly. Its contribution with the service industry to the Gross Domestic product (GDP) of the nation has been increased from 2.78% rate in 1980-81 to 6.81% in 2003-04.\(^1\) This sector of the Indian economy recorded an annual growth rate of 10.3 percent during 2005-06.\(^2\) The financial sector reforms and policies implemented by the government of India and Reserve Bank of India since 1991 has resulted in high rate of growth. A significant feature of the policy is the shift in the government and Reserve Bank of India’s role from micro-regulation to the macro regulation of the financial sector. After that this sector has witnessed tremendous changes viz., massive expansion of the foreign and new generation banks, tough competition, increased importance of customers and their attitude or behaviour, innovations in products, technology, aggressive promotion etc. Also, the terms or concepts like quality, satisfaction, loyalty etc., got greater importance in the present Indian banking services market.
1.2. Market Oriented Approach in Indian Banking

Modern banking started in India during the 18th century by the incorporation of the General Bank of India in the year 1786. After that, number of banks were started banking business. The emergence of Imperial Bank of India in the year 1921, by amalgamating Bank of Bengal, The Bank of Bombay and the Bank of Madras, has a great historical importance in the Indian banking history. Later it was renamed as the State Bank of India (SBI) in the year 1955 and formed its seven Associate banks in the year 1959. Another historic step taken by the then rulers of British India was the introduction of Reserve Bank of India (RBI) as a Central Bank in the year 1935.

After independence of India, Government of India nationalised the Reserve Bank of India. It happened in the year 1949. During this period banks used traditional approaches in developing and distributing banking products. At that time both customers and products were unimportant and banks gave more emphasis on their financial interest. The attitude of banks towards customers was just like “take it or leave it” approach. Because of these reasons it failed to obtain the public confidence and it led to failure of banks. To overcome these situations government of India enacted the Banking Regulation Act in the year 1949, and has taken steps for nationalisation of major banks.
After nationalisation of 14 major commercial banks in 1969, the role of banks were redefined. Public sector banks (PSBs) went in for phenomenal branch expansion to cover every nook and corner of the country. They achieved a commanding height in banking during this period and seemed a gradual shift in their focus towards marketing products. The first major steps in this direction was initiated by State Bank of India in 1971. During the post nationalisation era, banks used ‘mass marketing’ technique and adopted ‘selling concept’ to sell their products. The aim of the selling concept is to sell what they make rather than make what the market wants. However, public sector banks had faced deficiencies and it reflected in the decline of productivity and efficiency. It was because of the apathy of the bank staff towards developmental activities and increased customer dissatisfaction.

Till 1990, the banking services sector didn’t accept fully, the marketing philosophy as a corporate philosophy. Though India has the largest network of bank branches in the world, innovative banking remained years behind the developments of the new world of banking. But after the implementation of liberalisation policies and reforms in financial sector, things were changed dynamically. Banks realised the need of aggressive marketing and had taken steps for the implementation of the same. Major changes witnessed, after the implementation of policies were, adoption of prudential norms, asset classification, capital adequacy requirements, entry of new private and foreign banks, deregulation of interest rates structure etc. As a result of these,
emerged tough competition in the market mainly between public and new generation private banks. The impact of this tough competition can be seen in their market share. It shows a decreasing trend in the case of public sector banks and it was decreased from 85% in 1995 to 73.14% in 2006. Table 1.1. explain it in detail.

Table 1.1.

Bank’s category wise market share in different years (in percentage)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Public sector</td>
<td>85</td>
<td>76</td>
<td>71</td>
<td>73.14</td>
</tr>
<tr>
<td>Old private</td>
<td>05</td>
<td>07</td>
<td>07</td>
<td>5.44</td>
</tr>
<tr>
<td>New private</td>
<td>00</td>
<td>05</td>
<td>12</td>
<td>15.06</td>
</tr>
</tbody>
</table>

Source: Report on Trends & progress of Indian banks, 2004-05, 05-06. Iba.org.in/sme.asp

In this environment, emerged the performance and efficiency issues as the touch stone of success. Banks started developing the niche market segments, especially in the Urban and Metropolitan areas, where the competition between the banks is fierce and keen. They also started to practice product differentiation and introduced a number of new products with advanced technology adoption. There was a shift in their strategy viz., from market oriented strategy to customer oriented strategy. This shift was from the
realization of the slogan 'Customer is the King', as realized by other sectors of Indian economy very early. They also realized the significance of maintaining quality of services - in its development, delivery - and customer satisfaction and the direct relation of these two to their performance and efficiency. Important factors that lead banks to these realizations are the features of present Indian banking services market like new financial reforms and policies, competition, technology adoption, change in the customer attitude etc. The study conducted by Raheem, A. Abdul, 2005\textsuperscript{6} is apparent to this.

In this scenario, an analysis of the intensity of relation between these factors and service quality in the Indian banking services market and in Kerala banking service market in particular has an immense importance.

1.2.1. Indian Experience

a) Financial sector reforms and policies:

In India the process of banking sector reforms begun in July 1991 triggered by a balance of payment crisis. It aimed to create an efficient and profitable financial services industry operate in the environment of operating flexibility and functional autonomy. A special emphasis was given to building up the risk management capabilities of the Indian banks. In this context, the Narsimham committee and its recommendations assumes significance. The committee was constituted to consider the relevant aspects of the structure,
organisation, function, and procedures of the financial system. It submitted it's the first phase of report in the year 1991. The main elements of the first phase of framework of reforms relate to capital adequacy, accounting policies, structure, procedures, regulation, supervision and legislative measures.

The second phase of the Narsimham committee was exclusively related to banking sector. This phase of the report came out in the year 1998. The efforts through second phase of reform related to enhance the ability of banks to meet the challenges of competition and to meet the requirements of an expanding economy. The main elements of recommended framework are given below.7

- With regard to capital adequacy, committee has recommended that capital adequacy requirements should take into account market risk in addition to the credit risk. The minimum capital to risk weighted assets ratio should be increased to 10 percent from its present level of eight percent in a phased manner.

- The level of NPAs of banks should be reduced to three percent. It is zero to banks with international presence.

- With regard to prudential norms and disclosure requirements committee recommended that the maturity pattern of assets/ liabilities, foreign currency assets/ liabilities, movements in provision accounts and NPAs should be disclosed.
• Banks should pay attention to asset liability management to avoid mismatch and to cover liquidity and interest rate risks.

• Banks should bring out revised operational manuals and update them regularly, keeping in mind the emerging needs with a view to promoting good customer service.

• Committee listed out a series of implementation steps for achieving rapid induction of information technology in the banking system.

Also, the committee recommended series of guidelines in regulation, supervision, legal and legislative areas of banking sector. The implementation of several recommendations of Narsimham committee I and II changed the Indian banking sector dramatically. Major reforms and policies implemented by the Reserve Bank of India and Government of India are pointed out below.⁸

• One of the most important policy initiative taken to strengthen the financial institutions was the introduction of prudential norms in the areas capital adequacy, income recognition, asset classification and provisioning, exposure norms, disclosures, risk management and asset liability management.

• The capital to Risk-weighted Assets Ratio (CRAR) system, suggested by the Narasimham Committee and Basels committee introduced in April 1992 and capital charge for market risk introduced from the year
ended March 31, 2005. Initially the CRAR was 8% and was raised to 9% with at least 50% of tier I capital.

- To enhance competition in this field, granted, operational autonomy to public sector banks and reduction of government stake in public sector banks to 49%. The Banking Companies (Acquisition and Transfer of undertakings) Act 1969 and the state Bank of India Act, 1955 were amended to allow banks to raise capital not exceeding 49% of their paid up equity capital.

- Set up norms, that led to the entry of private sector, foreign and joint venture banks and permitted Foreign Direct Investment (FDI) and Foreign Institutional Investment (FII) in the banking services sector.

- Another major reform was related to legal measures such as setting up of Lok Adalats, Debt recovery tribunals, asset reconstruction companies etc. Besides these, the Parliament enacted or amended number of Acts. It enacted the Credit Information Companies (Regulation) Act 2005 etc., and amended the securitisation and Reconstruction of Financial Assets and Enforcement of security Interest Act 2002 (SARFAESI). The Recovery of Debts due to Banks and Financial Institutions Act 1993, The Companies Act 1956 etc.

- As a supervisory measure, Reserve Bank of India introduced the Board for Financial Supervision as the apex supervisory authority for
commercial banks and NBFCs. It also introduced CAMELs (Capital adequacy, Asset quality, Management, Earnings, Liquidity and Systems and controls) supervisory rating system to summarise those functions and business relating to banking.

- Reserve Bank of India instituted Banking Ombudsman scheme with an objective to create a forum for the speedy redressal of customers’ grievances and to facilitate the settlement of such grievances.

- Constituted number of committees viz., Narasimham Committee, Verma Committee, Vyas Committee, Ganguly working group etc., to recommend changes in different areas of Banking Services Sector in India.

- Reserve Bank of India released the financial sector technology vision document in the year 2005. It provided a broad overview of the thrust areas of the direction provided by the Reserve Bank in respect of Income Tax for the financial sector for more than two decades and sets out a road map for 2005-08.

Besides these reform measures Reserve Bank of India released number of guidelines and policies to enhance Indian bank’s efficiency and competitiveness to the International Standards.
b) Competition

As a result of the deregulation of banking sector, new players—new private and foreign banks were entered into the Indian banking services market. The entry of these banks revamped the rules of banking in the country. The new private banks have grown tremendously over the last decade and captured about 20% of the market, which was zero in 1995. A corresponding erosion in the market share of public sector banks (from 85% in 1995 to 73.14% in 2005) has also been witnessed.

One of the major indication of "competition is prevailing in the market" is the present trend of mergers, consolidation etc. Big banks are absorbing small banks to become more big so that they can perform better with the increased capital base. During the period 1990-2005, about 18 banks mergers have been taken place in Indian banking service sector. (refer appendix 4 for details). As this, there is a significant increase in the total number of branches operating in India and in the aggregate deposit in banks. The details are given in table 1.2.

<table>
<thead>
<tr>
<th>Year</th>
<th>No.of bank offices</th>
<th>Aggregate deposits in Crore</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 1969</td>
<td>8262</td>
<td>4646</td>
</tr>
<tr>
<td>March 2000</td>
<td>67868</td>
<td>851593</td>
</tr>
<tr>
<td>March 2005</td>
<td>70373</td>
<td>1700198</td>
</tr>
<tr>
<td>March 2006</td>
<td>71177</td>
<td>2109049</td>
</tr>
</tbody>
</table>

Source: Report on trends and progress of banking in India, 2004-05,05-06.
But the number of branches opened in the rural areas is comparatively not significant except public sector banks. Now public sector banks have 40% of their total number of branches in rural areas which was 10% during the year 1964. By this wide spread of banks' branches, customers get banking services at their most convenient places.

c) Technology

Technology leveraging by Indian banks had made tremendous impact on the quality of services delivered by banks and their customer’s satisfaction levels. In the initial stage, Indian banks had struggled a lot for the introduction of computers in the past as it was held that machines are competitive to men and their increased use may deter the employment potential. After that environment had been changed and banks went for rapid computerisation of their branches and now it stands at the adoption of core banking system and e-banking system. Now, among the public sector bank branches 77.5% of their branches are either fully computerised or under core banking application systems and 100% in the case of new generation banks and foreign banks. Banks used technology to create multiple delivery channels such as automated teller machines (ATMs), Internet banking, mobile banking and so on. As per the statistics on March 2006, public sector banks have 12984 ATMs, new private banks have 6112 ATMs and foreign banks have 880 ATMs, respectively.
Another evidence of degree of technology adoption in the banking sector is the increasing trend in the electronic transaction both in volume and value. Table 1.3 shows it in detail.

**Table 1.3**

**Comparison of paper based and electronic transaction in different years**

<table>
<thead>
<tr>
<th>Year</th>
<th>Paper based</th>
<th>Electronic transaction</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Volume in lakhs (numbers)</td>
<td>Value in crore (rupees)</td>
</tr>
<tr>
<td>2002 - 03</td>
<td>10139</td>
<td>13424313</td>
</tr>
<tr>
<td>2003 - 04</td>
<td>10228</td>
<td>11595960</td>
</tr>
<tr>
<td>2004 - 05</td>
<td>11671</td>
<td>10120716</td>
</tr>
<tr>
<td>2005 - 06</td>
<td>12895</td>
<td>11337062</td>
</tr>
</tbody>
</table>

Source: *Report on Trends & Progress of banking in India, 05-06.*

The above table shows the intensity of technology adoption and increased technology savvy of customers.

**d) Consumer’s attitude**

In the pre-liberalisation era customer’s expectations have no value because of the sellers market prevailing during that time. After 1990 the expectations of the consumer have been growing and customer loyalty has been diminishing. Different classes of customers have different expectations from their banks. As a result of this, banks started to segment their customers as corporate, institutional clients, high net worth individuals and retail
customers. Also, the retail customer segment again subdivided on the basis of their demographic features like income, occupation etc. Corporates expect excellent cash management services from banks while high net worth individuals expect personalized services. Also, most of these customers are technology savvy and are becoming more quality conscious. To satisfy these different segments banks are developing innovative and modified products and services suitable to customer’s expectations. They re-engineered their business process in order to get customer convenience more care. As a result of these changes, banks now offer diversified services through multi delivery channels like credit cards, debit cards, ATMs, e-banking etc., to run in tune with customer expectations. Besides these, services at the door steps has been the latest innovation in this sector.

So as a result of these factors – Government policies, competition, change in taste of customers etc., service quality has got higher importance in all areas of banking services viz., service development, service process and service delivery stages. Banks started focusing on promptness, timeliness, personalized services, more infrastructure facilities, liberalised procedures for banking etc., to increase their quality of service to the level of expectation of customer to satisfy them.

Besides, growing importance of service quality compelled banks to change their marketing strategy to incorporate internal marketing in addition to the external marketing practices. By this they are trying to deliver quality
services to customers through a satisfied group of employees. So, in brief, the increased significance of service quality has changed drastically the Indian banking service sector. In this background, analysed the growth and performance of banks in the banking services market of Kerala and the same is discussed in the next chapter.

1.3. Significance of the study

Implementation of reform measures in the Indian banking sector resulted in remarkable changes such as, increased competition, technology leveraging product diversification etc., in this sector. The impact of reform measures also reflected in the Kerala banking services market. A considerable number of New private banks were entered and Foreign banks expanded their business in Kerala. As a result, the public sector banks started facing cut-throat competition from these new banks. All these called for improved innovative, quality infused services with up graded technology linked services delivery and services management. The new generation banks and foreign banks are far ahead of public sector banks in the case of above mentioned matters. They offer better customer service through upgraded technology. For the last 15 years after the introduction of financial sector liberalisation most of public sector banks had been trying to compete with these macro environmental factors through diversification in areas of product or service innovations, technology up gradation, multi channel delivery system etc. In this scenario, a study with an objective to evaluate the quality of services
delivered by the public sector banks and its comparison with leading new private sector banks in the geographical area of Kerala state, one of the rapid growing banking services market in India, will be appropriate.

1.4. Statement of problem

Banking services sector in Kerala has been witnessing intense competition and dynamic changes for the last one and half decade. The expectation of customers in different segments of market have been growing with different pace, in different directions. Moreover, the entry of new generation banks have changed the perceptions of customers and this resulted a paradigm shift of customer satisfaction. As a result of changes in expectation of customers, their perception of service also changed. Banks offer modified and diversified products in different ways in order to make customer expectation and perception of services in an equilibrium position. It will increase the level of customer perceived quality of service to a ‘satisfactory’ state and lead to increased loyalty amongst their customers. The increased loyalty will help in success and survival of the bank in the present competitive environment of banking services market of Kerala.

In brief, the problem under study is that, whether public sector banks in Kerala provide quality services as expected by their customers or not and to compare the perception level of service quality of public sector banks with new private banks in order to know differences, if any.
1.5. Scope of the Study

The present study covers only service quality dimensions of the banks as it is the most important single factor that determines the customer satisfaction. Most of the other factors like service charge, interest rate etc., are more or less the same in different banks.

1.6. Objectives

The study is based on the following objectives:-
1. To know the level of customer awareness on services rendered by public sector banks.
2. To evaluate the quality of services rendered by public sector banks.
3. To compare the quality of services and level of customer awareness of services between public sector and new private banks.
4. To suggest effective practical solutions for improving present situations, if needed.

1.7. Variables under the study

<table>
<thead>
<tr>
<th>Main variables</th>
<th>Sub variables</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Factors considered for opening a bank account.</td>
<td>1. Greater spread of branches</td>
</tr>
<tr>
<td></td>
<td>2. Near to home/office</td>
</tr>
<tr>
<td></td>
<td>3. Better image of the bank</td>
</tr>
<tr>
<td></td>
<td>4. Easy procedures</td>
</tr>
<tr>
<td></td>
<td>5. Personal relation with staff</td>
</tr>
<tr>
<td></td>
<td>6. Statutory obligation</td>
</tr>
<tr>
<td></td>
<td>7. Variety of service</td>
</tr>
<tr>
<td></td>
<td>8. Technological advancement</td>
</tr>
<tr>
<td></td>
<td>9. Rate of return and service charge</td>
</tr>
<tr>
<td></td>
<td>10. Promptness and timeliness</td>
</tr>
<tr>
<td></td>
<td>11. Security and confidentiality</td>
</tr>
</tbody>
</table>
| 2. Problems faced | 1. Too much formalities  
2. Lack of evening banking service  
3. Shortage of cash  
4. Minimum balance for C/D account  
5. Non-availability of various denominations of currency  
6. Delay in payment  
7. Absence of personalized services  
8. Lack of courtesy of the staff  
9. Absence of proper cooperation and guidance |
|-------------------|--------------------------------------------------|
| 3. Awareness level | 1. Sources of Information about banks and its services  
2. General awareness about banks and services  
3. Knowledge level on value added services  
4. Usage of value added services |
| 4. Service quality perception | 1. Regularity  
2. Timeliness  
3. Keep customers informed  
4. Procedures |
| (a) Reliability | 1. Punctuality  
2. Presence  
3. Attitude and responsiveness  
4. Promptness |
| (b) Responsiveness | 1. Behaviour of employees  
2. Job knowledge and skill  
3. Courtesy of employees  
4. Security  
5. Professional commitment |
1.8. Hypotheses to prove

The following null hypotheses are formulated on the basis of the objectives. These are as follows:

**Main hypotheses**

*Null Hypothesis 1* – There is no significant difference in the level of customer awareness of services – rendered by public sector and new private banks.

**Sub hypotheses:**

*Null Hypothesis 1.1* – There is no significant difference in general awareness of services

*Null Hypothesis 1.2* – There is no significant difference in awareness level of value added services

*Null Hypothesis 1.3* – There is no significant difference in usage rate of value added services.

| (d) Empathy | 1. Individual attention  
|            | 2. Variety of services  
|            | 3. Personalised services (nature of service)  
| (e) Tangibility | 1. Infrastructure facilities  
|                | 2. Books, forms and papers  
|                | 3. Technology  
|                | 4. Convenient business hours |
**Null Hypothesis 2** – There is no significant difference in service quality between public sector banks.

**Sub hypotheses:**

*Null Hypothesis 2.1* – There is no significant difference in Reliability dimension.

*Null Hypothesis 2.2* – There is no significant difference in Responsiveness dimension.

*Null Hypothesis 2.3* – There is no significant difference in Assurance dimension.

*Null Hypothesis 2.4* – There is no significant difference in Empathy dimension.

*Null Hypothesis 2.5* – There is no significant difference in Tangibility dimension.

**Null Hypothesis 3** – There is no significant difference in service quality between public sector banks and new private banks

**Sub hypotheses**

*Null Hypothesis 3.1* – There is no significant difference in Reliability dimension.

*Null Hypothesis 3.2* – There is no significant difference in Responsiveness dimension.
Null Hypothesis 3.3. There is no significant difference in Assurance dimension.

Null Hypothesis 3.4. There is no significant difference in Empathy dimension.

Null Hypothesis 3.5. There is no significant difference in Tangibility dimension.

1.9. Methodology

This study is descriptive in nature, because it is a description of the state of affairs viz., awareness level, service quality etc., as exists at present. This method is also known as ‘Expost facto research’.

1.10. Research design

Since it is a descriptive study it is mandatory to define selections of sample, type and method of data collection and method of analysis applicable for the current study. Detailed explanation about these are pointed out below.

1.10.i. Sample design

Sampling is the method or process of selection of some part of an aggregate or totality on the basis of which a judgment or inference about the aggregate is made. It is used when the population under study is large.

1.10.i.a. Population

Since it is a study intended to compare some aspects of public sector banks and new private banks in Kerala, the population consists of customers of banks in both public sector and new private categories in Kerala.
1.10.i.b. Sample size of customers

A good sample must be adequate or optimum in size in order to be reliable. But the determination of optimum size is difficult because it depends on factors like nature of universe, size of population, nature of study etc.

In this study sample size is determined on the basis of the following equation.\(^4\)

\[
 n = \frac{Z^2 \sigma^2}{e^2}
\]

here, \(n\) = size of sample

\(Z\) = the value of standard variate at a given confidence level (It is 1.96 for a 95% significance level)

\(\sigma\) = Standard deviation of population (estimated from a trial sample)

\(e\) = Acceptable error (difference between population mean and sample mean)

Here, \(Z = 1.96, \sigma = 33.316\) \(e = + or - 4\) (assumed)

therefore sample size is,

\[
 n = \frac{(1.96)^2 (33.316)^2}{4^2} = 266.5004
\]
that is, sample size is 267. On the basis of Law of inertia of large numbers* and considering other factors such as time, cost etc, it has been raised to 380. The acceptable error (e) has been reduced from + or − 4 near to + or −3.3.

1.10.i.b. Sample selection

From the two categories of banks – public sector and new private sector, the researcher selected a total of five banks, three banks from public sector and two from new private banks category. The three public sector banks are selected viz., SBT, Canara Bank and Punjab National Bank for a total of 25 public sector banks operating in Kerala and two new private banks are selected viz., ICICI bank and HDFC bank from a total of five banks in this category, operating in the state. All these five banks are selected on the basis of performance and their special relation with the banking service sector of Kerala. In brief, purposive sampling method is used for the selection of five banks.

For the selection of 380 respondents from the customers of five selected banks in Kerala, the following procedure is used. First, Kerala state is grouped into two regions namely, Southern region and Northern region. One district each from both groups were selected at random. They are Ernakulam and Kozhikode. Again, two taluks each are selected from each districts –

* Law of Inertia of large numbers says that, other things being equal, larger the size of the sample, more accurate the results are likely to be. This is because large numbers are more stable as compared to small ones.
Kochi and Aluwaye from Ernakulam districts, Kozhikode and Quilandy from Kozhikode districts, by using simple random method. Finally, the sample frame consists of customers of these five banks belong to the above mentioned four taluks. The taluk wise distribution is not entertained because, ICICI bank and HDFC bank have no branches in Quilandy taluk of Kozhikode districts. There is a total of 122 branches (63 branches in Ernakulam and 59 branches in Kozhikode) of these five banks within the jurisdiction of four selected taluks. From this sample frame, 38 respondents each of five banks from the two groups of taluks were met. The flow chart of the sample selection process will clearly explain it.
Figure 1.1.
Flow chart showing sample selection process and distribution of sample size

Kerala (380)

Ernakulam (190)

Kochi

Aluwaye

Kozhikode (190)

Kozhikode

Quilandy

SBT PNB Canara ICICI HDFC
bank bank bank bank
(38) (38) (38) (38)

SBT PNB Canara ICICI HDFC
bank bank bank bank
(38) (38) (38) (38)

Note: Number in bracket is sample size.
The features of sample selected are presented in appendix-2.
1.10.ii. Data Collection

1.10.ii.a. Type and sources of data

Both primary and secondary data are used for this study. Primary data are collected by interviewing customers of banks belongs to Ernakulam and Kozhikode districts. Personal interviews with bank managers were also conducted.

The sources of secondary data are:

- Books

- Journals like Prajnan, Vinimaya, journal of marketing, journal of service research, International journal of Bank management, journal of consumer research, VIKALPA etc.

- Publications of Reserve Bank of India, State level Banker’s committee, Indian banks Association, News papers etc.

- Ph.D Theses and dissertations of different Universities in Kerala.

- Web sites of banks, University Grants Commission (UGC), National Institute of Bank Management (NIBM), Kerala Planning Board, Indian Banks Association (IBA), Reserve Bank of India (RBI) etc.
1.10.ii.b. Tools of data collection

For collecting primary data, an interview schedule has been developed. Scaling technique, points distribution method, simple response marking methods etc., are used for framing the interview schedule.

Reliability test - To test the reliability of the interview schedule a pilot survey has been conducted with a sample size of 20 respondents and the responses are provided for reliability test with the help of statistical package for social sciences (SPSS). After necessary modifications the final interview schedule is framed and its reliability statistics are given in the table 1.4.

Table 1.4.

<table>
<thead>
<tr>
<th>Results of Reliability test</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cronbach’s Alpha</td>
</tr>
<tr>
<td>Mean</td>
</tr>
<tr>
<td>Standard deviation</td>
</tr>
<tr>
<td>N</td>
</tr>
</tbody>
</table>

*Note: Required minimum value of Cronbach’s Alpha is 0.7*

Refer appendix III for details.

1.10.iii. Period of study

For this study, data related to Indian banking services sector and Kerala banking services sector for ten years, ie, 1996-2006 are considered, compiled and presented in relevant places.
The period consumed for the collection of primary data is two months each in the years 2005 and 2006.

1.10.iv. Data Analysis

1.10.iv.a. Frame of Analysis

In this study, analysis is conducted mainly on variables like service quality perception and awareness level of respondents etc. The latter one is analysed on the five dimensions – reliability, responsiveness, assurance, empathy and tangibility – in the bank, district, region and demographic features point of views. Other variables are analysed in bank and district point of views.

1.10.iv.b. Tools of analysis

In the study, the common statistical tools like weighted averages, standard deviations, t-tests, ANOVA (one-way and two – way) are used in appropriate situations. Besides these, Post-Hoc test and correspondence analysis map technique are used for analysis of data. A brief note on Post-Hoc test and correspondence analysis map technique are as follows:-

**Post-Hoc test** – It is the pair wise comparison of mean of items or groups used in ANOVA. It is used when inner comparison of items within groups is needed. The test statistic used in this study is Least Square Difference (LSD).
Correspondence analysis map – It is a presentation tool. It is used to present results of data analysis as a picture.

1.11. Limitations of the study

This study is subject to certain limitations. These are occurred during the collection, classification, tabulation etc of the data. These are pointed out below.

1. This study does not cover the corporate customers.

2. Data published by lead banks and state level bankers committee do not include the figures of each banks for certain years.

3. This study is based on a sample population of 380 respondents of five selected banks in two districts of Kerala State. So the conclusions drawn are appropriate to those districts and to a some extent, appropriate to the whole of Kerala.

4. Sample was selected by applying sampling techniques, hence it has its own limitations.

5. Respondents were reluctant to spare their time to fill the interview schedule either due to their busy schedule or due to their unwillingness to co-operate due to some of their personal reasons.
6. Owing to security and confidentiality reasons banks were reluctant to give the name list of customers and it created some difficulty during the sample selection.

7. The study is come out with a few suggestions to overcome the constraints in maintaining service quality and increase the awareness level of customers. The impact of these suggestions cannot be assessed quantitatively because this study has not been of the action – oriented nature.

1.12. Chapter scheming

The whole thesis is divided into six chapters for the convenience of presenting data, results and discussions. The chapter division and a brief note about its ingredients are presented below:-

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>CHAPTER 1</td>
<td>Introduction and Methodology</td>
</tr>
<tr>
<td>CHAPTER 2</td>
<td>Banking Service Sector in Kerala – An Overview</td>
</tr>
<tr>
<td>CHAPTER 3</td>
<td>Review of Literature</td>
</tr>
<tr>
<td>CHAPTER 4</td>
<td>Service Quality – A theoretical overview</td>
</tr>
<tr>
<td>CHAPTER 5</td>
<td>Awareness level, reasons and problems etc of customers of banks.</td>
</tr>
</tbody>
</table>
CHAPTER 6: Service quality perception of banks

CHAPTER 7: Summary, Findings and Suggestions

Bibliography:

Appendices:
1. Specimen of Interview Schedule
2. Features of sample population selected.
3. Reliability test statistics.

REFERENCES


2. Economic Review: 2005-06, RBI, p.10


10. Op cit., 8, p. 177


12. Op cit., 8, p. 299

