CHAPTER - II

REVIEW OF LITERATURE

A brief of literature would be of immense help to the researcher in gaining insight into the settled problem. The researcher would gain good background knowledge of the problem by reviewing certain studies. A reference of these earlier studies will be relevant in the context of shaping the present study.

Indian Banker's Association (1997)' in their study on "A nation wide survey on the 27 Public Sector Bank's Customer Service". The Western Region of our economy shoved excellent result with 26 Banks given "A" rating (above 75% quality & satisfaction) service followed by Southern & Northern Region (which includes our field of study Delhi) with 22 and 21 Banks in the "A" category respectively. In terms of quality standards & customer satisfaction the central region was lagging for behind with only 1 Bank in the "A" group and majority in "B" category (60-75%) satisfaction). ("A" rating denotes above 75% customer satisfaction "B" & "C" Rating refers to 60-75% and below 60% satisfaction respectively.

The National Institute of Bank Management in their study on "Banking Services in India" survey on the 90,000 households and 10,000 institutions on behalf of IBA provided two eve opening (annual) in Indian Banking. Firstly, many customers (respondents) expressed dissatisfaction over the delays in Indian Banking. First by many customers (respondents)
expressed dissatisfaction over the delays in collection of Cheques and other instruments. Secondly the Banking Sector has not effectively adopted any promotions strategy of the various schemes and products offered by the banks.

Sangeetha Aurora & Minatshi Malhotra, in their study on "Banking Services in India" conclude that Routine Operation Factors (like cash withdrawals time, time in opening account etc.) and staff factors, staff attitude knowledge of staff are the activities of highest satisfaction among customers of both public sector banks and private sector banks respectively. On the other hand, interactive factors (Banker-customer and situational factors, location of the Bank) are least satisfying in Public Sector and Private Banks respectively.

"John and Sunita" in their study on privatization in competitive sectors. The record to dates reissues recent evidence on the impact of privatization. It focuses on traditional privatization efforts involving firms in competitive markets. It shows that privatization improves firm's financial and operating performance, yields positive, fiscal and macroeconomic benefits (proceeds are saved rather than privatized firms) and improves overall welfare. The popular view that privatization always leads to lay-off is unfounded. While highly protected firms have seen significant declines if any, privatizations effects on wealth and income distribution have only recently been receiving the attention of analysts- and research is first felting underway.
The paper highlights the conditions for successful privatization; strong political commitment combined with water public understanding and support for the process, creation of competitive markets through removal of entry and exit barriers financial sector reforms that create commercial banking systems, effective regulating frameworks that reinforce the benefits of private, ownership, transparency in the privatization process and measures to mitigate adverse social and environmental effects.

This paper a product of the private provision of public services Division Private Sector Advising Services Department is part of a larger effort in the department to analyze and disseminate recent finding in private sector development.

Myrat Terimcilar and Mustafa Dines in their study on "measuring Banking efficiency in the pre and post-liberalization evidence from the Turkish Banking System".

Banking efficiency in Turkey was expected to improve after liberalization. Instead, it declined, perhaps because of increasing macro economic instability.

Denizer, Dinc and Tarmicilar examine banking efficiency before and after liberalization, drawing on Tarkeys experience. They also investigate the scale effect on efficiency by type of ownership.
Their findings suggest that liberalization programs were followed by an observable decline in efficiency, not an improvement. During the study period Turkish Banks did not operate optimum scale.

Another unexpected result was that efficiency was no different between, state-owned and privately owned banks. Bankings that were privately owned or foreign owned had been expected to respond better to liberalization, became they were smaller and more dynamically structured, but they were no more efficient than state owned banks.

One reason for the system wide decline in efficiency might have been the general increase in macroeconomic instability during the period studied.

This paper - a joint product; of the poverty reduction and Economic Management Sector Unit, Europe and Central Asia Region, and the Development Data Group is part of a larger effort in the Bank to understand liberalization in Europe and Central Asia.

F. Desmond McCarthy, and William Bader (2006) in their study on creating partnerships for capacity Building Developing Countries”. The experience of the World Bank; discuss a variety of experiences in a number of transition and developing countries, to build institutional capacity- for economics education. A flexible approach met with some success. The approach uses partnerships that combine the often-different needs of a number of private donors with the World Bank on the supply
side. Much of the success was due to adopting each effort to the individual country situation. The authors also provide a brief summary of 5 academic institutions and 4 research networks in Europe, Africa, Asia and America.

This paper a product of partnership capacity building and outreach, Development Economics - is part of a larger effort in the Bank to build capacity for economic education.

Dr.Gerand and Patrick in their study on Banking policy and macroeconomic stability. An exploration view the banking system as a filter through which foreign and domestic stocks fed through to the domestic economy. The filter can damper or amplify the shocks through various credit market channels, including credit growth, import of foreign capital, and possibility interest rates. The question is whether the prudential making of banking, as proxiced by measures of regulatory quality and openness to foreign banking amplify or dampen these stocks.

The authors find that many of the regulatory characteristics that have been found to deepen a financial system and make it more robust to crises-notably those which empower the private sector – also appear to reduce the sector’s ability to provide short-term institution to the macro economy. It is as if prudent banks are reluctant to absorb short-term risks that, if neglected, might dampen short-term volatility, but at the expense of the longer run health of the banking and the economy. One way to
avoid this apparent trade off is evident; Banking systems which have a higher share of foreign owned banks, a feature already associated with financial deepening and lowered risk of crisis, also seem to score well in terms of short-term macro economic institution.

This paper - a joint product, of Finance Development Research Group and the Financial Sector Strategy and Policy Department is part of a larger effort in the bank to analyze bank regulation and supervision.

Biswa N.Battachary and B.K.Ghose8 in their article on "marketing of banking services - problems and perspectives focused on the areas of problems and perspectives of marketing of Banking Service. They highlighted the major challenges Indian Banks have to face and the role of Banks in relation to customers. They concluded that Banking require new market. Oriented Banking with a disciplined dedicated, professional and committed manpower specialized bank branches and strong marketing organization.

Mr. Lawrence Sherman in his report of the Indian Banks Association concluded that, there are many dissatisfied customers and stressed the role of banking ombudsman to resolve fairly the problems of customers.

In a paper entitled "Customer Service", S.Revathi’ stated that customers have complaints about, the time taken by the bank in servicing customers and indifferent attitudes of bank staff. She suggested a change in the attitude of bank staff a commitment to service oriented work culture.
The article "to save yours time and money" by Stephen Mythil focused on the time taken by the bank in transacting with the customers. He suggested a strategy of transacting banking through telephone.

Stewart Legg stated in his article, "Getting the delivery right ' that in the greatest focus on Banking Services would be quality of service. He observed that the strongest customer trend is convenience, which means greater use of automated services.

Dr.M.Sheik Mohamed in his paper "Bank Reforms - An overview attempted to determine the reforms and strategies for serving customer efficiently. He suggested a total change in the attitude and approach of the bank staff at all levels.

Muniraj.R.in his article, "Strategies to Improve Customer Service" analyzed the strategies necessary to meet the changing environment and emerging challenges. He suggested segmentation of customers on the basis of their psychographics nature.

Various committees have been appointed from time to time to study service quality in Banks and to provide concrete recommendations. The Banking Commission appointed Sarcariya Committee in 1972 which provided 77 recommendation, followed by Talwar Committee (1975) with 176 suggestions and Goripuria Committee (1980) which studied the causes of below Par Customers Service in Banks and suggested 97 recommendations for improvements of work culture in Indian Banking.
Oslen, in his study on "The service quality in financial services" conducted field survey, and highlighted in the report with the three dimensions of service quality which are design quality (existence of available tangible and intangible infrastructure for providing the staff) and process quality/the ability of the staff to provide the service in a better fashion.

Rust & Oliver’ in their study on "The three component service quality model" which is a survey on selected Banks in Delhi do not test their conceptualization but support has been found for similar models in retail banking.

Ramasubramanian, V. in his study "Computerization in Banks peripheral issues" has highlighted crucial factors affecting the success of computerization that ought to engage the attention of bankers but which tend to be forgotten or relegated in importance. The crucial areas include physical environment required for computerization such as flooring, furnishing, electricity, maintenance of UPS System; administration of consumables like continuous computer stationery (Perforated printout sheets), floppies, printer ribbon etc. training of personnel in computer operation and other related aspects; Superior-Subordinate relationship and better customer services. But the present study focuses the problems experienced by the Bank Management in computerizing Banking Operations, such as modification of the existing system, problems in the selection of hardware and software, infrastructure and security in the public sector banks in Chennai City.
Bakshi N.K. in his study "Computer for Better Banking" has emphasized branch level computerization. As the initial inputs of data get captured in the computer database at the branch level, further processing and analysis becomes convenient and more meaningful. He also brought out the benefits of Advanced Ledger Posting Machines, Magnetic Ink Character recognition and Networking of computers through BANK NET.

Prakash, P Matva in his study, 'Banking on Computerization' has highlighted the advantages of total computerization with particular reference to Canara Bank. He has evaluated the benefits of the automated branches like reduction of transaction processing time. Single Window Service, Signature Storage and retrieves systems and networking of computerized branches through Wide Area Network (WAN). The special features of Canara Bank as compared with foreign banks, in his words, are; "No extra charges for the host of services provided as foreign banks location of branches in remotest parts of the country; No demand with regard to minimum deposit; which is an Rs.25,000 in the case of foreign banks".

The present study is for attempt to measure the extent of satisfaction with the computerized services of all the twenty public sector banks in Chennai City.

Madan Goyal in his Study "Automation in Banking has examined the evolution of Computers in Banks are the recent advancements like Automation Teller Machines, Point of Sale (PS) MICR (Magnetic Ink
Character Recognition) OCR (Optical Character Recognition. BACS (Bankers Automated Clearing Services. Thus Madan Goyal has described different machines and equipments used for better customer service.

Subramanian S. in his study, "Introducing a new service Automatic Teller Machines, Applying Lovelock Services classification model" has attempted to develop marketing insights for introducing ATMS by applying Lovelock's model. The present study aims to identify the extent of satisfaction of Bank Customers with different banking transactions before and after computerization of public sector banks.

Chidambaram, R.M. in his study, "Thrust areas of customer service" has identified eight trust areas such as

1) Customer recognition
2) Courteous Service
3) Customer friendliness
4) Group effort
5) Awareness building among bank personnel
6) Time consciousness
7) Prospective customer segment identification and
8) Union's approach towards customer's expectations.
The present study focuses the waiting time of the customers for different banking operations and waiting period for different banking services before and after computerization. It also focuses the problems experienced by the customers before and after computerization of public sector banks.

Nageswar Rao in his article "Customer Service in Banks Improve has highlighted the customer services being offered by the Nationalized Banks. He has pointed out shortcomings in this regard and made some concrete suggestions for streamling and improving customer services. HIS suggestions include education of bank customers, analyses of customer behaviour, matching of marketing efforts with customer service and powers of top management to impose discipline among the bank staff. But the present study attempts to study the waiting time of customers for different banking operations before and after computerization and problems experienced by them before and after computerization such as delay in carrying out standing instructions, errors in pass book/statement of amount, delay in processing of credit proposals and delay in collection of cheques and bills.

Ramachandra Rao, B. in his study, "Bid to Improve Customer service" has divided the banking transactions into two, such as, cash transactions and non-cash transactions. Again non-cash transactions include non-voucher generating transactions and voucher generating transactions like issue of passbook, cheque book, delivery of term deposit,
receipts and acceptance of share application forms. He has also suggested the following:

(i) Extension of business hours for non-cash transaction.

(ii) Fixing working hours of the staff is minutes before the start of business hours.

(iii) Introduction of bank order in various denominations and

(iv) Acceptance of small denomination notes.

The present study has divided the banking transactions into banking operations and Banking Services. Banking Operations includes opening of an accounts, cash deposit, cheque deposit, cash withdrawal general enquiries, certificate/receipt issue and closing of an account and banking services include collection of local and outstation Cheques transfer of money through mail/telegraphic transfer, processing credit proposals and realization of bills.

Bajwa, K.S. in his Book "Bank Mechanization Computers in Banking Operations" has analyzed in detail major operational areas of Commercial Banking. But this study is an attempt to study the extent of satisfaction of customers, and Bank Management with computerized banking operations of public sector banks and problem experienced by them.
A report by the National Consumer Council' on "Banking Services and the Consumer" has discussed the advantages and disadvantages of ATM, Electronic Funds Transfer at point of sale (EFTPOs) and Home Banking. The focus was on main legal questions to customers from the use of debit cards in ATMs and EFTPOs system. But the present study aims to compare the extent of satisfaction of bank customers with different banking transaction and waiting period and waiting time for different banking services and banking operations before and after computerization of public Sector Banks.

Brig. V.M. Jog in his article, "Security of ATMs' has discussed various security measures to be taken in ATM installation. The specifications prescribed by Appendix A to the code of Federal Regulations of USA should be followed in ATM Construction. He commented that the Indian environment has peculiar conditions such as poor public response in case of attract, frequent electricity failures, unreliable telephone system and delayed police response. He said that security is becoming more electronic than physical and selection of the right type of persons and their appropriate training will go a long way in anticipating the security and vigilance problems and creating a correct deterrent. But this study aims to cover the problems of security experienced by the bank management in computerizing banking operations such as hardware, software and infrastructure.
Nagarajan, R. in his article, "Automated Teller Machines" has explained the unique security features of ATMs. According to him, ATM is basically a vending machine that has high security features, which would prevent any misuse. The intelligence of an ATM comes from a computer with a special ATM programme. Currency is storied to cassettes, which are opened only with special jigs, which is kept under lock and key. Security is provided with three types of alarms.

- An alarm for detecting vibration case of an attempt to drill into the ATM.
- A thermal alarm in case of an attempt made to cut open the ATM with a blowtorch.
- An anti-ambush alarm in case any attempt is made to coerce the bank staff to open the ATM.

All these are sensitive electronic alarms, which can be wired up into a central alarm monitoring system. Counting is done correctly to avoid miscount and double count. If PIN entry is wrong, the ATM will ask to repeat. If it is wrong again, it will retain the car. A special file is kept inside on Lost/stolen ATM Cards. If the stolen card is inserted, the ATM will retain it. Thus, the security measures are provided in ATM's. Whereas this study focuses the problem of security as one of the problems experienced by the public sector bank management in computerizing banking operations like hardware, software and data corruption.
SUMMARY

From the above, it is clear that no study has been attempted to review the customer’s experience and their satisfaction with the services of ATM Banks. This study is an attempt to fill this gap in the banking literature.

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