CHAPTER II

REVIEW OF LITERATURE

Literature review is a documentation of related studies to identify and highlight important variables, suggestions from earlier research done by various authors. The framework is structured into different aspects such as Marketing strategies, quality of services, customer satisfaction, various delivery channels etc. The review of literature plays a vital role in each study and needless to say, in this study, literature regarding the defined problems has been collected and reviewed appropriately.

Parasuraman, Valarie A. Zeithamal and Leonard L. Berry\(^1\) in their study on “A Conceptual model of service quality and its implications for future research”, outlined the several propositions on consumers perceptions of service quality, there exist four key gaps on the service provider’s side that are likely to affect service quality as perceived by customers. The gaps are 1) Not knowing what customers expect, 2) Not selecting the right service designs and standards, 3) Not delivering to service standards and 4) Not matching performances to promises. A service quality model to serve as a framework for further empirical research in the same area was also developed.

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Nandi G.N\textsuperscript{2} in his article entitled “Bank marketing - the problems of distribution”, focused on the different marketing techniques adopted by commercial banks for distribution of banking services. It was observed that as days go by, customers’ expectations are increasing - as a result customer’s dissatisfaction increase to a great extent. It was suggested that the banks should concentrate more on the existing marketing strategies, update it and make it more effective for serving the customers better.

Thomas W. Thomposon, \textit{et al.}\textsuperscript{3} in the study entitled “The Marketing / Retail Banking Partnership: An Evolutionary Perspective”, highlighted that until 1970s marketing in banks was almost nonexistent. In a regulated, protected Industry, marketing is not as important or essential to profitability and success as in a highly competitive, changing business environment not only was marketing almost non-existent, but the bank employees who made up the marketing staff generally did not have a marketing or related degree of marketing experience. Usually these individuals were well-linked employees who had outgrown their positions. Marketing departments were used as a “dumping ground’ for personnel not fitting elsewhere in the organization.”


Cass, Bettinger\(^4\) in his study “Why marketing is key to credit quality”, opined, that the effective marketing should be the discipline in a company which converts the confined corporate objectives into profits or realization of corporate goals. Banks which were proactive began preparing for deregulation well in advance of the passage of this Act. Marketing departments in those financial institutions were assigned the tasks of determining, through thorough research and analysis, the desired customer base; the present and future of that desired customer base; providing products and services which would accommodate that customer.

Biswa N. Bhattacharya and B.K.Ghose\(^5\) in their study “Marketing of banking services in the 90’s – Problems and Perspectives”, focused on the areas of problems and perspectives of marketing of banking services. It was highlighted that the major challenges Indian banks have to face and the role of banks in relation to customer satisfaction. It was concluded that banking in the 90’s requires new market oriented service with a disciplined, dedicated, professional and committed manpower, specialized bank branches and strong marketing organization.

Biswa N. Bhattacharya\(^6\) presented a report made by NCAER (1971) and NIBM (1975) on “Evaluation of customer service in banking industry”. NCAER made a study to find the reason for the poor quality of customer service in banks.

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The result after the study was that more than 50 per cent of the customers who made complaints cited inefficient service being the main cause. The delay in encashment of cheque was the next reason for customer complaints. A similar study was also made by NIBM in 1975 to know how well the commercial banks serve their customer in the city and suburbs of Bombay area. The result of the study pointed out that there was considerable delay in the service rendered which resulted in total dissatisfaction among customers.

Luther Denton, Allan K.K. Chan⁷ in the study “Bank Selection Criteria of Multiple Bank Users in Hong Kong” investigates multiple banking behaviour in Hong Kong by questionnaire survey. The study analyses the number of banks used by each person, the types of services used at each bank, and the factors that influence this type of consumer behavior. It was found that multiple banking is widespread and is heavily influenced by such factors as risk reduction, convenience in terms of number of branches and automatic teller machines, the relative advantage of selected banks, prestige, need for credit and credit cards, and special circumstances. Statistically significant differences were found in the evaluation of the relative importance of these factors on multiple banking behavior based on sex, age, marital status, income and education discriminators.

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Vijaya Walia in his study entitled “Computers in Indian banks”, focused on the causes of falling profitability and customer service in banks. It was pointed out that the manual accounting system used in banks is the main cause for the problem such as error in posting, maintaining a large number of ledgers, delayed posting in the books of accounts etc. It was suggested that all banks should resort to computerization for overcoming the problem and for quick disposal of customer demands.

Viswanathan, S. in his study “Banking Ombudsman-A suggested framework”, observed that in banks a number of business grievances arise every day because of the volume of growth in business, number and varieties of transaction and the different types of customers who transact with banks every day, the only way to solve the problem as suggested was to use banking ombudsman as a conciliation medium to solve customers’ complaints.

Shirley Taylor studied about “Waiting for service: The relationship between Delays and evaluations of service”. The main objectives for the study were to explore customer reactions to delayed service by assessing the relationship between delays and evaluations of service empirically and examining some variables that mediates the relationships. An empirical test of the model with

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delayed airline passengers showed that anger and uncertainty were affected directly by the length of delay. The degree to which the service provider takes action reduces uncertainty and anger by filling time with service related activities would reduce the delays which has negative impact on customer’s evaluation of service.

Berry, Leonard L., Parasuraman A\textsuperscript{11} in the study entitled “Prescriptions for a Service Quality Revolution in America” stated that the service revolution must occur on 2 levels: i) a basic change in attitudes and a raising of aspirations for service quality ii) implementation of the culture and tools that make quality improvement a habit. Mounting a service revolution requires a series of attitude changes, with each attitude shift raising aspirations for service. These shifts include: a) from being good to being excellent, b) from quality of goods to quality in everything c) from management support to management involvement and leadership, d) from "errors are inevitable" to "do it right the first time," e) from recovery as a problem to recovery as an opportunity, and f) from "service is shapeless" to "service system design." Five actions that companies can take to make service improvement a habit are: i) Build a service-quality information system ii) Report service quality performance iii) Measure the profit- impact of poor quality iv) Stress each employee's responsibility v) showcase service leadership.

Augustine L. Garini and Prasanta Athma\textsuperscript{12} made a study on “Customer service in commercial banks-Expectation and Reality”. The objectives of the study were to assess the deposit holder’s level of satisfaction and to identify the most common areas of customer dissatisfaction. It was stated that area wise analysis indicated a wide gap between the expectations and reality, the gap is higher in the metro and lesser in the urban and rural areas, the customer expects speed, courtesy and concern from the bankers, Customers in metro areas have a higher level of expectations from the bankers, as a result there is a low level of satisfaction among them when compared to urban and rural customers.

Anbalagan, K\textsuperscript{13} in his study “Diversification of banking business to meet challenges - Problem and Prospects of departure from traditional banking”, focused on popularizing credit card system which would reduce cash payment and cash withdrawals at the bank counters, leading to more convenience to customers by preventing waiting by customers at the cash counters.

Sahoo, S.C.\textsuperscript{14} in his study entitled “Innovations in Bank Marketing some evidence” stated that the Indian Bank Managers face several new challenges which include not only competition but also the fast growing technology, consumerism and economic conditions characterized by inflationary pressure and

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\textsuperscript{13} Anbalagan, K. “Diversification of BankingBusiness to Meet the Challenges- Problem and Prospects of Departure from Traditional Banking”, The Banker, June 1994, pp. 31-38.
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unemployment. These changes have widened the role and responsibilities of Bank Managers. To cope with the new situations a new orientation is required in their thinking and new skills, new methods and above all new strategies. All these call for innovative marketing, aggressive promotion and effective communication programs.

Terrence Levesque and Gordon H.G. McDougall\(^\text{15}\) in their study titled, “Determinants of customer satisfaction in retail banking” investigated the major determinants of customer satisfaction and future intentions in the retail bank sector. The study identifies the determinants which include service quality dimensions: getting it right the first time, service features: competitive interest rates, service problems, service recovery and products used. It was suggested that service problems and the bank’s service recovery ability have a major impact on customer satisfaction and intentions to switch.

Mosad Zineldin\(^\text{16}\) in the study “Bank Strategic Positioning and Some Determinants of Bank Selection-1996” reveals that, banks have found themselves facing more aggressive competition, uncertainty and unlimited opportunities. No bank can offer all products/services and be the best/leading bank for all customers. They are forced to find a new basis for competition. A bank must examine its strengths and opportunities and take a competitive position in the


competitive marketplace, some strategic issues related to bank positioning was discussed. A number of ways in which distinctive positions can be developed and maintained have been identified. A well-integrated application of technology and staff through operations that respond to customer needs encourage customers to use a whole range of banking products/services rather than just a few. It also helps to build loyalty by creating deeper and fuller customer relationships. It surveys how a bank has been selected and perceived from the point of view of its customers in relation to its competitors in that marketplace. It shows that functional quality is a more important factor than traditional marketing activities and convenience of location, price and advertising had a minor impact on bank selection.

Zeph Yun Chang, Joanne Chan and SiewLengLeck\textsuperscript{17} in their study, Management of Market Quality for Correspondent Banking Products” stated that in general customers expect banks to provide the basic banking services, customers also expect different levels of services to maximize the value they can derive from the banks, customers evaluate competing offers in terms of the totality of the product and Value-added service as well as the relationship that exists between themselves and the bank. To gain marketing advantage, banks have to exceed customers’ expectations rather than merely meet the bare minimum, to succeed a bank must distinguish itself from its competitors not just in the quality

of the core product but also in how it manages the “service surround”. Every interaction with a customer provides an opportunity to be “unique” and to “go beyond the call of duty”. It presents the design and management of the core correspondent banking products and the “services surround” in terms of market quality

Milly (1997)\textsuperscript{18} in his study on “Private Banks Create First Ever Primary Career Loan Pool” highlights the importance of creation of more primary health care centres that serve residents of New York city’s medically under-served neighborhood. The small project loan program created non-profit health care centre in twenty five neighborhood with the help of four leading private banks such as J.P. Morgan, Chase Manhattan Bank, Citi Bank and Republic National Bank, overall the small project loan program was supported by these lead bank

Sharma, R.D., Desh Bandhu and Gurjeeth Kaur\textsuperscript{19} in their study entitled, “Marketing Orientation Strategy for Rural Banks: A case study”, opined that the customers’ expectations were not met by banks and therefore they registered complaints regarding delay in issue of passbooks, cheque books and drafts, clearance of cheques, sanction of advances, incomplete and illegible entries and cold and impersonal attitude on the part of bank employees.


Soteriou, Andreas C, Chase, Richard B. in the study “Linking the customer contact model to service quality” said that in 1980s, customer contact (CC) became an important dimension in virtually all service taxonomies. Its importance to perceived service quality (SQ) was also recognized, but the direct linkage between CC and SQ was difficult to determine without an operational definition of CC.

Kate Stewart in his study “An exploration of customer exit in retail banking” states that if the marketing community is to adopt the prescriptions of the relationship marketing school of thought, more knowledge and understanding of relationships is required. The base of knowledge is growing and there is now greater appreciation of the processes germane to healthy relationships, such as trust, satisfaction and commitment. Much less attention has been paid to the negative aspects such as relationship breakdown and ending. It was stated that the neglected area of the ending of customer-bank relationships or customer exit. Interviews were conducted with bank customers who had recently used the exit option. Content analysis of the customers’ stories was used to generate a model of the customer exit process the study took the perspective of the customer. It was stated that customers end bank relationships after an involving process of problem, effort, emotion and evaluation, discussion of the findings concludes that banks need to develop relationship management systems and skills.

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Antony Beckett, Paul Hewer, Barry Howcroft\textsuperscript{22} in the study “An exposition of consumer behaviour in the financial services industry” states that deregulation and the emergence of new forms of technology have created highly competitive market conditions which have had a critical impact upon consumer behaviour. Bank providers must, therefore, attempt to better understand their customers in an attempt not only to anticipate but also to influence and determine consumer buying behaviour. A model which attempts to articulate and classify consumer behaviour in the purchasing of financial products providers attempting to identify appropriate strategies which are conducive to increased customer retention and profitability and services was prepared. The theoretical insights generated by this model are then used to examine qualitative research data gained from focus group discussions on consumers’ attitudes to their financial providers and their financial products, finally, these findings are examined for the potential insights they provide to bank.

Abdul Razak Kamaruddin\textsuperscript{23} in the study titled “Retail Bank Marketing: A Study of Bank Image and Consumers’ Patronage” investigates the factors determining bank patronage behavior. It examines the extent to which image attributes of banks influence consumers’ banking decision. It also examines the effect of demographic factors on bank image and choice. The image attributes


comprise efficiency, physical characteristics, services, terms of payment, and social influence. The results demonstrate that, while the effects of demographic factors are not significant, the image attributes strongly influenced customer choice. The findings also revealed the preference differences across various dimensions of bank attributes. The results of the study can be helpful to managers in improving their service and customer satisfaction.

Soteriou, Andreas C\textsuperscript{24} in the study “Searching for the value of quality in financial services” examines the influence of quality on performance in the financial services industry. It was suggested that operations management, marketing and economics literatures support a positive correlation between quality and financial performance. Evidence suggests that in order to be meaningful, studies should concentrate on specific, individual industries. The focus of the study is on the financial services industry and present new insights on the correlation between quality and financial performance.

Reynold E. Byers, Philph J. Lederer\textsuperscript{25} in the study “Retail Bank Services Strategy: A Model of Traditional, Electronic, and Mixed Distribution Choices” states that design of a retail banking distribution strategy is an important issue in that industry. This study addresses the effect of new electronic distribution technologies such as PC banking on the choice of a bank's distribution strategy.

\textsuperscript{24} Soteriou, Andreas C. “Searching for the value of quality in financial services”, Financial Institutions Center at The Wharton School, 2000.

A competitive model of distribution strategy choice, including heterogeneous consumers and banks that allow a rich variety of customer preference and technology cost parameters and Sensitivity analysis shows how several parameters affect the competitive outcome. This analysis suggests that changing consumer behavior and attitudes, instead of banks' cost structure with new technologies significantly affects the bank's distribution strategy choice. If the segment of consumers that prefers PC banking remains small relative to the segment that prefers branches, then there will still be a market for specialized branch banks. Branch banking without PC banking services will be a viable strategy until the segment that prefers PC banking grows larger. Banks offering both branch and PC banking services can prevent successful and profitable entry by virtual banks as long as the segment of customers that prefer PC banking remains relatively small. Beyond this fraction, virtual banks will be profitable. This analysis suggests that it may be a long time before virtual banks turn a profit.

April Wright in the study “Technology as an Enabler of the Global Branding of Retail Financial Services” concluded that the market for retail financial services has been transformed in the past decade by new distribution and processing technologies and their impact on consumer attitudes to banking and banks. These factors have removed the geographic and cost barriers to the global

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distribution of retail financial services and have led to a convergence in the key benefits sought by consumers in developed countries, this increases the need for and the effectiveness of globally consistent brand images.

Corrocher\(^\text{27}\) in his study “Does Internet Banking Substitute Traditional Banking? Empirical Evidence from Italy” investigated the determinants of the adoption of Value-added services through Internet technology for the provision of banking services in the Italian context and also studied the relationship between the Internet banking and the traditional banking activity, in order to understand if these two systems of financial services delivery are perceived as substitutes or complements by the banks. From the results of the empirical analysis, banks seem to perceive Internet banking as a substitute for the existing branching structure, although there is also some evidence that banks providing innovative financial services are more inclined to adopt the innovation than traditional banks.

Josee Bloemer, Tom Brijs, Gilbert Swinnen, Koen Vanhoof\(^\text{28}\) in the study titled “Identifying latently dissatisfied customers and measures for dissatisfaction management” states that customer satisfaction continues to be an important topic in the financial services industry. However, there is an increasing awareness that customer satisfaction as such is not enough. Distinguishes between overall satisfied customers and latently dissatisfied customers; the latter being those

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customers who, although reporting satisfaction in a survey, have other characteristics that resemble dissatisfied customers. The identification of the latently dissatisfied customers may function as an early warning signal. Indeed, their probability to defect is relatively high and can be compared to that of dissatisfied customers and a data mining technique called “characteristic rules” was proposed to identify latently dissatisfied customers of a Belgian bank. It was suggested that appropriate marketing actions may help to avoid these customers leaving.

Eapan Varghese M and C Ganesh\(^{29}\) in their study titled “Customer service in banks: An Empirical study”, mainly focus on how to measure the speed in which commercial banks are rendering service to their customers in 13 different dimensions. The result obtained from this study suggests there is no difference between the public sector banks and private sector banks in the customer’s time consumed for transacting business with the bank. It is generally observed that bankers measure only action time and do not take into account the access time and queuing time which are critical to customers.

Ronald L. Hess Jr. S. Hankat Ganesan and Noreen M. Kpein\(^{30}\), conducted a study on “Service Failure recovery: The impact of Relationship factors on Customer satisfaction”. The main focus was to understand how customer


relationships either buffer or magnify the impact of service failures on customer satisfaction and also to learn about the conditions under which a service organization relationship can help to shield a service organization from the negative effects of failures on customer satisfaction.

Singh, S.B.\textsuperscript{31} in his study titled “Marketing of Bank Service in India: an Integrated Approach”, stated that growth is the essence of every living and non-living object, which can come either through natural process of human creativity. As the human needs approach towards higher levels, the requirements of banking products and services also undergo changes leading to innovations. As the human needs approach towards higher levels, the requirements of banking products and services will also undergo change leading to innovations in the banking product and services based on developments in the field of technology and knowledge. These Developments in banking led to metamorphic changes in marketing strategies of the Indian banks over a period of time. Stages as under: Choice business, Walk-in business, Competitive business, Product oriented business and customer oriented business.

Jayadev\textsuperscript{32} in his study “Banks becomes customer – centric” highlights that the major reasons for the radical changes in banking industry in asset portfolio are competition, consolidation, information technology and the need to be customer


centric. Banks could improve the profitability by adopting strategies like market segmentation, innovation, price bundling and relationship. Technology has a major role to play in retail banking, but its role is complementary to customer service initiatives.

Padwal, S.M \(^{33}\) in his study entitled “Business process Reengineering and productivity needs in Indian Banks” concluded the concept “High tech Bank within a Bank”, in public sector Banks has started taking roots through the core Banking solution route. This is evident from the fact that many of them have either started implementing or evaluating the core Banking solution for a selected group of strategic business units in India. The focus is on issues involved in Business process Reengineering (BPR) and improvements in productivity in the context of the implementation of core Banking solutions in Indian Banks. The origin of the concept of productivity and its usage can be traced back in history of agriculture and manufacturing industries, it was defined as physical unit of output per physical unit mix of input.

Douglas M Stewart \(^{34}\) in his study “Piecing Together Service Quality: A Framework for Robust Services” addresses the issue of service design, specifically that of designing the service encounter for improved quality. A framework was introduced based on the three T’s of task, treatment, and


tangibles as a means of organizing the application of the diverse and growing body of service quality literature to encounter design. The framework is consistent with how successful service managers disaggregate the design problem. The framework shows mutually supportive interrelationships between the three T’s produce an opportunity for designing in robustness to service failure, the framework is supported by case based evidence.

Sureshchandar, Chandrasekharan Rajendran, Anantharamanan in his study entitled “Customer perceptions of service quality in the Banking sector of a Developing economy: a critical analysis” investigated the critical factors of customer perceived service quality of Banks of a developing economy – India. The study compares and contrasts the three groups of Banks in India with respect to the service quality factors from the perspective of the customers. There seems to be a great amount of variation with respect to the level of service quality offered by three group of banks. Identifies the factors that discriminate the three group of Banks. Customers in developing economies seem to keep the “technological factors” of services such as core service and systematization of the service while the “human factors” seem to play a lesser role in discriminating the three groups of banks. The service quality indices with respect to the three groups and the Indian banking industry as whole, offer interesting information on the level of service quality delivered by banks in India.

Siriluck Rotchanakitumnuai, Mark Speece in their study titled “Barriers to Internet banking adoption: a qualitative study among corporate customers in Thailand” states banks are currently implementing Internet banking offer service via this channel claim many corporate customers are not highly enthusiastic about Internet banking. An understanding of why corporate customers do not accept Internet banking can assist banks to implement this self-service technology more efficiently. In-depth qualitative interviews with Thai firms suggest that security of the Internet is a major factor inhibiting wider adoption. Those already using Internet banking seem to have more confidence that the system is reliable, whereas non-users are much more service conscious, and do not trust financial transactions made via Internet channels. It was concluded that Non-Internet banking users tend to have more negative management attitudes toward adoption and are more likely to claim lack of resources and legal support is also a major barrier to Internet banking adoption for corporate customers.

Walfried M. Lassar, Krishnan Dandapani in the study titled “Media perceptions and their impact on Web site quality” states that the growth of the Internet has created an explosion of sites that seeks to provide information and conduct business transactions. The service industry and especially online banking stand to gain from that development. This study, anchored in the marketing, social


psychology, media, and information systems literature, investigates how users perceive the Internet’s abilities to conduct banking activities. Results show variation in media perceptions for the same online banking site across various task environments. The results indicate that user perceptions of the Internet medium depend on task complexity and that technology can serve as a mitigating factor to improve media and quality perception.

Rob Lawson, Sarah Todd in the study titled “Consumer preferences for payment methods: a segmentation analysis” states that Three distinct groups of banking customers in New Zealand are identified on the basis of their preferences for different payment methods. These are profiled in terms of membership of wider lifestyle groupings, as well as their demographic and socio-economic characteristics, and other financial behaviours. The results demonstrate how psychological profiling can help in understanding consumers’ banking behaviour and preferences in the wider context of their lifestyle, as well as suggesting strategic directions banks can adopt.

Amin and Hanudin in the study “An Analysis of Mobile Credit Card Usage Intentions” observed that many banks consider mobile-based technologies have improved the banking services through introduction of new banking facilities. One of the latest Value-added facilities developed in this area is the

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"mobile credit card". Results suggest that perceived usefulness, perceived ease of use, perceived credibility and the amount of information on mobile credit cards are important determinants to predict Malaysia bank customers' intentions to use mobile credit card.

Hans H. Bauer and Maik Hammerschmidt\textsuperscript{40} in the study “Measuring the Quality of E-Banking Portals” focused on empirical study in the field of e-banking. A web portal was based on the following dimensions of security and trust, basic services quality, cross-buying services quality. It was concluded that the knowledge of these dimensions as major determinants of consumers quality perception in the internet provides banks a promising starting point for establishing an effective quality management for their e-businesses.

Mosad Zineldin\textsuperscript{41} in his study ”Measuring the Quality of E-Banking Portals” stated customer relationship factor that influences the customer selection and image of the principal banks. The study analyzed that a bank has to create customer relationships that deliver value beyond that provided by the core product. This involves added tangible and intangible elements to the core products, thus creating and enhancing the “product surrounding”, one necessary condition for realization of quality and the creation of Value-added services quality.


measurement and control. It was concluded that an important function to ensure the fulfillment of given customer requirements, the key ways to build a strong competitive position are through Value-added services and differentiation.

Tommi Laukkanen and Jari Lauronen in the study “Consumer Value Creation in Mobile Banking Services” explored consumer value creation in various mobile banking services. It was also pointed out that new electronic channels are replacing the more traditional ones. Mobile devices represent the recent development in electronic service distribution. An exploratory study was conducted on experienced electronic banking customers by using a qualitative in-depth interviewing method. The findings increase the understanding of customer-perceived value and value creation on the basis of attributes of mobile services and customer-perceived disadvantages of mobile phones in electronic banking context. The findings allow practitioners to improve their services and marketing strategies and pass on information to the academics about interesting future research areas.

Shajahan, S. in his study “A Study on the Level of Customers' Satisfaction on Various Modes of Banking Services in India” stated that The Indian banking industry is on a major technological upgradation drive after

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having successfully absorbed the international standard in its operating norms. A study was conducted by the author, based on 100 account holders of ICICI Bank in Chennai recently, for portraying their varying levels of satisfaction. To control the response bias and to increase the reliability of the data, a structured pattern of questions was also used during a descriptive survey research. Statistical tests were employed for the data analysis using SPSS. The Discriminant Analysis, which emerged out of the study findings, explicitly takes a logistic form that is typical of adoption behavior of new Internet-based banking services, which enhances the level of satisfaction among bank customers, it signifies shifts in the levels of satisfaction from the basic banking services to special electronic data-based services, and also predicts accurately the frequency of visiting the site for various requirements. It was concluded that Internet literacy as measured by the penetration of Internet usage in a country is the major factor underlying online banking penetration in India.

Abdullah Aldlaigan, Francis Buttle in his study titled “Beyond satisfaction: customer attachment to retail banks” seeks to investigate the different types of attachment that customers develop towards retail banks. The approach blends literature reviews, in addition to qualitative and quantitative methods. The primary research programme analyses data from seven focus groups, 39 one-on-one interviews and 1,058 individual consumer questionnaires. Identifies three forms of

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positive attachment based on three different foundations: the credibility of the organisation, compatibility between the values of the organisation and those of the consumer and interpersonal or relational considerations. A statistically valid and reliable scale that can be used to measure these three forms of attachment was presented, other forms of customer-bank attachment grounded on less positive associations, including inertia and alienation was identified. The scale can be used to identify customer-organisational attachment profiles that transcend or complement customer satisfaction, and provide a basis for relationship longevity.

Singh, S.B\textsuperscript{45} in his study entitled “Customer Management in Banks” indicated that the customer Management aims at targeting and segmenting the customer’s base with a view to gain customer insights and Provide value-added product and service. The philosophy of the customer management has been derived from the adage, which says, “A customer does not depend on us, we depend on customers”. Banking is a service, which is continuously required by the customers with varying frequency depending on their requirements and also Banking is customer-oriented and customer-centric way of business in ever increasing competition, where customer switchovers are easier, due to availability of numerous alternatives. So the real mantra of customer management is, “Right or wrong, the customer is always right”. Product management, Product delivery management, Convenience management and Customer delight management. “Survival of the fittest”, the age old dictum, is gaining more and more importance.

and relevance in this age of intense competition. The level of customer satisfaction in any commercial organization determines the success or failure of such organizations. Hence, customer management has to be proactively perceived and achieved on a continuous basis by the banks for their long-term survival and gaining an edge over their competitors.

Balwinder Singh and Pooja Malhotra in the study “Adoption of Internet Banking: An Empirical Investigation of Indian Banking Sector” stated that the tremendous advances in technology and the aggressive infusion of information technology had brought in a paradigm shift in banking operations. Internet banking that has revolutionized the banking industry worldwide has turned out to be the nucleus issue of various studies all over the world. However there has constantly been a literature gap on the issue in India. The purpose of the study is to help fill significant gaps in knowledge about the Internet banking landscape in India. The study investigates the profile of commercial banks that offer Internet banking, using univariate statistical analysis, relative to other commercial banks with respect to profitability, cost efficiency, and other characteristics. By the end of first quarter, 2004, differences between Internet and non-Internet banks had begun to emerge in funding, in sources of income and expenditures and in measures of performance. It was also found that the profitability and offering of Internet banking does not have any significant correlation.

Martin Koderisch, Georg Wuebker\textsuperscript{47} in the study “Bundling in Banking - A Powerful Strategy to Increase Profits” stated that Banks can learn valuable lessons from the bundling models developed successfully in other industries. Bundling core banking products with additional services and Value-added services allows banks to differentiate themselves in a generally homogenous sector. Bundling also increases sales across product areas and aids customer lock-in. The study provided an overview of how to create attractive and profitable bundles through a systematic, multi-stage approach to customer segmentation, targeting and product positioning.

Daniel J. Flint\textsuperscript{48} in his study “Innovation, symbolic interaction and customer valuing”, states there are two broad notions of customer value. One concerns the value of customers to the firm, the second concerns how customers perceive value, in other words the value of products, services, providers, ideas and so forth to the customer. It was found that the marketers at the end of the day are interested in the former, but understanding the latter is a critical precursor in that regard. This study focuses on the numerous ways in which customers perceive value.


Rhett H.Walker, Lester W. Johnson\textsuperscript{49} in the study “Re-Thinking the Conceptualization of Customer Services and Value-Added Services within the Service-Profit Chain”, tried to study the customer satisfaction and loyalty towards a firm from Value-added services provided. The study found that the profitability a firm derives from customer satisfaction and loyalty which, in turn are derived from the customer sense of added value received. The value offered to a customer resides solely in the customers perception of what has been experienced in and through the encounter service.

Szu-Yuan Sun and Chao-Fan Su\textsuperscript{50} in the study “A Study of Consumer Value-Added Services in Mobile Commerce: Focusing on Domestic Cellular Phone Companies in Taiwan” stated that Banks in the United States have been investing in the ATM channel for the last 10 years to replace obsolete equipment and comply with regulatory mandates to make the machine more secure and accessible. The spending shows no sign of slowing, but a shift is occurring in the goals of ATM investment. Banks are focusing on value-added services at the device, such as deposit automation, personalization, and targeted marketing. Capital spending for these services and development of software solutions and continued investment in technology replacement will drive a 5 per cent annual

\textsuperscript{49} Rhett H. Walker, Lester W. Johnson. “Re-Thinking the Conceptualization of Customer Services and Value-Added Services within the Service-Profit Chain”, Managing Value-Added Services, Vol.16, Issue 1, 2006, P. 23

growth rate in US spending from 2006 through 2011, when investments in the ATM channel will reach nearly $6.7 billion.

Surajit Ghosh Dastidar and Biplab Datta\textsuperscript{51} in their study “consumer exploratory behavior and its implications on marketing: A Theoretical investigation”, opined that consumers manifest exploratory behaviors during the buying process, which are positively correlated with the individual psychological characteristics of optimum stimulation level while consumers are segmented according to the different exploratory buying behavior tendencies. Consumer exploratory behavior has proved to be an important construct which enables understanding of the underlying psychological motivation of consumer during the buying process.

Clement Sudhahar, Israel and M. Selvam\textsuperscript{52}, in the study “Service Quality Measurement in Indian Retail Banking Sector: CA Approach” concluded Service Quality (SERVQUAL) holds that SERVQUAL primarily determines the customer value which in turn contributes to the customer retention and loyalty Realising the paramount role of SERVQUAL in services marketing, more specifically in a customer intensive industry like Retail Banking, Allred (2001) has developed a comprehensive scale to measure service quality in banking sector. In this empirical study, applying the scale developed by Allred, a perceptual map on a set of retail


banks in India is drawn through a sophisticated multivariate non-parametric technique called Correspondence Analysis.

Vanniarajan, T and Vikkraman, P.\textsuperscript{53} in their study entitled “The relationship between service quality and profitability: An empirical study in banking industry”, highlighted that the higher satisfaction among the customers in the associates of nationalized bank are identified in the service quality factors, namely tangibles, reliability and responsiveness, respectively. There is a significant difference among the customers belonging to the nationalized private sector banks, especially in the attitude on few service qualities namely assurance and responsiveness, since the Significantly influencing service qualities on net profit of the banks are empathy, assurance and responsiveness the bank should pay more attention to the above said factors it was advised to increase customers’ satisfaction in order to increase net profit of the banks.

Srinivasa Katuri and Monica Lam\textsuperscript{54} in the study “Switching Customers from Branches to Internet: A Credit Union's Journey” stated that how a credit union applied knowledge from the literature to solve a marketing problem. A credit union serves a unique group of customers who may be in the same profession, have the same employer, or simply in the same regional location.


The marketing problem is how to switch bank customers from branches to internet for the main reason of reducing transaction costs. The research model comprises the independent factors of customer, transaction, application, and bank; and the dependent variables the number of internet banking transaction, perceived usefulness of internet banking, and willingness to use internet banking measuring different aspects of internet banking. The survey results reveal different internet banking facilitators for customers with and without internet bank accounts. For customers with internet bank accounts, application security is the most important facilitator variable for them to continue its use in the future; while promises for continuous improvement can be a prohibitive variable. In order to encourage customers without internet bank accounts to adopt internet banking, the management should focus on strengthening the variables of bank diversified service, bank responsiveness, bank image, and extra online instruction and feedback for complicate internet transactions; and reducing the negative effect of web fun/entertainment. It was found that the variables of proficiency in using computers, application security, and bank image have opposite effects on customers with and without internet bank accounts.

Tsung-Chi Liu and Li-Wei Wu\(^{55}\) study “Customer Retention and Cross-Buying in the Banking Industry: An Integration of Service Attributes, Satisfaction and Trust” focused on customer retention and have ignored the importance of

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customers cross-buying behaviour. Customer retention seems to be the result of a kind of repetitive decision by the customers, but their decision to cross-buy involves a more complicated process. In this study, the effects of location convenience, one-stop shopping convenience, firm reputation, firm expertise, and direct mailings on both customer retention and cross-buying were examined. The mediating roles of satisfaction and trust in the relationships between service attributes, customer retention, and cross-buying are also examined. The results indicate that banks can use different service attributes to influence customer retention and cross-buying. Trust and satisfaction play different mediating roles in the relationships between service attributes, customer retention, and cross-buying.

Amudha. R and VijayaBanu. C in their article entitled “service quality in Banking with special reference to ICICI Bank“ said that organizations can access five dimensions of service quality to determine the level of service provided and to decide which dimensions need improvement. In order to develop service quality, it is necessary to contact employees frequently and evaluate their service experience with the awareness of the service quality dimensions. The service organizations can judge how well the organizations or employees performed on each dimension and management could identify the weakness in order to make improvement. By identifying the strength and weakness pertaining to the dimensions of service quality, organizations can better allocate resource to provide enhanced service.

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Jaiswal, K.S., and Neeru Singh in their article entitled “Retail Banking: Indian Scenario”, said that retail banking is a typical mass-market banking where individual customer use local branches for a larger commercial bank. India has experienced a rapid growth in retail banking. Retail banking has been facilitated by growth in banking technology and automation of the banking process. It has been found that due to technological innovations and significant change in demographic profile of consumers, there is huge market potential lying ahead. As there is increasingly challenging business environment, retail banking in India requires competitive tools, product development and differentiation, business process reengineering, cost reduction and cross-selling.

Gregory Elliott, Suzan Burton, Chris Baumann in the study “Predicting Consumer Behavior in Retail Banking” by A critical measure largely neglected in previous loyalty studies is the customer's Share of Wallet (SOW), or the percentage of their business that they assign to one bank. Since banks generate different profits from savings, investment products and loans, this study, based on 1,951 retail banking customers, develops separate models predicting SOW for deposits, debts and loans; and percentages of accounts and credit cards used from a customer's main bank. The results suggest that about 25 to 65 per cent of the variance in SOW can be predicted 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 in the marketing literature, they were, together with service quality, not found to be unique predictors of SOW in this study.

Venkata Sesaiah, S., Vunyale Narender in their study “Factors Affecting Customers’ Choice of Retail Banking” stated that the factors that affect the choice of customers in choosing the retail banks by the customers. The study involves a survey of 1000 bank customers using questionnaire as the research instrument, augmented with informal interviews of the customers and also makes thorough use of the information available on the internet. In the study, the attempt is made to identify various factors and also analyzed as to which of these factors exert the greatest, moderate and relatively lower influence as choice criteria. It is an attempt to study the consumer behavior with respect to the people’s choice of retail banks. Fifteen different factors that could be identified, approximately in the order of their importance are Safety of Deposits, Size and Strength, Accuracy, General Service Quality, Speed of Delivery, Proximity Security of Environment, Cordiality of Staff, Price and Service Charges, Product Packaging, General Public Impression, Peer Group Impression, Face Lift (Structural), Friendship with Staff and Advertisement and Publicity. According to the findings, based on the empirical study, the first six factors exert the greatest influence, next four have moderate importance, and the rest five have relatively lower influence. Thus, retail banks must reorganize their activities to achieve their corporate mission through

customer orientation. In the competitive and capitalistic markets consumer is sovereign and therefore the bankers must reengineer their view and recognize the predilection and tang of the retail customers.

Vijayakumar, T\textsuperscript{60} in his study entitled “The Challenge of Customer Relationship Approach for Retail Banking”, customer company relationships are increasingly topical for business practitioners and researchers. The main tasks are identifying, establishing, maintaining, enhancing and terminating relationship with customers with the objective of achieving mutual satisfaction. The relationship approach has grown in popularity and is advocated by many business commentators. To successfully adopt a relationship approach is thought to require that the Organization has a pervasive marketing culture, demonstrable trustworthiness and the ability to calculate relationship performance.

Baumann, Chris, Burton, Suzan; Elliott, Gregory; Kehr, Hugo M.\textsuperscript{61} in the study “Prediction of attitude and behavioral intentions in retail banking” explores the factors predicting customer loyalty in retail banking. Loyalty was measured in terms of a customer's willingness to recommend a bank and their intention to remain with their main bank short-term and long-term. The study was based on a mail survey of 1,951 individuals. The results indicate that willingness to recommend is best predicted by affective attitude, overall satisfaction and

\textsuperscript{60}Vijayakumar, T. “The Challenge of Customer Relationship Approach for Retail Banking”, SRM Management Digest, April 2007.

empathy. Short-term behavioral intentions, however, were best predicted by overall satisfaction and responsiveness, while long-term intentions were predicted by overall satisfaction, affective attitude and empathy. The three models explained a substantial amount of the variation in the dependent variables: 71 per cent for willingness to recommend, 43 per cent for short-term intentions and 46 per cent for long-term intentions. The study adds the relationship between perceived satisfaction, service quality and a customer’s intentions to recommend a bank and/or remain a customer. The results also contribute to the development of more parsimonious models, suggesting that affective attitude, overall satisfaction, empathy and responsiveness together explain a large percentage of the variation in customers’ intentions. Based on this study’s findings, banks can profile customers with potential for defection based on only four variables. The results demonstrate the importance of satisfaction measures and some SERVQUAL dimensions in predicting loyalty in retail banking. It also found evidence that not all five SERVQUAL measures are needed to profile customers and predict loyalty measures and some SERVQUAL dimensions in predicting loyalty in retail banking.

Mei Xue, Lorin M. Hitt, Patrick T. Harker in the study “Customer Efficiency, Channel Usage, and Firm Performance in Retail Banking” stated that innovations in technology and service design have increasingly enabled firms to

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incorporate self-service technology to augment or substitute for "traditional" employee-provided service channels. Although it is clear that self-service can reduce cost, less is known about how customers utilize self-service channels in a multichannel service delivery system and the resulting impact on firm performance. An important aspect of service operations is that customers are co-producers of the services, the performance of the delivery system and customers' use of service channels can be affected by customers' own efficiency or productivity in service.

Albesa, Jaume Gene⁶³ in their study “Interaction channel choice in a multichannel environment, an empirical study” investigated the consumer channel preferences and the motives that induce consumers to use a particular channel in a context of multichannel contact. An analysis was done to sort out factors influence consumer behaviour in channel selection through an empirical study in the financial sector. Some hypotheses are presented and tested. The study reveals the influence of some variables: perceived convenience, social relationships, knowledge of channel and privacy, on the channel selected: counter, ATM or internet for the performance of certain operations with the company. To generalise these findings this study needs to be replicated in other geographical areas and companies.

Tommi Laukkanen\textsuperscript{64} in his article “Internet vs. mobile banking: comparing customer value perceptions” compare customer value perceptions in internet and mobile banking. The purpose especially is to compare customer perceived value and value creation between internet and mobile bill paying service. A qualitative in-depth interviewing design was applied in order to ascertain the factors that create value perceptions in fund transfer service via personal computer and mobile phone. Means-end approach and laddering interviewing technique was used in order to reveal how different value creating factors are hierarchically structured and related to each other. The results indicate that customer value perceptions in banking actions differ between internet and mobile channels. The findings suggest that efficiency, convenience and safety are salient in determining the differences in customer value perceptions between internet and mobile banking.

Stuart J. Barnes and Brian Corbitt\textsuperscript{65} in the study “Mobile Banking: Concept and Potential” stated that internet and the mobile phone are two technological advance Value-added services that have profoundly affected human behaviour in the last decade - have started to converge. The products of this association are mobile data services. Using a variety of platforms, services are being created to enable mobile devices to perform many activities of the traditional internet, albeit in a reduced format for mobile devices. One area of activity is mobile m-banking


(one of the first areas of commercial transaction on the wireless internet). Banking is an area that has extended in many different ways in recent years, including telephone and online banking. M-banking provides yet another channel for banking services, and in emerging markets, provides some possibility for becoming a primary channel. This study states the strategic implications of m-banking and the strategic positioning of m-banking services in different markets, the paper concludes that there is bright future for m-banking services.

Spiros P Gounaris and Christos D Koritos\textsuperscript{66} in the study titled ”Using the extended innovation attributes framework and consumer personal characteristics as predictors of internet banking adoption” states that the presumed dominant role of usability attributes: usefulness and ease of use in predicting consumer adoption of a technologically based innovation: Internet Banking (IB) is reexamined, by using an extended framework, which, apart from usability, incorporates the social and psychological aspects of the adoption process. Furthermore, given that IB has been around for almost a decade, it is high time to update the profile of the potential adopters. Results, underscore the role of social factors as predictors of potential IB adopters, whereas the demographic profile of future IB adopters displays important differences compared to that of those already using IB.

Ravi, R.A.\textsuperscript{67} in his study “User Perception of Retail Banking Services: A Comparative Study of Public and Private Sector Banks” states that due to increasing competition in retail banking, understanding the customer perception about service quality is becoming indispensable. The private sector banks are posing a very stiff competition to the public sector banks through their initiatives for meeting customer expectations and gaining a cutting edge. This is reflected by the increasing market share and better profitability of private banks in comparison to that of public sector banks. At the same time, public sector banks have also responded to the challenges posed by the private sector banks through conscious efforts to enhance their service quality. This study compares public sector banks and private sector banks in terms of user perception of their retail banking services.

Aruna Dhole, Manish Mittal\textsuperscript{68} in their study “Preferences, Satisfaction Level and Chances of Shifting: A Study of the Customers of Public Sector and New Private Sector Banks” stated the phenomenal changes taking place in the banking industry indicate that the new private sector banks have gradually won the market with their customer-centric approach. The depleting market share of the public sector banks poses a threat to them. The focus is on the primary opinion of the customers of these banks. The State Bank of India (SBI) is selected as the


representative of the public sector banks and HDFC, ICICI, IDBI and UTI as representatives of the new private sector banks. The study is divided into three parts: the first part deals with customers’ preferences while selecting the bank of their choice; the second part covers the satisfaction level of the customers; and the third part is an attempt to record the instances of customers shifting from one bank to another due to dissatisfaction. It is evident from the study that the customers of private banks are more satisfied than those of the SBI. Customers of the SBI are more sensitive with regard to the processing time taken for account handling and technological updates. Dissatisfaction in those areas can lead to shifting to another bank, while in the case of private banks’ customers, proximity to residence and sometimes delay in the processing time can be the likely reasons to change the existing bank with a new one.

Luis V. Casalo, Carlos Flavián, Miguel Guinaliu in the study titled “The role of satisfaction and website usability in developing customer loyalty and positive word-of-mouth in the e-banking services” stated customer loyalty and positive Word-of-Mouth (WOM) have been traditionally two main goals aimed at by managers. The purpose of this study is to characterize both concepts in the e-banking context. The influence of satisfaction and website usability in developing customer loyalty and positive WOM in the e-banking business were measured. After the validation of measurement scales, hypotheses are contrasted

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through structural modeling. The research showed that satisfaction with previous interactions with the bank website had a positive effect on both customer loyalty and positive WOM, in addition website usability was found to have a positive effect on customer satisfaction and, as expected, loyalty was also significantly related to positive WOM. In order to develop customer loyalty and positive WOM, banks that operate in the internet should: prioritize ease-of-use in website development, and identify the needs of online customers in order to offer them what they really want. Although the increasing competitiveness in e-business is motivating an exponential growth in the number of studies that analyze loyalty development and WOM in the internet.

Bravo, Rafael; Montaner, Teresa; Pina, Jose\textsuperscript{70} in his study “The role of bank image for customers versus non-customers” analyzed the corporate image of financial institutions and its impact on consumer behavior. The aim of the study is to focus on the differences between customers and non-customers of banking institutions. Data were collected through five questionnaires involving five major Spanish commercial banks. Four hundred and fifty questionnaires were used and SEM methodology was used to test the hypotheses. Corporate image of commercial banks includes dimensions related to the services offered, accessibility, corporate social responsibility, global impression, location and personnel. Two alternative models were validated for customers and non-

customers to explain how corporate associations influence intention to use the bank's services. For the case of current customers, satisfaction is a key mediating variable. The study is focused on national commercial banks and corporate image of individuals. The results indicate that firms have to use different marketing strategies when considering the individual's previous experience. The study extends previous research by showing the specific effect of corporate associations on intention to use the bank's services. It proposes two alternative models for explaining responses of both customers and non-customers.

Conclusion

These studies have been made on retail banking services such as Internet Banking, ATM, Mobile Banking, Phone banking, Bill pay services separately and have made use of various parameters to measure the variables. Majority of the studies could establish their view on services provided in isolation. Multichannel offerings provided by various Banks is a new concept and is only reaching out to the common man recently. Though there is variety of banking services, this study apart from analyzing the usage behavior, examines the preference and satisfaction of retail banking services by various sections of customers depending on factors like gender, educational qualification, income level, marital status. In this regard, it is a maiden effort and exploratory in nature, the study also contributes to the existing literature.