Chapter 2

REVIEW OF LITERATURE
A number of studies have been conducted in India and abroad on various aspects of banking especially retail banking. Some worthwhile studies relating to the present topic are reviewed here.

Birla Institute of Scientific Research (1981) in its study makes a comparative assessment of the performance of public sector banks and major private sector banks since nationalisation. They find that the performance of public sector banks is not satisfactory in rural development activities when compared to the private sector banks.

Jain, Pinson and Malhotra (1987) in their study “Customer loyalty as a construct in the marketing of bank services” feel that customer loyalty is a very useful construct. Their contention is that the human aspect of banking should be given utmost importance by the loyal segment for the marketing of bank services.

R Jayakumar (1993) in his study of “Performance of private sector banks in Kerala” makes a comparative examination of performance of public sector banks and private sector banks in Kerala. He finds that in Kerala private sector banks perform better than their public sector counterparts.

Delvin James (1995) makes a case study of the retail banking services in UK using First Direct, a subsidiary of Midland Bank. He concludes that banks can increase their market share through proper communication and prompt delivery of their products.
Govindarajalu (1996)\(^5\) in his article “Satisfaction and dissatisfaction with bank services” views that the Indian banks have lost the quality of customer service. The dissatisfaction of customers with bank services is an important issue to be considered by banks and policy makers for the development of banking sector.

Sarkar and Das (1997)\(^6\) make a comparison of the performance of the three bank sectors - public, private and foreign - for the year 1995-1996. These banks are compared in terms of profitability, productivity and financial management. They find that the public sector banks are very poor in performance on the basis of these variables than the other two sectors.

D Mishra (1997)\(^7\) makes a study on the performance of commercial banks in India choosing relevant parameters like quality of service, risk management, profitability etc. His conclusion is that the banks should try to increase quality, balance risk management, and optimise profitability in order to survive and succeed. He identifies four challenges for the bank namely competition, credit, customer and control.

Gaganjot Singh (1998)\(^8\) in his study “New innovations in banking industry – a study of new private sector banks” views that the new private sector banks in India are using better technology and are offering better services to the customers. The new private banks have emerged as a model to the banking industry in terms of service levels, ambience, technology etc. As the public sector banks have already established a huge customer base, they become complacent and are slow to become customer friendly. They are also less innovative in the use of technology-assisted customer service. Because of their huge customer base they feel that they can withstand competitions from new generation banks.
N. S. Varghese (2000)\textsuperscript{9} is of the opinion that new generation private sector banks with their latest technology are able to implement e-banking and are highly preferred by investors in the stock market. He also points out that prominent new generation private sector banks like HDFC and ICICI have entered into internet banking through which greater convenience is offered with lower transaction cost.

The study carried out by P Verma (2000)\textsuperscript{10} is in tune with the findings of Varghese. Analysing the impact of information technology on new generation banks Verma feels that new generation banks are far ahead of traditional public sector banks. He finds that information technology is posing a threat to the public sector banks. He observes that the business per employee of major public sector banks in India is a mere fraction of the business per employee of new generation banks. So the public sector banks have to improve their productivity and efficiency to compete with the new generation banks which are fully computerized. But Eapen Varghese (2001)\textsuperscript{11} finds no such difference between the services rendered by public sector and private sector banks.

Mini Joseph’s (2001)\textsuperscript{12} view is that new generation banks have created a spirit of competition in the banking industry by fully utilizing the facilities and amenities available from technology and computerization, and by accepting customer satisfaction as the core aspect. For preventing the erosion in the market share of old private sector banks and public sector banks, they are also providing quality service now in a competitive spirit.

Anantha Swamy (2001)\textsuperscript{13} makes an appraisal of the performance of different bank groups in India in the backdrop of competition, deregulation and changes in the field of banking. He classifies banks into public sector, old private sector, new
private sector and foreign banks. His focus has been on profitability, NPA, contingent liabilities, spread etc. for the last five years and arrives at the conclusion that the new private sector banks are performing better than the banks in other sectors.

Jamal and Naser (2002) makes a study on “The factors influencing customer satisfaction in the retail banking sector of Abu Dhabi”. He collected the necessary data using structured questionnaire. Customer response to questionnaire shows that the customer expectations from the bank and service quality provided by the banks are the major determinants of customer satisfaction. Their investigation on factors influencing customer satisfaction in the Pakistan retail banking sector also reveals that service quality is the important determinant of customer satisfaction.

P. D. Jeromi (2002) who studied “The trends and issues of bank credit in Kerala” finds that the absolute rate of growth of credit is reasonably good. But in relation to deposits, per capita credit, credit per account, disbursement by all India Financial Institutions the level of credit is lower. He also observes that more attention should be given to mobilization of deposits than to expansion of credit.

Pushpangadharan’s (2002) study on “The quality of customer service in public sector banks” also shows that public sector banks lag behind private sector banks in customer service. The parameters he used in the study are facilities and amenities, speed in completing transactions and providing deposit related and credit related services. The customers of public sector banks are not much satisfied with branch managers’ and employees’ attitudes. The public sector banks are very poor in respect of customer feedback system and redress of grievances.
Bharathi Pathak (2003) makes a study of “The financial operations of new generation private sector banks in India”. Five banks (Indusind bank, Centurion bank, HDFC bank, ICICI bank and UTI bank) are taken up for financial analysis for a period of five years from 1996-97 to 2000-01. Their financial performance is studied under four different parameters – financial, operating, profitability and productivity. His conclusion is that the working of all banks is satisfactory but HDFC bank comes at the top closely followed by ICICI bank.

Bikram De (2003) makes a study on the effects of ownership on bank performance. He compared old private sector banks and new generation banks in terms of profitability, efficiency, liquidity etc.

Gilotra (2003), in his study on retail lending, views that the success of retail lending of a bank depends on factors like marketing efficiency, proper appraisal and follow-up. He also finds that HDFC has become very excellent in housing finance solely due to the long term strategies adopted by them.

R.Kumar (2003) in his study “Retail banking growth drivers and analysis of associated risks” views that banks should review the retail loan portfolio at periodical intervals in a structured manner for identifying the risks and upgrading the strategies for the reduction of risk.

V.S. Murthy (2003) in his study views that in India the banking industry has very high competition particularly in the retail sector. In this competition only the fittest will survive. It is expected that the banks are well equipped to succeed in the retail journey.
Qamar (2003)\textsuperscript{23} has done a comparative study on the “Profitability and resource use efficiency in scheduled commercial banks in India”. He finds that efficiency of new private banks and foreign banks is better though marginally than the old private sector banks and public sector banks.

Velayudham (2003)\textsuperscript{24} in his article “Banking for corporate new directions” reminds banks to ensure that for a balanced asset portfolio retail banking has to go along with wholesale banking. Besides, for better management of customer’s needs and consultative selling of products, commercial banks should have customer relationship management department.

Filomina’s (2004)\textsuperscript{25} survey on expectations of customer from retail banks shows that none of the banks are able to meet the diverse needs of customers. As a result the customers are not so loyal to a particular bank and go for multiple banking. Customers are aware of the variety of products and services that are available in the banking sector and demand them from their banks. The aggressive banking of new generation banks make customers dislike them.

Groeneveld and Wagemakers (2004)\textsuperscript{26} in their article “Retail banking strategies in Europe” analyse retail banking strategy with special emphasis on retail banking in the broadest sense of the word. He finds that many banks rediscovered retail banking after the collapse of investment and corporate banking activities and the fall in the stock prices in the last few years. The retail banking strategies in general and the strategic positioning of Rabobank group in particular are described in the study.
Gurumurthy (2004)\textsuperscript{27} has made an analysis of income, expenditure, operating profit and NPA of public sector banks, foreign banks, old private sector banks and new private sector banks. He contends that the reforms in banking sector positively influence the financial health of the banks. He observes that the financial performances of the banks are improving as a result of the prudential norms of RBI and other committees. Besides, these reforms have helped to increase competition in the banking industry.

Subrat Mohapatra (2004)\textsuperscript{28} in his article states that the non-food credit of the banks has increased several times. Banks have to increase the lending even though the interest rates are decreasing due to the of bulk deposits received by them. Retail credit and SME advances are the growth areas of banks.

Velouston and Cleopatra (2004)\textsuperscript{29} in their study have analysed the relative role of certain drivers of bank loyalty. Their study shows the links between image, perceived quality satisfaction, commitment and loyalty in Greek retail banking. The result of the study is that the image has a positive impact on perceived quality and satisfaction. The key factor that leads to loyalty is the personalisation in providing services to customers which help to increase customer satisfaction.

Yeole (2004)\textsuperscript{30} in her article “Problems of NPA” deals with the NPA problems of commercial banks. She feels that the public sector banks are facing the NPA problem more often than the private and foreign banks. The NPA of public sector banks is growing due to external and internal factors and affects the profitability and liquidity of the banks adversely.
Zhou’s (2004)\textsuperscript{31} study is on “The dimensions of customer satisfaction in the Chinese retail banking”. The factors contributing to customer satisfaction are determined using the model of SERVPERF. Her study points that empathy or responsiveness of the employees, reliability or assurance from the bank and tangibility of services are the important factors affecting customer satisfaction.

Bhayani (2005)\textsuperscript{32} conducted a study among 200 customers on the retail banking awareness of private banks, nationalized and co-operative banks in the Rajkot city of Gujarat. The conclusion she arrives at is because of the low literacy among the customers, they are not aware of technology assisted banking services. So the banks should try to create awareness among customers on technology and technology driven products for better retail banking operations.

Chakraborty (2005)\textsuperscript{33} in the article, “Customer relationship management, a new mantra in Indian banking” views that CRM has an important role for banks in the marketing of products and services in an era of technology. By practicing CRM, the customer base and customer loyalty in banks can be increased.

Gopalakrishnan (2005)\textsuperscript{34} in his study identifies four main causes of NPA. In his opinion the main causes are wilful default, funds diversion, deficiency in credit appraisal standards and lack of follow-up and supervision. Besides these, absence of market intelligence, lack of staff to supervise the advances and shortage of credit information among banks also cause NPA.

S. Joy (2005)\textsuperscript{35} in his study “Performance evaluation of private sector scheduled banks in Kerala” suggests that private sector banks in Kerala are far below the other banks in performance but above other banks in growth proportions.
Ramola (2005) in his article states that Indian banking industry can reach international level only through the growth of retail banking. For the growth of retail banking, innovative products which satisfy the needs of the individuals are required. Such products can be developed through market research. Besides, new regulations are required to reduce NPA in retail sector.

Rudra Sen Sarma (2005) makes a study on “The cost and profit efficiency of Indian banks during 1986-2003”. During this period the cost efficiency of the banks improved but the profit efficiency decreased. Compared to foreign banks, domestic banks are found to be more efficient in terms of cost and profit.

Sudhir (2005) in his study “Retail banking – a paradigm shift” points out that the potentials of retail banking in rural and semi urban areas remain untapped. The potential customers in the rural and semi urban areas provide opportunities for the growth of retail banking in future.

Ndubisi and Wah (2005) studied on the “Factors affecting customer satisfaction in the Malaysian retail banking”. They made a field survey using structured questionnaire among the bank customers in Malaysia. Using the method of factor analysis they identified five important factors of customer satisfaction. They are communication, competence, trust, conflict handling and relationship quality.

Amit and Anwarin (2006) view that most of the Indian banks are providing retail banking services like phone banking, internet banking, multi-city cheque facility, any branch banking and bill pay services. Along with this technology based services, banks are concentrating on business intelligence for providing better customer services.
Arun Kumar (2006)\textsuperscript{41} in his study entitled “Retail banking-its socio-economic impact” argues that retail banking has failed to improve the socio-economic conditions of retail loan customers.

Deepal Singh (2006)\textsuperscript{42} who made a study on “Consumer behavior and banking of retail products” argues that borrower’s attitude is the most important factor which determines the success of housing loan scheme.

Dharmendra Singh and Garima Kohli (2006)\textsuperscript{43} are of the opinion that the new generation banks in India are different from the traditional banks. They are the pioneers in the use of technology, utilization of manpower with professional management and implementing corporate governance. The traditional banks follow the technology adoption of these banks to retain customers.

Laxman (2006)\textsuperscript{44} in his article “Retail banking, small and beautiful dimensions” identifies the convenience of the customers, excellence in processing and cost effectiveness as prime factors determining the success of retail banking.

Nair (2006)\textsuperscript{45} opines that Indian banks should innovate and grow for facing the new situations of technological developments in the banking sector. Modern customers are not satisfied with traditional banking and traditional banking products and services.

Focus of Neetu Prakash’s (2006)\textsuperscript{46} comprehensive study on “Growth of retail banking in India” is growth pattern of retail banking in India. Her argument is that even though the growth of Retail banking in India is very small compared to world standards, the growth and development of retail banking is an important milestone in the Indian banking sector development. She also finds that the performance of
private sector banks is better than that of their public sector counterparts in the growth of retail banking.

Pikkarainen, Pikkarainen, Karjaluoto, and Pahnila (2006) studied the “Factors affecting online banking customer satisfaction in the Finnish retail banking”. Convenience sampling was adopted and data was collected with a structured questionnaire. The outcome of their research is that website content, ease of use of the websites and accuracy are the important factors of customer satisfaction.

Rajesh Chakrabarti (2006) observes that the overemphasis on competition and profitability has driven away the socialistic approach of public sector banks followed for decades. Yet he concludes that the emergence of new generation banks and foreign banks has promoted the use of technology and professionalism in banking sector.

Shyamala (2006) in her study “Retail banking –opportunities and challenges” has identified certain opportunities and challenges of retail banking in India. In her opinion, the growing youth population, technological developments like ATM, credit card, internet banking etc are the major opportunities and challenges in Indian retail banking.

Uppal (2006) in his study the “Survival of public sector banks in the post LPG era” studied the profitability of SBI and its associates, nationalised banks, new private sector banks and foreign banks in the post-reforms era. He finds that there is a significant difference in the profitability of major bank groups. Foreign banks have
the highest profitability. It is also found that the lower profitability of public sector banks is due to the negative effects of burden.

The focus of Dhandapani Alagiri’s (2007) article “Retail banking: challenges” is on the retail banking in India with increased consumer spending and increased challenges in the form of competition and technology up-gradation. He concludes that the most important issues for the new generation customers are product innovation and competitive packaging services. Retail banking increased the uses of the mobile phones and e-banking facilities for quick service. As a result the security and confidentiality have become very difficult to maintain. This has become a major problem for the banks in India. Another result of the study is that credit delivery mechanism has been improved considerably with the advent of technological advances.

Molina, Martin-Consuegra, and Esteban (2007) have made a study on “The impact of relational benefits on customer satisfaction in Spanish retail banking”. It is an empirical study using a sample of customers regarding the relationship between relational benefits and customer satisfaction. Their study shows that confidence benefits have a direct, positive effect on the satisfaction level of customers with their bank.

Praveeth (2007) in his study the “Perceptions of customers on retail banking” points out that the customers of both public and private sector banks are satisfied on many factors but are dissatisfied on areas like holiday period granted by banks and insurance coverage.
Santi Gopal and Soma Dey (2007)\textsuperscript{54} in their study on “Retail banking in Indian scheduled commercial banks” bring to light that there is very high competition in Indian retail banking. Innovation in products, technological developments and strategies to capture the market share decide the success in retail banking. Quality of customer service is equally important. Thus retention of customers and attracting potential customers are the major challenges before banks.

Venkata Seshaiah and Vunyale Narender (2007)\textsuperscript{55} identify various factors affecting customer’s choice in their study “Factors affecting customer’s choice of retail banking”. They probe into the psychology of the customer’s loyalty. They identify different factors affecting the choice of banks through a survey. These factors are safety of deposits, size and strength, accuracy, general survey quality, speed of delivery, proximity, security of environment, cordiality of staff, price & services charges, product packaging, general public impression, peer group impression, face lift, friendship with staff and advertising and publicity. They conclude that in order to achieve their corporate mission through customer orientation, retail banks must reorganize their activities.

Vyas and Dhade (2007)\textsuperscript{56} who conducted a study on “The impact of new private sector banks on State Bank of India” observe that the new private sector banks are not a threat to the SBI at present but the situation may change in future. The SBI with a vast net work of branches and presence is able to compete with these banks at present.

Manoj Kamar Joshi (2008)\textsuperscript{57} in his article entitled “Customer service in retail banking in India” discusses the various service aspects of Indian banks in retail banking. He finds that through the use of modern technology, they provide high
standard and quality customer service and this helps them to succeed in the competitive world of retail banking. While processing the loans, banks should provide comprehensive information with regard to the fees / charges levied from the borrowers. By standardising the procedures banks can prompt the customers to visit them hassle free and by directing them to the right officials they can save their time and acquire their goodwill.

Uppal (2008)\textsuperscript{58} in his study finds that the banks are not following the cardinal principles of lending in distributing the retail credit. Banks can succeed only through aggravating and emphasizing various retail credit activities.

Al-Eisa and Alhemoud (2009)\textsuperscript{59} studied the most important attributes that influence customer satisfaction with retail banks in Kuwait. They also measured the level of overall satisfaction of the customers of the sample banks. The multiple-attribute approach was applied in the analysis of data. A convenient sample was selected from customers of retail banks in Kuwait. They observe that the most important factors for predicting customer satisfaction with retail banks in Kuwait are fast service, availability of self-banking services and courtesy and helpfulness of employees.

Arti (2009)\textsuperscript{60} in her comparative study of ICICI bank and SBI found that ICICI bank perform better in staff behaviour and services than SBI. She also found that the competitive rate and commitment make satisfied customers while hidden charges is the reason for dissatisfaction with ICICI bank.
Herington and Weaven (2009)\textsuperscript{61} analysed the factors affecting customer satisfaction for e-retail banking in Australia. A survey was conducted among the regular users of online banking by selecting a convenience sample. The factors for customer satisfaction were ascertained by factor analysis and regression analysis. He identifies that personal need of the customer, website organization, user-friendliness of the websites and efficiency as important factors contributing to the satisfaction of customers.

Kanning and Bergmann (2009)\textsuperscript{62} studied the “Factors affecting customer satisfaction in the German retail banking sector”. By applying the field study method they identified the factors affecting customer satisfaction. They identify Performance of banks and fulfilment of customer expectations as the major factors which affect customer satisfaction.

Mohammed Hossain and Shirley Leo (2009)\textsuperscript{63} in their study find that the perception of customers changes in accordance with the nature of service. They view that in this competitive environment, all banks are offering the same or similar products and the only factor to differentiate them is the service quality. Thus retail banks must ensure better service to their customers to become successful.

Pankaj Kumar (2009)\textsuperscript{64} in his article “Customer relationship management in retail banking” highlights that Customer relationship management is especially useful for large banks like SBI which are spread across different locations. For CRM to be truly effective, it requires a well thought out initiative involving strategy, people, technology and process.
Uppal (2009)\textsuperscript{65}\hspace{1mm}in his article “Retail banking strategies in the liberalized globalised era” views that Indian banks must give more attention to the retail banking activities. Banks have to expand the product line, identify new delivery channels, develop better marketing systems and strategies and service quality so that satisfaction of the customers can be enhanced.

Bhaskaran (2010)\textsuperscript{66}\hspace{1mm}in the article “Impact of financial crisis on banks in India” views that the impact of financial crisis is more on private sector banks. Nonperforming assets have increased in all banking sectors. The increase in NPA preceded the financial crisis and coincided with the retail boom.

Aparna Mishra and Kamini Tandon (2011)\textsuperscript{67}\hspace{1mm}who studied “Customer centric approach towards retail banking services” find that the important factor affecting customer satisfaction in retail banking is service quality. The customer retention can be ensured only through the quality of service provided by the banks.

Dhara Kothari (2011)\textsuperscript{68}\hspace{1mm}views that retail banking offers vast opportunities for growth and at the same time has challenges which are discouraging. The success of retail banking depends on the ability of banks to make use of these challenges and opportunities profitably. The efficiency of operations and use of technology would provide the competitive strength for success in retail banking.

Dilip Kumar and Durga Sankar (2011)\textsuperscript{69}\hspace{1mm}compare the performances of new generation banks in India. During the periods of slow-down in the growth of credit, the private sector banks have been able to perform better on account of the retail lending. The competition in the field is very high and the customers are benefitted
by it in the form of better service quality, product innovations and better bargains. The retail segment has tremendous growth.

Ganguli and Roy (2011)\textsuperscript{70} also studied the “Factors affecting customer satisfaction in the Indian retail banking sector”. The factors affecting customer satisfaction were identified through factor analysis. Their study also shows that the important factors affecting customer satisfaction are customer service and technology usage, easiness and reliability.

Gupta and Meera (2011)\textsuperscript{71} in their study on “Indian banks and Basel II norms” find that the capital adequacy and risk structure of the banks have improved as a result of Basel II regulations. The NPA of all banks have declined. The capital adequacy ratio of banks has increased as a result of capital regulations which in turn lead to decrease in NPA.

Kajal Chaudhary and Monika Sharma (2011)\textsuperscript{72} in their article “Performance of Indian public sector banks and private sector banks: a comparative study” suggests that banks should take adequate measures to escape from NPA problem. Proper training should be given in documentation and creation of charge of securities to the staff involved in loan sanctioning. Care should be exercised in the selection of borrowers and projects

Kalpesh (2011)\textsuperscript{73} in his comparative study of financial performance of Indian banks points out that efficiency and stability of the banking system in India is impacted by the reform measures. The profitability and liquidity of both public and private sector banks have also improved a lot.
Mukhopadhy (2011)\textsuperscript{74} opines that retail banking in India has been fast emerging as one of the major drivers of the overall banking industry. Retail banking has shown much growth in the recent past. The strategies adopted by banks in retail banking are changing fast as the banks are following a combination of organic growth, acquisition and alliance.

Nishith, Enid and Devaraj (2011)\textsuperscript{75} in their article “Retail banking the new buzzword of today’s banking” subscribe to the view that the retail banking has challenges along with the vast opportunities. The ability of banks to effectively meet the challenges of retail banking and use the opportunities profitably will determine the growth of banking. The efficiency of operations and adoption of technologies help banks to compete with other players in retail banking business.

Siddeshwar and Pradeep (2011)\textsuperscript{76} make an interesting observation regarding home loans. They point out that home loans are beneficial to the banks due to various reasons. Banks earn huge amount of interest income through home loans. House loans are sanctioned against most secured asset compared to most other loans. Since the dream home of the individual is mortgaged for the home loan, the borrower pays the instalments timely, and hence there is little or no chance of such a loan becoming bad and non-performing asset for the bank.

The study of Singh and Kaur (2011)\textsuperscript{77} has its focus on the factors that affect customer satisfaction in selected Indian universal banks. Survey method was used for the study. A well-structured questionnaire was used for collecting data from sample respondents. He identifies seven factors that influence customer satisfaction – employee responsiveness, appearance of tangibles, social responsibility, service innovation, positive word-of-mouth, competence, and reliability. The variable social
responsibility, positive word-of-mouth, and reliability have major influences on the overall satisfaction of the customers.

Syed Ibrahim (2011)\textsuperscript{78} in his study states that Indian scheduled commercial banks have improved their operational performance since 2000. There is constant increase in aggregate deposits. The C-D ratio also shows an increasing trend. The investment deposit ratio and priority sector advances have also gone up.

Uppal (2011)\textsuperscript{79} in his study states that as e-channels provide time and cost utility, customers prefer them. His stance is that public sector banks have least growth in terms of number of customers. The financial productivity index has decreased in new private sector banks. The productivity index of employees, branch and bank is increased in all bank groups.

Aashish Shashikant Jani (2012)\textsuperscript{80} in his comparative study on the use of technology in retail banking among public and private sector banks argues that e-channels are preferred by customers because of cost and time utility. Her suggestion is that in this era of information technology, the public sector banks have to introduce more technology based products and services to compete with other bank groups especially new generation banks.

Nishit (2012)\textsuperscript{81} in her comparative study on private sector banks in India analysed the performance of six major private sector banks during the period 2008-09 to 2009-10. She found that profit maximisation and wealth maximisation are the main concern for banks. The private sector banks play an important role in the economic development of the country. The study also contains the profitability
analysis of the sample banks which can be used as a basis for investment decision by the investors.

Examining the macro trends of retail credit in India, Dinabandhu Bag (2012)\textsuperscript{82} observes that the personal credit has increased many times in India since 1996. But this increase is not significant when compared to the increase in per capita income and per household income in India. The demand for retail credit has increased as a result of the increased employment generation in the organised sector. He further views that a large portion of households remain unserved with retail credit and that the gap between retail credit and income is increasing. Through better credit management tools the banks can improve the credit eligibility and build a culture of credit.

Paritosh and Kavita (2012)\textsuperscript{83} in their research paper on “The impact of customer satisfaction on retail banking” conclude that the ATM, internet and branch office are the popular channels used by retail banking customers. The financial crisis has not affected the trust and relationship of customers with their retail banks.

Raghuwanshi (2012)\textsuperscript{84} in his article states that the Indian retail banking has wide opportunities and challenges. The retail portfolio of banks is subject to frequent change. Banks should constantly innovate in retail banking through product diversification, technology up-gradation, cross selling etc.

Revathy (2012)\textsuperscript{85} in her article views that retail banking has greater scope of generating profit than the traditional banking. Banks have identified this and are adopting a different approach in designing the retail banking products and services to hold the market share.
Ashok Kumar (2013)\textsuperscript{86} in his study “Opportunities and challenges in the Indian retail banking industry” concludes that for the development of retail banking in India, a paradigm shift is required in bank financing through innovative products and mechanisms involving constant up-gradation of the banks internal systems and processes. Banks require product development and differentiation, innovation and business process reengineering, micro-planning, marketing, prudent pricing, customisation, technology up-gradation, electronic or mobile banking, cost reduction and cross-selling for their development through retail lending. He says that retail banking has more scope for generating profit than any other traditional methods.

Madhvi (2013)\textsuperscript{87} is of the opinion that retail banking is the most tremendous area to be looked after by the banks. The rising population of higher income earning middle class, who are ready to take risk, has increased the scope of retail banking. So banks should concentrate on this elite group of customers through product innovation and offer them quality service in time.

Mittal and Pachauri (2013)\textsuperscript{88} in their study on promotional tools and techniques adopted for retail banking compared the public sector banks and private sector banks. Their finding is that the perception of customers with regard to the type of promotional tools and the techniques adopted significantly vary between public sector and private sector banks.

Phanindra and Parashuramulu (2013)\textsuperscript{89} in their article view that the Indian banks have wide scope for operations but the important obstacle before them is the hard regulations made by the apex body. The LPG measures have affected the banking sector. Thus the participants in retail banking in India have to adopt a different approach in designing products and services in order to retain the market share.
Sujatha S. And Arumugam N. (2013) in their study “Customer satisfaction in Indian banking sector” view that before introducing various services to customers, banks should take care of their needs. To serve customers with different occupations and educational backgrounds banks should adopt strategies. There is a correlation between the satisfaction of the customer and the performance of the banks. So it is important for banks to consider satisfaction of the customer as a relationship-marketing strategy.

Gokilamani, and Natarajan (2014) in their study opine that customers of Indian commercial banks are positively responding to retail banking. It is important for banks to focus on service quality for strengthening their competitive edge and to allocate the limited resources to serve the personal banking division. They further views that the success of a retail bank will depend on product innovation, technological developments and strategies to retain the retail customers.

Research gap

The foregoing analysis of the available literature of the researches carried out by various scholars clearly shows that there is a research gap for the present study. The earlier studies differed one another in the selection of variables, selection of reference period, selection of banks and the use of tools and techniques. None of the studies had made an effort to understand and compare the retail finance practices of old commercial banks and new generation banks in Kerala. The present study brings within its purview the areas of the retail finance practices and the satisfaction level of retail borrowers of old commercial banks and new generation banks in Kerala. Thus the present study is an important venture for studying and comparing the retail finance practices of the two types of banks and offer suggestions on the basis of the findings.
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