ABSTRACT

The introduction of banking sector reforms and the implementation of Basel norms along with the liberalisation of economy in the 1990’s brought structural changes in the Indian banking sector. The new generation banks and foreign banks entered into the Indian banking sector with new technology, better quality service and innovative products. This forced the old commercial banks to introduce overall changes in their operations. Due to this, the efficiency and profitability in the banking sector has increased. The competition between old commercial banks and new generation banks has also increased. A better market share in the industry is captured by the new generation banks from the public sector banks and old private sector banks. In these circumstances the present study is undertaken to compare the retail finance practices of old commercial banks and new generation banks and the effect on customer satisfaction. In this study the researcher has considered the retail lending practices followed by the sample banks, monitoring mechanism of retail loans and cost of loans. The level of satisfaction of the customers of old commercial banks and new generation banks is also compared with the help of objective statistical data.

From the study it is found that the retail lending practices of old commercial banks and new generation banks differ. The new generation banks are stricter in the treatment of defaults. The cost of loan is more in new generation banks. However there is no significant difference in the overall satisfaction level of customers of old commercial banks and new generation banks.

Key words: new generation banks, old commercial banks, retail loans, customer, default, cost of loan.