PREFACE

The services sector has grown phenomenally over the past decades and accounts for more than 60 per cent of gross domestic product (GDP) in the developed economies. The most marked change in the structure of developed economies in the twentieth century, particularly in the later half, has been the transformation from an emphasis on the manufacture of physical goods to the production of intangible services. In the United States, a leader in the transformation to a service economy, the percentage of workers employed in the service sector has risen from a mere 30% in 1900 to an estimated 80% by 1995. Even this number underestimates the real number of the service employees in the economy, because as many as three-fourths of the workers in manufacturing firms are actually engaged in support services such as maintenance, research, accounting, marketing, personnel management, and information processing, rather than direct production of goods. New technologies, such as information processing and telecommunications, have created enormous new industries and a massive restructuring of the economies.

India is no exception to this phenomenon. One of the more special features of the evolution of the Indian economy in the Nineties has been shift towards the service sector. While a little over a decade ago the three main sectors of economic activity-agriculture, industry and services—had roughly equal shares in the GDP, the service sector has now left the other two far behind. According to the estimates for 1999-2000, the service sector accounts for nearly 52 per cent of India’s GDP and more than 60 percent of employment. As per the projected estimates, by the year 2005, services industry will contribute up to 60 per cent to the Indian GDP.
Among the different services of service sector, banking is one of the major contributors of service sector economy. Banking is the mirror reflection of an economy. The performance of any economy, to a large extent, is dependent on the performance of banks. So long as banks do their primary function of banking, which is to lend to economy, it stands a chance of muddling ahead. Even more critical is the fact that this sector is caught on a wrong foot, all hell can break loose. An entire economy can come down like a pack of cards. The collapse of the banking sector in 1997, let by the currency crisis in some of the tiger economies is still fresh in public memory.

Retail Banking comprises services, such as the supply of saving instruments, as well as intermediation of financial savings and related securities business, the supply of consumer loans and housing finance, payments services, and a wide range of advisory services. It has become a central element within the financial services industry of most countries, and thus plays a key role in the mobilization of financial resources.

Economic liberalization and globalization, Information Technology (IT) revolution, changing customer requirements/expectations and increasing competition are posing a challenge to the existing Indian banking scenario. During the past few years, the banking sector has witnessed revolutionary changes. The entry of private and foreign banks has posed a challenge to the monopoly enjoyed by the nationalized banks. With increasing competition, the importance of quality services in banking has gained paramount importance. To survive, banks will have to rethink their strategy in delivering quality services to attract and hold clients. The service challenge involves developing new services that will meet clients' needs in a better manner, improving quality and variety of existing services and finally, providing and distributing these services in a
manner that best serves the clients. Thus, the present study is an effort to fill the gap and find solution to the problem of service quality in banking sector.

The thesis is divided into SEVEN CHAPTERS, of which the first one forms the foundation and the rest deals with the research methodology and analysis. FIRST CHAPTER consists of three parts, of which the first part presents a bird's eye view of special features of service sector and its role in the economy. The second part of the chapter speaks about the banking sector and the last part narrates the Tirupati region, the area in which the study is undertaken. SECOND CHAPTER gives the literature review in elaborate manner. Based on literature review, problem issues are identified and the justification for the study is made. The objectives, hypotheses, research model and methodology are presented in the THIRD CHAPTER along with limitations of the study. FOURTH CHAPTER vividly presents the demographic characteristics of the respondents, along with inspection of the data by reliability analysis and validity analysis of the collected data. In the FIFTH CHAPTER, service quality is measured for the total questionnaire items and for SERVQUAL scale items separately for all the banks individually and also sector-wise. SIXTH CHAPTER is intended to measure directly and study the relationships of service quality, disconfirmation, satisfaction and behavioural intentions of the customers of the banks under study using the proposed research model. Thus chapter also distinguishes the features of the private sector and public sector banks with respect to the study variables. SEVENTH, THE LAST CHAPTER gives a critical appraisal of the research findings in the light of the set objectives and hypotheses, along with the summary and conclusions.