ABSTRACT

The service sector has always been a vital component of all developed economies all over the world. Large portion of revenue and GDP comes every year from service sector. Indian economy has also grown from being an economy based on agriculture and industry to an economy emphasized by service sector.

The service sector makes significant contributions to economic and social development of countries around the world (Daniel and Harrington, 2007). The era when banking industry was perceived as a seller’s market is long gone. The banking sector experienced a boom in 1980s because of liberalization and low entry requirements by the regulatory authorities. Number on licensed banks rose from 47 to 120 between 1985 and 1993. This phenomenal growth in the banking sector meant that they became major contributors to the GDP and employment.

After liberalization and globalization policy enactment, Indian banking industry has undergone tremendous qualitative changes. There has been a change in the very concept of old banking functions and concept of quality in service has gathered attention of all customers. To meet challenges because of these changes, many of the banks have formulated strategies to survive in this cut-throat competition by focusing on changing market trends, new technology, solving trade union issues, free entry of foreign banks, bank regulations, economic recession, and fierce competition and have also understood the realities of long term survival which depends on the satisfaction of customers expectations. Still many of the banks are facing challenges to understand the mindset of their clients due to often changing preferences and expectations of the customers. The banks also rarely evaluate customer expectation. Every business entity is aimed towards wealth and revenue multiplications. Long healthy associations and customer relationship are the major aspects of earning profits for all businesses.

According to Patterson et al. (1997), a satisfied client is being considered the main component of company’s growth and it is a very essential component for sustaining in this cutthroat competitive scenario. For better sustainability and profitability organisation must understand the importance of retaining customers in long term business.
Customers are usually reluctant to switch service providers unless they are very much unhappy with poor quality of facilities offered by bankers. In case of banking sector the customer is even more intimately involved with the service process. Bankers should pay more attention to make banking experience a memorable experience for them. They should work to make customer’s every transaction error free and convenient for customers.

As per the research findings found by G.Sathiyavalli et al. (2011) are also in support of ignorance of client’s satisfaction in public bank and it is concluded that customer’s satisfaction is not given much attention in public sector banks and suggested that quality of banking sector should be improved.

All consumer researchers and policy makers have endorsed that customer’s satisfaction is a main determinant of an organisation’s growth and success. Today 95% of organizations are working towards customer’s satisfaction. All big organizations are today either consumer centric or based on the philosophy of marketing concept. It has become a winning formula for all growth and success in this cut throat competitive era. Nationally and internationally several studies are conducted on service quality and customer’s satisfaction.

Competition on global front will be making marketers worried and imposing tough challenge around the world and advancements in technology continue to strengthen customer with more information about market and several choices. Slowly and gradually quality of service will be becoming the important factor for firm’s growth and development.

According to Barnes & Corbitt, 2003, new technology and its modern tools have made communication more convenient. Today customers are demanding latest equipments and techniques of mobile banking rather than approaching branch banking.

The customer is central to the subject of marketing. In traditional marketing, customers were treated as cost centres and guest. In traditional service marketing concept customers expectations and experience management and other similar attributes were having very little relevance. Bankers were less bothered about customer service issues and client’s complaints. But today modern business concept treats clients as a part of business and accepts customer’s participation
business and management decisions. Current marketing principals are based on long term association with clients rather than acquisition of new customers every day. All marketing and non marketing organisations are trying their level best to hold customers for long. Their main focus is not to make customers loyal every new day but make a loyal customer for long.

The rules of traditional marketing are getting faded day by day; customers all over the world are becoming more and more demanding day by day. In connection to this, Parasuraman (2000) stated in his study that good quality of customer service and service differentiation are the two faces of one coin.

The basic function of banks are getting changed day by day and keeping this in view Kumar (2008) found that the most relevant motive of banks is to trap the changing customer needs and their expectations at it best. Today customers in rural areas do not wish to hang up in long queues and waste their working hours merely in banking and other type of transactions at banks. They expect a quick and prompt service on their finger tips.

Various research studies reveal that in general quality management in services is the winning mantra of all kind of banks. The special traits of service make it more complex and difficult in measurement. (Hoffman and Bateson, 2002).

Flavian et al. (2004) and Jayawardhena (2004) focused on those factors that are important for customer satisfaction like access to service, service being offered, security of transaction, and measurement of service quality performance. His study focused on development and improvement on a valid scale to measure the activities of those bankers which are offerings electronic services to customers.

Kangis and Voukelatos (1997) used the study of many other researchers a base for their research. Quality management of public and private banks was compared by keeping customers
satisfaction in view. It was found those private banks are more efficient and effective in providing electronic services to their customers in comparison of public sector bank.

Lenka, Suar, and Mohapatra (2009) also observed analyzed and found in a case study of Orissa state that to retain Indian customers in all kind of banks it is important stressing more focus on the maintenance of high quality service. The research finding say that courteous staff, tangible dimension of service quality and technical advancement of the bank branches foster customer satisfaction. Empathetic variable of service quality found the main determinant to impress customer satisfaction more than the technical and tangible aspects.

According to Joseph et al. (1999) found information technology a major indicators of customer satisfaction. They stressed upon the latest and modern technology for customer’s retention.

Jabnoun and Tamimi (2002) have done few modifications in a model developed by Parasuraman in the measurement of expected service quality of United Arab Emirate’s commercial banks regarding their performances. Their works have investigated the relevance of each and every dimensions functional service quality in connection with customer satisfaction.

Several researches proved that the service industry has emerged as the most competitive and big source of income in all over the world’s economy. Noh, 2009).

In order to rise to the challenges, service providers are now more interested to enhance their understanding of consumer behaviour patterns. Today the market is customer driven with performance, cost and reliability, being the key drivers.

This study will deal largely with the consumer behaviour aspects of business. This research is basically aims to find out the main indicators influencing customer behaviour in banking sector which are based on service quality. This research will examine the factors that are determinant ones. It will provide the basis for retaining and expanding the customer base for the banks.
A financial service like any other country in India also is changing very fast and a rapid transformational change has been occurring. Till last two decades banking industry was restricted to the government banks only. After 90s the private and Multinational bankers and with their entry the banking system under-went a phenomenal change. Entry of private players into retail banking shifted the focus on the individual customers in a big way.

Today banks are looking for developed and tested tools for customer’s relationship management. Now consumers have more options of doing banking activities both, in the old fashioned mean by visiting the bank branch personally by automated teller machines and also through the mobile banking or by doing on net. Now multi channel banking gained prominence.

In a study done by Rhoades, (2000), there are lots of examples showing the remarkable paradigm shift in banking sector after 1990s till today about the profits and revolutions this retail banking industry has witnessed. Banking services were backed up with the emergence of information technology, lots of revolutionary changes occurred in this sector, and many other drastic improvements were made.

India is breaking the inhibitions of world of being a developing country and heading towards attaining the status of a developed country with its world class technology, market and consumer power. India has a population of more than a billion and this comprises of more than three hundred million strong middle class. Thus there is huge market potential in terms of customers.

In current scenario all kind of bankers have to show service excellence in every spheres of banking. The main issue before banks is to develop and maintain client’s association with bankers. Customer relationship has to be acquired and maintained foe long in future by all means. It is the duty of bank that customers stay with the bank. In current scenario the transaction based operating model has become insufficient to ensure customers loyalty and bring profits. Financial institutions are today differentiating their services by adding more variety and range in their product portfolio lists.
In a research work done by Naeem, Akram, & Saif, (2009) in Lebanon, opined that banks are the backbone of any economic system and they have a great relevance in any country’s economic system. Due to importance of this sector most of the investigators select banking industry to enquire the association in two components one is expected service performance and other is client’s reactions in Lebanese economy.