Banking industry has undergone a lot of changes since its inception and now private banking and emergence of foreign banks has changed the situation altogether. Private banking has changed the expectations of people and the amount of services given in this sector. It is worthy to be noted that public sector banks are more or less traditional in nature (situation has changed now) whereas private banks are more profit oriented and they are more aggressive.

2.1 Private versus Public sector banks

Kangis and Voukelatos (1997) analysed Banks in Greece and found that in terms of perceptions private banks fared better than public sector banks (SERVQUAL method)

Lynn, Lytle and Samo (2000) studied Slovenian private banks and they found that in service commitment and financial performance they performed better than other banks
Nakane and Weintraub (2005) analysed banks in Brazil (250 banks between 1990 and 2001) and they found that private banks were more productive than other types of banks.

Other studies done also finds that in terms of performance, financial benefits, service quality, productivity etc private banks are better than public sector banks.
2.2 Private versus public banks in an Asian context

There have been a lot of studies to compare public sector and private sector banks in Asian context and some of them were specifically on the Indian context.

Sureshchandar, Rajendran and Anantharaman (2003) studied public sector, private sector and foreign banks and found that in terms of delivery of service there is larger difference between these types of banks in technology than the human element.

Other studies have also been done on this aspect and all these have come out with some pointers. Some of these are Client expectations, Performance of the banks, profits made, happiness of consumers, effectiveness of policies, performance of organization, employee behavior etc. These factors are important as lot of studies have found out relationship between these factors.

The study tries to explore the importance of service quality and finds out impact and connection of some of the factors mentioned above and also tries to find the importance of employees in giving better service to consumers.
2.3 BANKING SECTOR IN INDIA

With increasing competition and better quality of services, customized service solutions are happening and new and new services are coming everyday to woo the customers.

Key Statistics
Reserve Bank of India, March 2012 report on Quarterly Statistics on Deposits and Credit of Scheduled Commercial Banks finds that banks in sector called as national have 53.0 per cent deposit on an aggregate and at the same time bank like State Bank of India and its Associate banks have 21.8 per cent deposits. Nationalized Banks had share of fifty two percent in gross bank credit. SBI and its Associate banks had 22.5 per cent share and private banks had share of 13.5 per cent.

Mobile banking is very much important nowadays due to more mobile usage and increasing penetration of smart phones.
Recent Developments

• Banks in India are using their automated teller machines (ATMs) in religious gatherings in the country. Mobile ATM’S are started now by Private sector that changes from one religious program to something else throughout the year. Several media establishments like Essel group are coming to banking sector and also foreign banks are also coming in big way.

• Government Initiatives

The ministry of Finance has dispersed an amount of roughly Rs 12, 517 crore (US$ 2.28 billion) to public sector banks (thirteen in number) by March 2013. In 2013-14, it has proposed to give additional amount of Rs 14, 000 crore (US$ 2.55 billion) to make sure that banks in public sector follow the Basel III regulations.

The Government is trying to integrate all banks which also contain some banks in co-operative sector on areas like core banking solution (CBS) and on other methods like NEFT and RTGS by the end of year 2013. Also, the ministry has come up with India's Bank dedicated to women as a public sector bank.

The Government is trying to give Rs 6,000 crore (US$ 1.09 billion) to the fund for rural housing for 2013-14 and it is trying to have a fund for housing in urban sector to have better housing facilities.

The revenue of Indian banks has grown from US$ 11.8 billion to US$ 46.9 billion, and also the profit after tax increased from US$ 1.4 billion to US$ 12 billion over 2001-10. Top 10 players in banking contribute roughly 60% of the whole industry.

Also banking sector has remained uniform in terms of contribution to the gross domestic product over the period from 2006 to 2010. State bank of India, Punjab National Bank and Bank of Baroda have the first second and third highest credit
portfolios in that order. HDFC is considered as the best bank with the lowest NPA ratio, and at the same time, ICICI (who has the fourth largest credit portfolio) had a high Net Performing Asset ratio in the year two thousand and eleven. Banking sector has grown over the past years which can be shown by the Bankex. The Bankex is the tool used for finding out the efficiency of performance of stocks of important banking sector firms.

**McKINSEY REPORT-TRANSFORM TO OUTPERFORM**

Indian banking is expected to grow at around 18-20% a year with around 16% return on equity due to favorable demographics (young population and influence of tier 2 and 3 cities and rural sector), Rising corporate aspirations, strong regulations, technology advancements and rising productivity and economies of scale. Banks have to be more innovative and transform into an angle of return on investment as competition is increasing up and consumers are becoming more technology oriented.

According to the top consulting firms, Indian banking industry, specifically in the Public sector, can become better by improving productivity and by better and clinical management of Human resources. Banks have to recruit people with both core and area specific t skills and banks need to concentrate on the time and cost for doing all the work. Regular support from government and a very clear identification of existing strategies might be the impetus required for the Indian banks to achieve strong growth.

**Customer service in banking:**

**Complaints Per Branch**
According to RBI, the reason for foreign banks to get highest complaints is that the customers of these banks are well aware of their rights and have invested large amounts of money.

**Ground of Complaint**

1. Mortgages will reach more than Rs 40 trillion by 2020:
2. Wealth management will be huge business
3. Income group right below the middle class will be the largest group of customers.
4. The number of branches to grow 2 times than existing and ATMs to grow 5 times
5. Mobile banking to see huge growth
6. Customer Relationship Management (CRM) and data warehousing will change the technology in banks
7. Banking margins will come under pressure
8. More emphasis on small and medium enterprises
9. Investment banking will grow over ten–fold:

Along with this financial inclusion and Human Resource management in Public sector banks are other challenges.
2.4 BANKS WHICH ARE TAKEN FOR THE STUDY

SBI

State Bank of India origination started with the formation of a bank known as the Bank of Calcutta in the city of Calcutta on second June the year Eighteen hundred and six. After three years bank name was changed as the Bank of Bengal (Second January in the year Eighteen Hundred and Nine). The Bank of Bombay (15 April 1840) and the Bank of Madras (1 July 1843) were the other famous names that came after the Bank of Bengal. These three banks joined together to form the Imperial Bank of India on 27 January 1921.

A committee called as The All India Rural Credit Survey Committee suggested forming of a bank having state partnership and sponsorship. This thinking created State Bank of India on first July 1955. the State Bank of India Act (Subsidiary Banks) Act came in 1959. Then the bank got 8 subsidiaries from former State-associated banks.

The Bank has since 1973 is very active in giving community services by helping in Community Services Banking. The bank is actively involved in welfare activities and social causes. The bank believes that changing lives is more important which will ultimately help in business.

SBI deals with personal banking products like personal finance, loans etc, Corporate banking products like Corporate accounts, International products like trade finance,
Merchant banking etc, Rural products/services like Micro credit, Government accounts and services like mobile banking etc

HDFC

HDFC was one of the 1st banks to get an 'in principle' nod from the Reserve Bank of India (RBI) to start a bank in the sector called as private. The bank started in August 1994 with Mumbai office in India. Housing Development Finance Corporation Bank started as a normal business oriented commercial bank in Scheduled sector in January 1995.

Bank has wholesale banking (working capital finance, trade services, transactional services etc), retail banking (Housing Development Finance Corporation Bank Plus and programs like the Investment Advisory Services and different types of loans) and treasury business. HDFC understands the relevance of efficient governance in corporate sector which is needed to give a direction and methodology for management of the bank in tune with the important framework of efficient corporate governance. HDFC Bank has won a lot of accolades for its performance and customer service.

HDFC bank is based on our four core values – Focus on customer, focus and upgradation of Operations, being a product leader and focus on clients. The bank strives to maintain a very high level of ethics, integrity of professionalism, good corporate governance and regulatory compliance.
IDBI

Industrial Development Bank of India Ltd. is a Universal Bank which gives banking solutions which is one to one to its customers in different retail and corporate banking setup. It has a lot of branches all around the country and world. It is now considered as a bank in the cluster called as “Other Public Sector Banks”. It is treated on par with other nationalized banks. Bank has a total of nine hundred and seventy three branches and one thousand five hundred and forty two automatic teller machines. The total business of the bank, during first quarter of 2011-12, was almost 4 lakh Crore. Balance sheet showed almost 2.91 lakh crore while it got a profit(net) in tune of approximately Rs. 2032 Crore (up by 23.15 %)

IDBI Bank has its head office is in Mumbai. The bank has deposits, Loans, Cards, Corporate banking, Investment products, SME finance, Agricultural finance, NRI Services etc (http://idbi.co.in/index.asp)

CORPORATION BANK

Corporation bank evolved about one hundred and eight years ago in 1906, with a beginning investment of just rupees five thousand. But now it 2,84,722 Crore in business with over 6677 service outlets across the nation. The bank got nationalized
in 1980. In the year 1997, it was known as the second bank in the Public Sector in the country to enter into capital market. The Net worth rose to Rs.9,566 crore. At present Corporation bank has approximately one thousand seven hundred and seven fully automated CBS branches, one thousand four hundred and twenty five ATMs and three thousand five hundred and forty five Banking Units(without branch) across India.