INTRODUCTION AND DESIGN OF THE STUDY

1.1 INTRODUCTION

The earliest Indian bank was the Bank of Hindustan set up in 1770. Then in 19th century, the Presidency Banks (Bank of Calcutta in 1806, Bank of Bombay in 1840 and Bank of Madras in 1843) were set up under a charter. Private Banks were allowed in the year 1900. In 1921, these banks were amalgamated to form the Imperial bank of India. In 1935, the Reserve Bank of India (RBI) was constituted as the apex bank. Upto 1949, it was a private ownership bank and then with the passage of the Banking Regulations Act (1949), it came under Government control. State Bank of India came into existence and became the bank of the Government of India in 1955 with RBI taking control of the Imperial Bank of India. The State Bank of India, in turn took over the shares in the private banks floated in the erstwhile princely states. Thus, the first phase of nationalization of the banking sector took root in 1949 and culminated in the nationalization of fourteen banks in the year 1969.

The period of independence to the first nationalization period was marked by the consolidation of the banking sector. From 566 banks in 1951, the number came down to 86 in 1971, as weaker banks were merged with the healthier ones. The department of banking was set up under the Ministry of Finance. In 1971, priority sector norms were introduced and commercial banks were given five years to meet the norm of 33 or 1/3 per cent of credit. The lead bank scheme was formulated for making banks responsible for the credit need to specific districts. The twin structures of rural branches such as commercial banks and co-operative
banks however was not sufficient to meet the needs of the rural economy. Hence, Regional Rural Banks were promoted in 1975. For commercial banks also the accent was on branch expansion into the semi-urban and more importantly the rural areas.

Priority sector target was raised to 40 per cent for the commercial banks and the focus of lending changed to rural and agriculture lending with social banking becoming the norm in place of profitable commercial banking. Then in 1980, six more banks were brought into the nationalization fold. The measure bore fruit with rural branches increasing to more than 45 per cent of the total branch network in 1979 from 22.2 per cent in 1969. The priority sector lending increased from 15 per cent to 30.6 per cent during the same period.

In the year 1991, the liberalization wave did not leave the banking sector unchanged. Unprofitable branch expansion, non-performing priority sector lending and loan melas had left large gaps in the banks balance sheets. High regulatory requirements had also taken their toll and most banks were completely in the red. Capital was infused, operation restrictions were relaxed, competition was promoted, but most importantly the profit motive in banking system was brought in. The current structure of the banking system which has succeeded in the product of this external and internal change. For well over two decades, after the nationalization of 14 large banks in 1969, no new banks had been allowed to be set up in the private sector even though there has been and is still no legal barrier on the entry of new private sector banks. Progressively over this period, the public sector banks have expanded their branch network considerably and catered to the
socio-economic needs of large masses of the population, especially the weaker sections and those in the rural areas. While recognizing, the importance and role of public sector banks, there was increasing recognition of the need to introduce greater competition which can lead to higher productivity and efficiency of the banking system. Therefore a state has now reached when new private sector banks are allowed to be set up with a view to induce competition and market oriented system.¹

**Composition of banking system in India**

The system of commercial banking in India at the end of June 2001 consisted of 338 scheduled banks (including foreign banks) and four non-scheduled banks. Over the period from March 1990 to June 2003 the number of scheduled banks increased by 288 and non scheduled banks declined to four. Of the scheduled banks, 223 are in public sector and which account for about 80 per cent of the deposits of all scheduled banks. In the public sector banking system there are also 196 Regional Rural Banks. The remaining 27 banks (New Bank of India since merged with Punjab National Bank in September, 1993) are in public sector. These public sector banks transact all types of commercial banking business. The State Bank of India group (SBI and its 7 associates) is the biggest unit amongst the public sector banks.

**Indian commercial banks**

The Indian commercial banks can be classified into two broad categories: (a) Public sector banks and (b) Private sector banks. The public sector commercial banks include the followings:
(1) **State Bank of India:** It is the biggest commercial bank in the country. It came into being on 1\(^{st}\) July, 1955 under the State Bank of India Act, 1955. It was organized by nationalizing the Imperial Bank of India. It has a network of more than 7,900 branches throughout the country and about \(\frac{3}{4}\) of the branches are situated in rural and semi-urban areas.

(2) **Subsidiaries of State Bank of India:** On the recommendations of the All India Rural Credit Committee, the Central Government nationalized the other State Bank functioning in different states and made them subsidiaries of the State Bank of India under the State Bank of India (Subsidiary) Act, 1959. At present, the State Bank of India has the following seven subsidiaries:

   a. State Bank of Bikaner
   b. State Bank of Hyderabad
   c. State Bank of Indore
   d. State Bank of Mysore
   e. State Bank of Patiala
   f. State Bank of Saurashtra
   g. State Bank of Travancore

(3) **Nationalized Commercial Banks:** Fourteen major commercial banks of the country were nationalized on July 19, 1969 by the Government of India. After a lapse of more than 10 years, six more commercial banks were nationalized on April 15, 1980. All the 20 banks operate as scheduled commercial banks under the
management of Government of India. The policies of these banks are framed by the Central Government and the Reserve Bank of India.

(4) Private Sector Commercial Banks: The private sector commercial banks include the followings:

(a) Scheduled Commercial Banks: The Scheduled commercial banks are included in the Second Schedule of the Reserve Bank of India Act. Such banks have to submit a weekly return about their financial affairs to the Reserve Bank.

(b) Non-Scheduled Commercial Banks: Their names do not appear in the Second Schedule of the Reserve Bank of India Act. The non-scheduled banks do not enjoy the certain privileges granted to the scheduled banks by the Reserve Bank of India Act.

(5) Foreign Banks: Like Indian commercial banks, foreign banks also undertake the usual banking business, but they specialize in foreign exchange transaction. Exchange banks are foreign in origin i.e., they have their head offices located outside India. At present there are nineteen exchange banks in India and these banks have a hold on India’s foreign trade transactions as they finance about 60 per cent of India’s foreign trade.²

Functions of commercial banks

Just as fruit-bearing trees are known by the fruits they bear, commercial banks are known by the functions they perform. So, it is necessary to know the functions of commercial banks.
The functions of commercial banks are numerous. They are grouped under

- Principal, Primary, Basic or Fundamental Functions
- Subsidiary, Secondary, Supplementary or Ancillary Functions

**Primary Functions**

The primary or principal functions of commercial banks are:

1. Receiving deposits
2. Lending funds
3. Investment of funds on securities
4. Creation of money

**1. Receiving Deposits**

Deposits constitute the main source of funds for commercial banks. Commercial banks receive deposits from the public on various accounts. The main type of deposit accounts are:

- Current Accounts
- Savings Bank Accounts
- Fixed Deposit Accounts
- Recurring Deposit Accounts

**Current Accounts**

Current accounts form the most important type of bank accounts. They are generally, opened by trading and industrial concerns, public authorities, etc., which have frequent banking transactions involving huge amounts. They can be opened
with a minimum deposit of Rs.2000 or 3000. Current accounts are active or running accounts which are continuously in operation. In current accounts, customers can deposit any amount of money and any number of times. Similarly, they can withdraw from the current accounts any amount and as many times as they want, as long as they have funds to their credit. Deposits into the current accounts are made by filling in the pay-in-slips, and withdrawals from the current accounts are made by issuing cheques. Current deposits are repayable on demand. It is for this reason, they are also called demand deposits or demand liabilities. So, banks are required to keep the major portion of the current deposits in liquid form (i.e., in the form of cash or easily realizable assets).

**Savings Bank Accounts**

Savings bank accounts are opened by people with middle and low income who wish to save a part of their current incomes for their future needs and earn fair interest on their deposits. Savings bank accounts can be opened with a minimum deposit. In savings bank accounts, customers can deposit any amount of money any number of times. But, as these accounts are intended to promote the habit of saving among the depositors, there are restrictions on the numbers as well as the amount of withdrawals from these accounts. For instance, today, in India, only 150 withdrawals in year are allowed by most of the banks. Further, the total amount of withdrawals that can be made at any time is restricted to Rs.10,000 or 10 per cent of the credit balance in the customer’s account, whichever is greater. As savings bank accounts are opened by customers with a view to get interest on their deposits, and as there is an opportunity for the banks to utilize the savings
bank deposits profitably on account of restrictions on withdrawals, a fair interest is offered by banks on savings bank deposits.

*Fixed Deposits Accounts*

Fixed deposit accounts also form one of the most important types of bank accounts. They are opened by small investors who do not want to invest their money in risky industrial securities but wish to deposit their money in banks and earn good and steady income. No introduction is necessary for opening the fixed deposit accounts, as they are not operated by cheques. In the case of fixed deposit accounts, fixed amounts are deposited by customers for fixed periods at a fixed rate of interest. The minimum amount that should be deposited in fixed deposit account is Rs.50. There is no limit on the maximum amount that can be deposited in to these accounts. The period of deposits, ordinarily, varies from three months to five years.

*Recurring Deposit Accounts or Cumulative Deposit Accounts*

Recurring deposit accounts are variants of, and innovation over, the savings bank accounts. They have become very popular in recent years. Recurring deposit accounts are meant for people who have regular monthly incomes. In the case of a recurring deposit, the depositor deposits a fixed sum of money every month for an agreed period and at the end of the specified period, he or she gets back the amount deposited together with the interest accrued thereon.
2. Lending Funds

Lending funds constitutes the main business of commercial banks. The major portion of the funds of commercial banks is employed by way of advances, as advances form the chief source of profits for banks.

Banks lend funds to the public by way of:

- Loans
- Overdrafts
- Cash Credits
- Discounting of Bills

**Loans**

A loan is a financial arrangement under which an advance is granted by a bank to a borrower on a separate account called the loan account. When a loan is sanctioned to a borrower, the entire amount of loan is debited to the loan account of the borrower and is paid to the borrower at once in lump sum either in cash or by transfer to the credit of his current account, if any.

**Overdrafts**

An over draft is a financial arrangement under which a current account holder is permitted by the bank to overdraw his account, i.e., to draw more than the amount standing to his credit, up to an agreed limit.
**Cash Credits**

A cash credit is a financial arrangement under which a borrower is allowed an advance under a separate account called cash credit account up to a specified limit called the cash credit limit.

**Discounting of Bills of Exchange**

Discounting of a bill is an arrangement under which a bank takes a bill of exchange maturing within a short period of 60 days or 90 days from an approved customer and pays him or credits his current account immediately the present value of the bill (i.e., the face value of the bill minus the discount charge). Then, on the due date of the bill, the bank receives the face value of the bill from the acceptor of the bill.

**3. Investments of Funds on Securities**

Commercial banks invest a considerable amount of their funds in Government and industrial securities.

**4. Creation of Money or Creation of Credit**

Commercial banks do something more than borrow and lend money. i.e. they manufacture or create money. As they manufacture money they are called manufacturers of money. So R. Sayers said that “banks are not merely purveyors of money, but also, in an important sense, manufacturers of money”

**Subsidiary or Secondary Functions**

Apart from the main functions of accepting deposits and granting advances, a banker also performs a number of other functions. Such services are called the
subsidiary functions or secondary, supplementary or ancillary services. By performing the subsidiary services, a banker will be able to earn the goodwill of the customers and attract fresh customers. The subsidiary services of a banker may be classified into two classes, viz., (1) Agency Services and (2) Miscellaneous or General Utility Services.

**Agency Services**

The services rendered by a banker as an agent of his customers (i.e., for and on behalf of his customers) are called agency services. The important agency services rendered by a banker are collection of money on behalf of customers, making of payments on behalf of customers, purchase and sale of securities on behalf of customers, advising customers regarding stock exchange investments, arranging for remittance of funds on behalf of customers, acting as trustee, executor, administrator or attorney of customers, serving as correspondents and representatives of customers etc.

**Miscellaneous or General Utility Services**

Services rendered by a banker not only to his customers, but also to the general public are called general utility services.

**Safe Custody of Valuables**

A banker accepts precious jewels, wills, life insurance policies, title deeds to property, Government securities, shares and debentures, etc, for safe custody.
Dealing in Foreign Exchange Business

Today, commercial banks offer a number of services in respect of foreign exchange business. These services are export finance, import credit, deferred payment guarantee, forward contracts, issue of solvency certificates, letters of introduction, etc.

Issuing of Travelers’ Letters of Credit, Circular Notes and Travelers’ Cheque

A banker issues travelers’ letters of credit, circular notes and travelers’ cheques to the travelers and tourists. These instruments enable the traveler to get money in the places which they visit without carrying actual cash with them. They are a convenient and safe means of carrying funds for travel.

Acting as a Referee

A banker acts as a referee regarding the financial standing of his customers. If he is appointed as a referee by a customer, the banker will answer all trade enquires made about his customer by other businessmen.

Collecting Information About Other Businessmen for Customers

A banker often collects information about other businessmen through their fellow bankers and supplies that information to his customer.

Collection of Statistics and Data

Every modern banker collects statistics and data about banking, commerce, industry, agriculture, foreign trade, etc. and publishes them in its periodicals or magazines.
New Lines of Activities of Commercial Banks

Rendering of Merchant Banking Services, Underwriting of Shares and Debentures and Government Securities, Factoring Service, Lease Financing, Housing Finance, Issue of Credit and Debit Cards, Consultancy Services and Setting up of Mutual Funds are some of the new lines of activity of commercial banks.¹

Thus a modern bank performs not only banking functions, but also those which are more in the nature of services undertaken with a view to increase its utility to the community. From a mere depository of surplus of cash it has gradually developed into an institution, by providing practically for every financial requirement of all sections of society. The modern bank has made itself indispensable not only as the custodian of deposits of surplus balances of the community, but also as a depository of financial advice and commercial information.²

Now-a-days banks are competently introducing new and latest services very frequently, thereby attracting customers towards the utilization of their services. While the quantity and quality of banking services increase the inconveniences associated with those services also increase and hence the present study. This study will also try to highlight those problems faced by the customers and their attitude towards the services rendered by those banks.³

Customers are the lifeblood for any business and banking industry is a highly service oriented business. When there is service concern, it always deals with the perceptual decision making of the customer. Hence, in this study the
researcher has tried out to figure out the reasons for the perception of the people residing in Kanyakumari district for choosing the banking service on the basis of cost, convenience, facility and general factors like modernization of the bank and promptness for attending to the customers.\textsuperscript{6}

\textbf{Ten Commandments of Customer Service}

The following are the Ten Commandments generally followed by all the public sector banks:

- To know the customers thoroughly
- To take actions based on the feedbacks
- To offer customers what is expected
- To learn from the customers’ interactions
- To enquire why a customer stops business
- To remember to be loyal to the customers
- To measure up to the mission statement
- To solve the customers’ problems instantly
- To borrow successful ideas to serve better
- To appreciate the customers’ business truly

However, providing delighted service requires a totally different approach. In the present day competitive global environment, when the banking industry is poised to meet international standards of banking, the staff productivity and efficiency needs to reach up to the productivity levels of front runners in the
industry. Today, the customer is more cost conscious, more demanding and approached by more competitors with equal or better offers. It is challenging for the banks to satisfy them, retain them and create a loyal customer base. As a satisfied customer has multiplier effect on business growth of a bank, providing delightful experience to customers should be an inbuilt process in the bank. All these measures will be fruitful only if people are hired who are capable of and committed to providing passionate service to the customers.  

Factors Influencing Customer Satisfaction in Banking Sector

Banking is a service that encapsulates all the characteristics of services directed towards the customers’ money and its management.

Customer satisfaction is a judgement by the customer post purchase. The most popular view of customer satisfaction in academic is that customer satisfaction is the judgement borne out of the comparison of pre-purchase expectations with post purchase evaluation of the product or service experience. Customer satisfaction can result from any dimension (whether or not it is quality related) and its judgment may arise from non-quality issues (e.g. needs, equity perceptions of fairness) and requires experience with the service or provider.

Concept of Customer Satisfaction

Customer satisfaction is a measure of how products or services meet or have surpassed customer expectations. In a competitive market like the banking industry, it consists of various strategies aimed at keeping, meeting or exceeding customers’ expectations. Customers’ satisfaction is a collection of outcome of
perception, evaluation and psychological reactions to consumption experience with a product or service. In other words, it is a result of a cognitive and affective evaluation where some consumption standard is compared to the actually perceived performance. Thus if the performance perceived is less than that expected by the customers, the customers will be dissatisfied and where the perceived performance exceeds expectations, customers will be satisfied and this would lead to positive behaviours or outcome.

**Model of Customer Satisfaction and its Determinants on Banking**

**Figure 1.1**

The above figure shows that access of an account, account control, use of account, cost/ time effectiveness, ease of use, privacy and security are the determinants on banking which leads to customer satisfaction.
Factors affecting the Customer Satisfaction

The following are some of the factors which are affecting the customer satisfaction:

1. Efficiency

Speed of service (clearing, depositing enquiry, getting information, money transfer, response etc) immediate and quick transaction and checkout with minimal time.

2. Security

Trust, privacy, believability, truthfulness and security, building, customer confidence, freedom from danger about money losses, fraud, PIN, password theft, hacking etc.

3. Responsiveness

Problem handling, recovery of the problem, prompt service, timeliness, service, helping nature, employee curtsey, recovery of PIN password and money losses.

4. Easiness

Easy to use and functioning of ATM, mobile banking, internet banking, credit card, debit card etc,
5. *Convenience*

Customized services, anywhere and anytime banking, appropriate language support and time saving.

6. *Problem Handling*

It refers to recover the losses regarding computerized banking services.

7. *Contact*

Communication in the bank and from the bank to the customer or customer to bank, via e-mail, SMS, interactive website, postal communication, fax.

8. *Brand Perception*

Customers’ overall perception according to promises given by bank for banking services.

9. *Perceived Value*

Consolidated perception from banking service in term of perceived quality and money expended for getting banking services.

**Need for Measurement of Customer Satisfaction in Banks**

It is also an essential job of the banks to measure their customers’ satisfaction to assess their performance. In banking sectors, banking institutions have been enriching the role of the customer. Customers are viewed as a group whose satisfaction with the banks must be incorporated in strategic planning efforts. Forward-looking banks are finding value in directly measuring and
tracking customer satisfaction as an important strategic success indicative. Evidence is growing that placing a high priority on customer satisfaction is serious to improved banking performance in banking sector.

With better understanding of customers’ perceptions, banks can determine the actions required to meet the customers’ needs. Banks can identify their own strengths and weaknesses where they stand in comparison to their competitors, plan their pathway for their future progress and improvement. Customer satisfaction measurement helps to promote an increased focus on customer needs, preferences and motivate improvements in the work place and processes used within and outside of the banks. Some time the banks are not able to identify the needs and preferences of customers and also to asses their level of satisfaction too. If the banks fail to identify it then it will create a communication gap between the banker and customer and it will lead to grievances too. The main cause of grievances of customer is dissatisfaction. So, the banks are liable to satisfy their customers. If there is any dissatisfaction among the customers then that should be resolved by the banks through their intensive grievance redressal plans and procedures.8

1.2 STATEMENT OF THE PROBLEM

Now banks are accessible even to a common man and their activities extend to areas hitherto untouched. Apart from their traditional business oriented functions, they have come out to fulfill national responsibilities also. Banks cater to the needs of agriculturists, industrialists, traders and all the other sections of the society. Thus, they accelerate the economic growth of the country and steer the
wheels of the economy towards the goal of ‘self reliance’ in all fields. It naturally prompts the researcher to know more about the structure, functioning services, targets and achievements of the banks and the various other general utility activities connected with it.

Technology has now brought in E-banking, which is gradually replacing the traditional banking. The customers are able to choose their banker from a number of banks offering wide range of services and delivering quality service. The commercial banks in India are now becoming more market oriented and customer friendly. Efforts are being taken to improve their competitiveness through enhanced service quality, which is vital for keeping their customers well contented and satisfied. Satisfied customers are central to optimal performance and financial returns. In many places in the world, banking organizations have been elevating the role of the customer to that of a key stakeholder over the past twenty years. Customers are viewed as a group whose satisfaction with the enterprise must be incorporated in strategic planning efforts. Forward looking banking companies are finding value in directly measuring and tracking customer satisfaction as an important strategic success indicator. Evidence is mounting on placing a high priority on customer satisfaction which is critical to improved organizational performance in a global market scenario. With better understanding of customers’ perception, companies can determine the actions required to meet their customers’ needs. They can identify their own strengths and weaknesses, where they stand in comparison to their competitors and they can chart out path for future progress and improvement.
It is now a fact that consumers of all products and services tend to become more demanding due to the current market, which is becoming more competitive. As a result, there is a continuous increase in customer expectations and customers’ successive demands within the improvement of the quality of service. Thus, banks as service organizations should always be able to meet the needs and demands of those sophisticated customers effectively and efficiently in order to retain them. Eventually, one of the strategies that would enhance customer loyalty is through service quality and it has been related to success in service organizations. Service quality is a significant indicator to differentiate an organization among the rest of the competitors. The emergence of service quality and its assessment has attracted the attention of numerous researchers in the past two decades or so. In this sense, there are two main lines of thoughts on measuring service an American and European perspective. Brady and Cronin (2001) suggest that the researchers generally adopt one of the two conceptualizations in their work. The focus on functional quality attributes is referred to as the American perspective of service quality while the European perspective suggests that service quality considers two more components which include functional and technical.9

1.2.1. Technology Applications

Technology enables the financial institutions to go where the customer is, instead of the other way. Technology plays an important role in reducing operating cost of providing banking services, particularly in the rural areas and to low income groups. The technology, if blended appropriately with the right business model and policy, holds the key to extending affordable, viable and
sustainable access to finance for the population at large. The recent developments in banking technology and expansion of telecommunication network in the hinterlands of the country have provided a perfect launch pad for extending banking outposts to remote locations without having to open bank branches. Some successfully demonstrated technology and create the required banking footprints to reach the un-banked areas for extending banking services similar to those dispensed from branches.

Use of technology can significantly reduce the cost of extending financial services. There are a number of cases where banks have expanded the coverage of banking services to remote and un-banked areas with affordable infrastructure, while keeping operating costs low with the use of appropriate technology. This will allow branches in banking and establishment of new partnerships between financial service providers and a range of other services providers, that was not feasible before, to provide services to customers in remote areas and low population density areas.

There are three broad types of technologies that have been identified to drive the growth of financial services, those are (a) new information and communication technology, primarily low cost cell phones (b) ATMs and other Point Of Sale (POS) devices and (c) smart plastic cards. Banks in India have initiated pilot projects utilizing smart cards and mobile technology to increase their outreach. Biometric methods for uniquely identifying customers are also being
increasingly adopted. The appropriate technology combined with an effective use of banking correspondents have the potential of creating a banking outposts.

In Philippines, two cell phone companies (Smart Communications and Globe Telecom) offer innovative cell phone based facilities, also called electronic wallet, to transfer money, pay bills, and make payments for purchases from stores, among other things, called SMART Money and G-Cash, respectively. In South Africa, banking institutions together with mobile phone companies have started expanding access to financial services targeting low income customers with interest-bearing bank account accessible through mobile phones and debit cards with which they can make purchases at retail outlets and deposit or withdraw money at ATMs. Customers can use their mobile phone to make person-to-person payment and transfer money.

There are pilot projects in use of IT for extending the banking outreach for the ‘excluded.’ These projects are premised on technology, which uses hand-held devices and connectivity with host computers through General Packet Radio Services (GPRS), Global System for Mobile Communications (GSM), Code Division Multiple Access (CDMA) and landline networks. The devices come in several forms like Simple Inexpensive Multi-Lingual Computers (Simputers), personal digital assistants, programmed mobiles, etc. There are rural biometric ATMs which have been introduced by banks are found to be popular among rural masses. Some major banks are also introducing low cost rural ATMs for cash dispensing and other services.
1.2.2. Branding Strategy by Banks

As a strategy for implementation, a bank has to address clear dimensions of branding-exoteric and esoteric. The exoteric aspect of branding involves christening the product and communicating it to the target market. The bank in question tries to grab the mind-space of its existing and potential customers – it makes serious attempts and uses more than one medium of communication highlighting the brand hoping to leave a durable impression in their mind. The purpose is to ensure that they recall the brand as and when the occasion to buy the product arises. Clearly, advertisement plays a key role at this stage.

A good brand name makes the use of communication easier. Therefore, while choosing it, reasonable care must be taken. The name should depict an image of the product, be distinctive and yet easy to remember, recall and pronounce. Another important consideration involved in branding is to decide whether to go for individual or umbrella branding. Banks in India have been using both.

An individual brand stands on its own merit – Suvidha of Citi Bank is a good example. In the latter case, the brand name is expressly tied to the concerned bank’s name or image – its pedigree can be easily made out. The new brand receives the initial protection and future succor from the institutional umbrella. Dena Mortgage, a loan product against immovable property, is an example on the point clearly showing that it is from the house of Dena Bank. Table 1.1 shows the list of 22 product brands of both types from same number of banks.
### TABLE 1.1
Products and their branding by various banks

<table>
<thead>
<tr>
<th>Bank</th>
<th>Product</th>
<th>Brand Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABN AMRO</td>
<td>Feature rich SB account</td>
<td>Savings Advantage</td>
</tr>
<tr>
<td>Allahabad Bank</td>
<td>Fixed Deposit (in units)</td>
<td>Flexi fix</td>
</tr>
<tr>
<td>Andra Bank</td>
<td>Vehicle loan for women</td>
<td>Vanita Vahan</td>
</tr>
<tr>
<td>Bank of Baroda</td>
<td>International online money Transfer</td>
<td>Baroda remit express</td>
</tr>
<tr>
<td>Bank of India</td>
<td>Loan against IPO</td>
<td>Star IPO</td>
</tr>
<tr>
<td>Bank of Maharastra</td>
<td>A bouquet of services for NRI customers</td>
<td>Maha Bharthi</td>
</tr>
<tr>
<td>Canara Bank</td>
<td>Reinvestment deposit</td>
<td>Kamathenu Deposit</td>
</tr>
<tr>
<td>City Bank</td>
<td>SB account with credit line</td>
<td>City Bank ready cash</td>
</tr>
<tr>
<td>Corporation Bank</td>
<td>Flexible Home Loan</td>
<td>Corp Flexi Home Loan</td>
</tr>
<tr>
<td>Dena Bank</td>
<td>Term deposit with tax benefit under section 80C of IT Act.</td>
<td>Dena Maha Tax Bachat Yojana</td>
</tr>
<tr>
<td>HDFC Bank</td>
<td>Payment of utility bill through multiple channels</td>
<td>Bill pay</td>
</tr>
<tr>
<td>ICICI Bank</td>
<td>Bank account for students</td>
<td>Bank@campus</td>
</tr>
<tr>
<td>IDBI Bank</td>
<td>Combo of investment and insurance cover</td>
<td>Wealthsurance</td>
</tr>
<tr>
<td>Indian Bank</td>
<td>RD account liked with home loan</td>
<td>Home savings scheme</td>
</tr>
<tr>
<td>Indian Overseas Bank</td>
<td>Flexible RD account</td>
<td>Easy deposit</td>
</tr>
<tr>
<td>Karnataka Bank</td>
<td>Educational Loan</td>
<td>Vidyanidhi</td>
</tr>
<tr>
<td>Kotak Mahindra Bank</td>
<td>2 ways sweep facilities between SB and FD accounts</td>
<td>Kotak 2 way Sweep</td>
</tr>
<tr>
<td>Lakshmi Vilas Bank</td>
<td>Vehicle loan to owner – cultivating farmers</td>
<td>Lakshmi Agribike</td>
</tr>
<tr>
<td>Standard Chartered</td>
<td>Value added current account</td>
<td>Business Plus</td>
</tr>
<tr>
<td>State Bank of India</td>
<td>SB or CA with term deposit and in – build OD facility</td>
<td>Multi Option Deposit</td>
</tr>
<tr>
<td>Syndicate Bank</td>
<td>Feature rich SB account</td>
<td>Synd Super Premium Savings Bank</td>
</tr>
<tr>
<td>UCO Bank</td>
<td>Working capital loan to traders</td>
<td>UCO Trader Scheme</td>
</tr>
<tr>
<td>Union Bank</td>
<td>Loan against rent receivables</td>
<td>Union Rent</td>
</tr>
<tr>
<td>United Bank of India</td>
<td>Phone banking</td>
<td>United Telebanking</td>
</tr>
</tbody>
</table>

**Source:** The Indian Banker Vol. IV NO.6 – June 2009.
The brands like ‘Vanita Vahan’ (Andra Bank), ‘Business Plus’ (Standard Chartered), ‘Bank@campus’ (ICICI Bank) etc belong to the first category whereas Cent Kalyan Central Bank, ‘Lakshmi Agribike” (Lakshmi Vilas Bank) and a number of other use of the corporate umbrella to communicate to the target market. A study of branding by banks in India in recent years shows that the umbrella branding has been growing in popularity, particularly with the public sector banks. This may be partly due to the fact that building individual brands is highly expensive and difficult to sustain unless the products have strong and unique appeal. Umbrella brands are comparatively safer and easier. One must recognize the fact that branding irrespective of its type – often poses challenges when it come to financial services.

Dawn Burton observes complexities in branding of financial services because of their intangibility and these being in a constant state of flux. He attributes the ‘flux’ to the needs for substantial charges that must be effected in them in response to legislative changes, interest rate fluctuations and other fiscal reason. Another important difficulty for banks is the potent risk that the financial products can be quickly imitated by competitors leaving less scope for a branding bank to lay claim to any novelty or unique selling proposition (USP) in product or service over sufficiently long time to justify the expenses involved in brand building. Proliferation of a product blurs individual brands. For example, where the ‘two-ways swipe facility between saving and fixed deposit account’ was introduced for the first time, it was a novelty and the early few brands brought good business. But sooner than later many banks rushed in. Today it is being
marketed under different brands and the law of diminishing utility is in clear evidence.\textsuperscript{11}

Today, there are in existence a large number of private commercial banks and foreign banks. These banks render their valuable services in Kanyakumari District. This has caused stiff competition among commercial banks and such banks, find it too difficult to attract new customers, retain the existing customers and satisfying the customers. Indian Bank has the Apex place, since it is the pioneer in introducing Self Help Groups and Financial Inclusion project in the country. In this district also the bank had lent more than 8 crores to the Self Help Groups. And among the 18 branches, 5 branches namely Chenbagaramanputhur, Enayamputhenthurai, Kurumbani, Muttom and Thoothoor are in rural area only. This motivated the researcher to select Indian Bank in this district for the study. It is in this back drop, this study has been undertaken to assess the perception of customers and their degree of satisfaction, towards the services rendered by Indian Bank in Kanyakumari district as the researcher hails from the study area.

1.3 REVIEW OF RELATED STUDIES

Research problem can be identified only if effective review of previous studies is made. Many researchers have undertaken studies on banking services and related topics. Research on banking is a vast area and has a broad scope. Academicians and research scholars have been contributing to the research on banking services and customers satisfaction. The banking sector has witnessed a paradigm shift due to the liberalization, privatization and globalization. The
following are the important studies, which are relevant to be mentioned in the context of the present study.

**Robert Raja Singh (2014)** in his study entitled “A Comparative Study on Customer Benefits with Special Reference to Public and Private Sector Banks in Kanyakumari District” has stated that the challenge of each bank is to work towards ensuring that customers prefer its products and services to those of other competing banks. The key to develop and nurture a close relationship with customers is the appreciation of their needs and preferences and fulfillment of their requirements. Employment of information technology to appropriately analyze and understand the needs of existing customers better, to ensure that customers get their benefits and to explore the possibility of cross-selling products to gain a competitive advantage is the other issue drawing their attention. Thus, in this current competitive scenario, both private and public sector banks are to survive on competition, succeed and make profit. There is hardly any other option but to identify customers’ needs and benefits and find ways and means to serve their needs and provide them with benefits. Thus, bankers are bound to attract customers by providing to them a spectrum of services like, online banking, ATM banking and tele banking. Banks can enhance customer service by leveraging on technology, maintaining efficient service delivery standards and business process.¹²

**Shailesh Jaysukhbhai Limbad (2013)** in his study entitled “The Customers’ Perception towards Banking Services: A Research Report on Indian Public Sector Banks” represents the result of a survey among the customers in the
Bardoli region of two public sector banks. Study proved that the State Bank of India’s customers are more satisfied (82.55 > 81.79) than Bank of India’s customers. There were parameters are found out which are more important to increasing the satisfaction rate. The results of this study provide very important information in formulating competitive marketing strategies. It shows the critical points where the limited resources of the banks should be allocated to improve satisfaction and loyalty and provides information about the weaknesses and strengths of the banks from the eyes of its customers.\textsuperscript{13}

Kalagarsamy and Wilson (2013) in their study “A Study on Customer Behavior Towards Banking Services with special Reference to Public Sector Banks in Sivagangai District” discussed customer is the king in the present day banking. Since the banks are providing tailor made services to the changing ultra modern customer to face their stiff competition from the rival banks. Today the customer services preference keep on changing at a rapid speed and their demands. For the banking sector challenging and tough job for the bankers in retaining the existing customer base and winning new customer. The aim of the bankers is to make the customers comfortably and happy to achieve their targets. To achieve the highly challenging task of customers satisfaction bankers turning to technology for help. Bankers are not only satisfying the customer but should also trigger to attitude of the customers towards the bank. Each bank follow different procedure it is very difficult to follow the customers. Even though the customer is well educated some time high technology banking services hesitate the customer for the transaction. For the effective banking transaction the banks should have good communication, soft skill must need. At every level of delaying with the bank the
customer the bank management need to educate the employees for the banking activities and process. Universal banking procedure can help the customer for the better transaction.\textsuperscript{14}

**Ravi** and **Kundan Basavaraj (2013)** in their study “Customers Preference and Satisfaction towards Banking Services with Special Reference to Shivamogga District in Karnataka” concluded that the customers’ preference and satisfaction levels for two basic services offered by private and public bank in Shivamogga district. Business and vehicle loans are fast moving than other services and overall satisfaction resulted at 50 percent. Further, overall satisfaction on bank deposit schemes resulted positively while other services of banking still need to be given attention by focusing on customer issues. New innovative schemes, strategies to cater to non-users other services have to be adopted. A study or future research is recommended on all verticals of banking services. In value added services customer preference for net banking was least ranked and if the bankers with to increase net banking traffic, bankers should take maximum efforts to educate the customers by offering on line training instead of handing out instruction manuals. Finally, if they want to sustain customers on a long term basis, bankers should work towards 100 percent customer satisfaction that automatically fosters customer delight.\textsuperscript{15}

**Amudha Ramachandran** and **Vijayabanu Chidambaram (2012)** revealed in their study “A review of customer satisfaction towards service quality of banking sector” that the quality of the products or the quality of customer service determines the degree of customer satisfaction. The customer satisfaction
not only means, satisfying the customers but also customer retention in case of service failure. The organization should solve the complaints through various service recovery strategies. It is mandatory to identify the impact of service failure and customer feedback for the survival, success and prosperity of an organization. The real victory of an organization is based on the degree of loyalty of the customers.\(^\text{16}\)

**Jindal Priya (2012)** in her study entitled “Customer Satisfaction towards Financial Service Quality on Indian Banking Sector” has concluded that customer satisfaction is a key of profitability and it implies the retention of the customers for the long term which is better than attracting the new customer. Now a days banks have realized that cost of attraction a new customer is much more than retaining existing customers. So banks are emphasizing more upon customer satisfaction. These days customers demand for top quality services and products served with minimum wait time. On seeing today’s age of banking revolution, in terms of financial services provided by banks should satisfy the customers.\(^\text{17}\)

**Julias Ceasar** and **Vetrichelvi (2012)** in their study entitled “Role of Banks in Financial Inclusion” has analyzed most of the excluded consumers are not aware of the bank’s products, which are beneficial for them. Hence, banks should take necessary measures to enrich the financial inclusion to achieve the aim of 11\(^{\text{th}}\) plan of Inclusive Growth.\(^\text{18}\)

**Nakanjakko Lydia (2012)** in her study entitled “Electronic Banking and Customer Satisfaction Case Study: Centenary Bank – Nateete Branch” revealed that electronic banking has satisfied most of the people’s banking needs, most bank
clients enjoy using e-Banking, this results into a high level of satisfaction. The few break downs in ATM machines and the long queues lowers the level of satisfaction. Findings revealed that there is a weak positive relationship between electronic banking and customer satisfaction. The Pearson’s correlation between electronic Banking and customer satisfaction stood at 38.8% which is a weak direct relationship between the two variables. It is therefore true to say that electronic Banking has a significant effect on customer satisfaction.

Santhiyavalli (2011) in her study entitled “Customer’s perception of service quality of State Bank of India - A Factor Analysis” has concluded that the factor analysis clearly indicates that among five dimensions ‘Reliability’, ‘Responsiveness’, ‘Empathy’ and ‘Tangibility’ are the major factors responsible for customer satisfaction which stood at 90 percent regarding the services provided by State Bank of India. Thus based on the percent level of customer satisfaction, the State Bank of India has scope to improve the quality of the services rendered to its customers to ensure their loyalty.

Damodar Suar (2010) in his study entitled “Customer Satisfaction in Indian Commercial banks through Total Quality Management Approach” examines whether soft and hard aspects of quality management practices determine service quality and customer satisfaction. Data were collected from a branch manager and a valued customer from each of the 315 scheduled commercial bank branches in Orissa (India). A conceptual model depicting the relationship was tested applying structural equation modelling. Results reveal that transformational leadership, workplace spirituality and service climate, depicting the soft aspects of
quality management practices, do increase employees' job satisfaction and affective commitment. Employees' job satisfaction and affective commitment have a positive influence on human aspects of service quality, which in turn increases customer satisfaction. Management information system and physical evidence depicting hard aspects of quality management practices enhance service quality and the latter furthers customer satisfaction. Applying the hard and soft aspects of quality management practices in a synergistic manner, organizations can deliver high service quality and achieve customer satisfaction.\textsuperscript{21}

Swaminathan and Ananth (2010) in their study entitled “Customers Satisfaction on e-banking: A study with Special Reference to Mayiladuthurai” has concluded that the customers satisfaction is the major factor contributing to the success of service sectors e-banking has become a major facility sort after by the existing and potential customers. The bank has to increase the awareness about e-banking technology, so that customers can get better service. The sufficient services available may be improved to give better customer satisfaction leading to retention of existing customers and attracting new customers. All the service sectors depend on customers and their satisfaction and the banks are no exception.\textsuperscript{22}

Deepti Kanojia and Yadav (2009) conducted a study on “Customer Satisfaction towards Commercial Banks, A Case study of Punjab National Bank”. Their study revealed that in the emerging competitive environment and IT era, with little or no distinction in the product offerings, it is the speed of rendering service that sets apart one bank from another. Prompt service is equated with quality
service. Time is a major factor which affects the quality and reputation of the bank. E-banks are providing quick service and that is why they are becoming more popular. Hence it is very essential that the bank should put in place the right kind of systems to further cut down on service time and render instantaneous services to the customer. Only such banks will tend to survive in the rat race for market shares in the days to come.\textsuperscript{23}

\textbf{Pooja Mengi (2009)} in her study entitled “Customer Satisfaction with Service Quality: An Empirical Study of Public and Private Sector Banks” compares customers’ perceptions of service quality of public and private banks of Jammu. The service quality of both the banks has been measured using SERVQUAL (service quality) scale. SERVQUAL scale was used to determine different dimensions of service quality and chi-square analysis was used to understand the impact of SERVPERF (service performance) dimensions (tangibility, reliability, responsiveness, assurance and empathy) on customer satisfaction. It was found that customers of public sector banks are more satisfied with the service quality, than those of private sector banks.\textsuperscript{24}

The study undertaken by \textbf{Ajitab Dash and Souarendra Kumar Patra} (2008) on “Service Quality and Customer Satisfaction: An Empirical Investigation on Public Sector Banks in Odisha” has concluded that, from the statistical analysis it is observed that there is a significant relation between customer satisfaction and dimensions of service quality in public sector commercial banks in Odisha. Furthermore it is also found that 100 percent change in tangibility aspects of a public sector bank leads to 37 percent change in customer satisfaction level.
Similarly 100 percent change in reliability aspects will lead to 2.5 per cent change in customer satisfaction level and finally 100 per cent change in assurance aspects leads to 1.8 percent change in customer satisfaction level.\textsuperscript{25}

Shah Ankit (2007) in his empirical research study entitled “Factors Influencing Online Banking Customer Satisfaction and their Importance in Improving Overall Retention Levels: An Indian Banking Perspective Information and Knowledge Management” mainly focuses on investigating the major factors that influence online customers’ satisfaction with the overall service quality of their banks. This study also helps in assessing the power of these factors in the context of online (Internet) banking and would, therefore, help the bank management not only in improving the level of satisfaction but also strengthening the bond between the banks and their customers, thereby helping them to retain and/or expand their overall customer base.\textsuperscript{26}

Koushiki Choudhury (2007) in his study entitled “Service Quality Dimensionality: A Study of the Indian Banking Sector” was to explore the dimensions of customer perceived service quality in the context of the Indian retail banking industry. A set of service quality parameters, drawn from customers' perceptions about service quality as well as the bank marketing and service quality literature were devised. These parameters have been used in the context of four of the largest banks in India to identify the underlying dimensions of service quality, using factor analysis. The study suggests that customers distinguish four dimensions of service quality in the case of the retail banking industry in India, namely, attitude, competence, tangibles and convenience. Identifying the
underlying dimensions of the service quality construct in the Indian retail banking industry is the first step in the definition and hence provision of quality service. The paper has drawn upon the findings of the service quality dimensions to contend the initiatives that bank managers can take to enhance their employees' skills and attitudes and instill a customer-service culture.\(^\text{27}\)

**Rahman Zillur (2006)** in his study entitled “Customer Strategy Management” explores and tests the relationship between experience and loyalty. For this purpose, a modified ‘loyalty acid test’ is used. The study concludes that, on average, a majority of customers are satisfied with the present functioning of the bank but would definitely be delighted if the bank changed its interface with the customers to become more cognitive (intelligent), emotional, physically pleasing and well connected.\(^\text{28}\)

**Irwin Brown (2005)** in his study entitled “Cultural Values of Managers from Different Ethnic Groups in South Africa”, it was found that groups differed mainly on the dimension of uncertainty avoidance. In this study therefore it was posited that those groups with higher scores for uncertainty avoidance would react more strongly to perceive security threats given the uncertainty that this created, and would therefore be less satisfied with security than those lower in uncertainty avoidance. In order to investigate this proposition, data gathered from a survey of postgraduate and MBA students at two leading business schools in South Africa was analysed. Respondents were surveyed as to their banking habits, cultural values and satisfaction with Internet banking. The findings confirm the above
proposition as those groups with higher uncertainty avoidance were less satisfied with security than those groups with lower uncertainty avoidance.\textsuperscript{29}

\textbf{Babu George and Purva Hegde (2004)} in their article entitled “Employees Attitude Towards Customers and Customer Care Challenges in Banks” studied the delicate aspect of employees' attitudes, their satisfaction and motivation, which are posited as prerequisites for customer satisfaction, which is, again, \textit{sine qua non} for the competitive sustenance of the organization. It argues that sustainable advantage is possible only through people and any normative proposal to rework the “apprehension” traditionally attached to complaints should begin with a radical shift away from perceiving service production and consumption as isolated systems to an altogether new conception of the product as symbolic of a network relationship defined among the stakeholders and co-evolved in an environment whose parameters are potentially altered through recurrent inter-party negotiations involved in the contract. Everything, including the formation of appropriate policies and training for the frontline personnel to cope up with the “irate” customers, should be properly informed from this perspective, it advocates.\textsuperscript{30}

\textbf{Durgesh Pattanayak (2001)} in his study entitled “Effect of TQM on Customer Satisfaction in Indian Banking Industry: A Literature Review” concluded that the customers are an important aspect of the bank and loyal consumers can add value to the profitability of banks. TQM can improve performance of a bank by lowering costs, increasing revenues, delighting customers, and empowering employees (Juran, 2001). Also customer satisfaction is important for banking industry. And implementation of TQM in banking industry helps improving
customer satisfaction. So, using TQM banks can be benefited by satisfying consumers.31

**Kazi Omar Siddiqi (2001)** in his study entitled “Customers’ Loyalty in the Retail Banking Settings in Bangladesh” shows that all the service quality attributes are positively related to customer satisfaction and customer satisfaction is positively related to customer loyalty in the retail banking settings in Bangladesh. Empathy demonstrates the highest positive correlation with customer satisfaction and tangibility shows the least positive correlation with customer satisfaction. This study suggests that SERVQUAL [service quality model] is a suitable instrument for measuring the bank service quality in the Bangladeshi context. Therefore, bank managers can use this instrument to assess the bank service quality in Bangladesh.32

**Balamurugan and Nehru (2000)** in their study titled “Product Innovation in Banking Industry” has explained the way banks have diversified their operations from global banking to off-balance sheet banking. A recent popular opinion is that the contribution of banks to the economy will diminish significantly or that banks will even disappear by early in the twenty-first century if they are not competent to global standard. The increased volatility in recent years suggest a torrid pace of development. Such contextual changes received an impetus through innovation. Now we have a lot about innovation over the past year. This article will touch the need of innovation particularly in banking sector and also the Innovative products which are launched, because most studies show that banking sector under performs compared to other sectors.33
Eapen Varghese (2000) in his thesis entitled “Marketing of Banking Service” stressed that a good reward scheme like medals or certificates should be introduced to motivate employees. According to him only motivated employees can render effective customer service.\textsuperscript{34}

Koter (2000) in his study entitled, “CRM Failure and the Seven Deadly Sins” proved that service providers must do their best to identify the expectations of their target customers with respect to each specific service. They are required to formulate their market – oriented plans and programmes. The more scientific and condition – oriented is the service mix, the better refined are the services because of the intangibility of services and the crucial role that frontline employees play in service delivery.\textsuperscript{35}

Bedi and Monica (1999) in their study entitled “Customer Satisfaction and Behavioural Intentions Across Public and Private Banks in India” attempted to investigate the relationship between service quality, overall customer satisfaction and behavioral intentions across public and private banks in India. The findings indicated that service quality is a significant determinant of customer satisfaction in Indian banking industry irrespective of public and private sector banks. However, different dimensions of service quality were found to be statistically significant across public and private banks. Customer satisfaction was found to be strongly associated with propensity to recommend. The study will help banks to redefine their corporate image to one that is customer-focused and driven by service quality.\textsuperscript{36}
East (1997) in this study entitled, “Customer Behaviors, Advances and Applications in Marketing” found that the quality of service in retail banking may comprise two basic dimensions – core and relational. In addition, items that reflect various features of the services offered are appropriate in the retail-banking sector of particular interest were the finding that three items did not load on any factor and suggests that some aspects of service offering that contribute to customer satisfaction are one dimensional.  

In a study entitled “Customer Service in Banks” Doreswamy (1997) explained that customer service in banks would be improved by the four dimensions customer education, customer survey, customer contact programmes and empowering employees.  

McCormic and Soren (1996) in their study entitled, “Relationship Marketing, the importance of Customer Perceived Service Quality in Retail Banking” argued that marketing excellence is the means by which the bank can increase its revenue. The new approach to marketing poses to senior managers a difficult and important task of rebuilding organizational cultures and skill sets.  

Arend and Mark (1995) in their study entitled “New Systems on Stress Customer Services in Banks”, asserted that retention of existing customers should be one of the most important objectives of the overall marketing strategy. The longer the customer is retained, the greater the opportunity of recovering relationship cost and relationship revenue resulting in better profitability.
Chidambaram (1994) in his study entitled “Importance of Marketing” highlights the reasons for the growing importance of bank marketing. According to him, competition can be overcome by adopting measures like courteous service to customers, proper selection of personnel and their periodical training, flexible working hours for employees, better treatment to small borrowers, simple procedures for granting loans and advances and organizing customer meetings.\textsuperscript{41}

Pine (1993) in his study entitled “Building Customer Relationships that Lasts” has suggested that in view of consumers increasingly demanding customization and service bundling, the capacity to learn is critical. Employees need to literate new products and sales information into their existing knowledge to explain these changes to customers.\textsuperscript{42}

Feighbourn (1991) in his study entitled “The Behavioral Consequences of Service Quality” revealed that service quality is a customer determination based on the customer’s actual experience with the service, measured against his or her requirement, stated or unstated, operational or subjective conscious or merely sensed.\textsuperscript{43}

Biswa N. Battacharya (1991) in his study entitled “Marketing Management and Innovation in the Light of Liberalisation” concluded as follows: To succeed in a liberalized and deregulated market scenario bankers have to stress the maxim of marketing, ‘customer first’ Marketing Management process should not be confined to the marketing function, but should cover the entire organization and strategy must combine the various structures and functions of an organization to give satisfaction to the customer on an ongoing basis. ‘Cross Culture Marketing’
will require the indication of skills and infusion of marketing knowledge through training and development. Since only satisfied employees can give satisfactory customer service, strategic human resource management will be very important.\textsuperscript{44}

Lee and Marlowe (1990) in this study entitled “How Consumers choose a Financial Institution for their Checking Account”, found that although most consumers value convenience as one of the most important decision-making criteria, there definitions of convenience vary from consumer to consumer. Another important finding of the study is that the people facing new financial needs start their search process at the institution where they have their checking accounts.\textsuperscript{45}

Petro (1990) in his study entitled “Profitability, the 5th ‘P’ of Marketing” revealed some themes which represent a narrow functional marketing perspective while other offer a perspective that is broad and paradigmatic in approach and orientation. One example of a narrow perspective is to view CRM as database marketing emphasizing promotional aspects of marketing by leveraging customer database mainly in banks.\textsuperscript{46}

“The Marketing Approach to Banking Services” a study undertaken by Sreenivasan (1987) has made an attempt to trace the present situation of the banking industry in rendering banking services to customers and to examine the customer needs and banking facility in unbanked areas. He has given the following suggestions to improve the banking services.
• The bank should turn towards customer orientation.

• The banks should realize that each customer has a different need.

• The bank should establish rapport with the customers and in such a way that the personal services to meet customer needs shall be spontaneously forthcoming.  

Ranade (1985) in his study entitled “Marketing of Deposits and Allied Services to Non-Resident Customers” concluded that quick service is the major factor influencing an NRI in the selection of a bank.48

The study undertaken by Marjoric Person (1965) on “Marketing and Banking an Evaluation of Marketing Programme Development in Selected Commercial Banks” has examined the methodology of commercial banks in developing marketing programmes. The study has arrived at the following conclusion.

• The banks were unable to fix the object of their marketing activities, as they did not engage in research.

• They did not use market segment for banking services and therefore they were unable to determine their markets and

• The marketing programmes were ineffective in meeting the needs of customers. Therefore, he suggested fresh research to frame long range plans.49
1.4 SCOPE OF THE STUDY

This study was undertaken to cover the branches of the Indian Bank functioning in Kanyakumari District. The study was primarily undertaken from the viewpoint of customers’ satisfaction. The services of Indian Bank is studied to gain a better understanding of the banks’ function and satisfaction of the customers. The study also analyses the services rendered by the Indian Bank and the level of satisfaction of the customers.

1.5 OBJECTIVES OF THE STUDY

The main objective of the study is to analyze the customers’ satisfaction towards the services rendered by the Indian Bank in Kanyakumari District.

The other objectives are:

a) To study the overview of Indian bank in general and marketing of its services in particular.

b) To analyze the demographic profile of the sample respondents of the study area.

c) To highlight the problems faced by the respondents in availing of banking services in the study area.

d) To study the perception of the respondents on the selected services of Indian Bank.
e) To examine the level of satisfaction of respondents in availing of selected banking services.

f) To offer suitable suggestions for further improvement.

1.6 OPERATIONAL DEFINITION OF CONCEPTS

Customers

Individual persons who have accounts and have regular dealings with the Indian bank in the study area are considered to be customers for the purpose of the study. Companies, Corporations, Governments and Other Organizations have been excluded.

Bank Employees

The employees of the banks include managers, officers and clerks who deal directly with the customers and render the banking services but the sub-staff are not included.

Hospitality

Creating a good and favorable environment surroundings and atmosphere in banks by the generous treatment of customers.

Technology Aid

Use of technological innovations in banking operations for the benefit of customers.
Section-wise Services

Every bank is departmentalized. The reason for such departmentation is that the customers get more benefits and they are able to save time. Section-wise services make bankers’ operations of the job easy.

New Services

These are services which are new to the bankers and workers. Earnest efforts are taken in order to implement such new services like cheque transaction and cash deposit facilities at the ATM centers.

Promptness in Service

Doing an action without delay. The bank employees are to be prompt in performing their duties and responsibilities.

Linkage Services

A linkage service is one which is connected with a main service rendered by the bank.

Cost of Service

Cost incurred in rendering a banking service to customers. It may be charges levied, processing fees, service on sms, ATM charges, cheque book charges, interest credited or debited and commission charged by the bankers.

Special Services

Those services rendered by banks at special circumstances like loan mela, customer meet and the like. The very purpose of such an offer is to attract more customers and to promote banking business.
Infrastructure Facilities

The minimum facilities offered to the customers so as to render maximum hospitality to the customers during banking hours.

Utility Services

Those services other than the agency and main services. They include receiving of deeds, securities and other valuables for safe custody, dealing in foreign exchange, credit transfer, credit card, personal tax assistance, preparing income tax, sales tax and wealth tax returns.

Cheque

A written instrument signed by the depositor ordering the bank to pay a certain sum of money to a designated person or to his order.

Bank Account

Money deposited in a bank by a legal entity so that the depositor can draw from it as required. There are many and varied types of bank accounts. The main ones are saving bank account and current accounts.

Credit Card

A card issued by banks and other financial intuitions to enable card holders to attain goods and services without immediate payment. Payment is usually made monthly with interest charged on any unpaid balance deposit.

Smart Card

A smart card is a type of credit card with an embedded microchip, which stores certain monetary value. When a transaction is effected, using the smart
card, the value of that transaction is debited, and the balance comes down automatically, once the fixed monetary value comes down to nil, the balance is to be restored all over again to make the card operational as usual.

**Overdraft**

An overdraft is a financial arrangement under which a current account holder is permitted by the banker to draw more than the amount standing to his credit upto an agreed or a specified limit. An overdraft is granted either against collateral securities or against the personal security of the borrower. In the case of an overdraft, interest is changed quarterly or half – yearly, and is calculated on the daily debit balances for the actual period of utilization.

**ATM**

ATM Card (Automated Teller Machine) is a magnetic – stripped bank card that was primarily introduced for the purpose of allowing the customers to withdraw their cash or money from their account without human intervention. As per the survey conducted, it was observed and expected that the total number of ATMs across the world would cross 2.5 million. The popularity of ATM card is a clear indication of people’s preference for easy and fast way of cash withdrawal.

**Bank Draft**

A cheque issued by a bank in its own name thus more acceptable to a payee than personal cheque.

**Bank Statement**

The statement which is rendered usually monthly by a bank to a customer. It is an extract of the customer’s accounts from the point of view of the bank and in
principle should disclose a balance equal and opposite to the shown in the
customer’s cash at bank account in his own ledger.

**Credit**

The right hand side of an account, where decreases in assets and increases
in liabilities and in owners equity are recorded. It can be credited to a regular
account from which money may be withdrawn by means of cheques or credited to
an account created for a special purpose from which withdrawals can be made in
accordance with the deposit agreement.

**Guarantee**

A promise by one person to make good any failure by a second person to
meet financial obligations owed to a third person. The director of a private
company may guarantee a bank loan made to their company and holding companies may guarantee the debts of subsidies.

**E-banking**

Electronic banking or E-banking is a web-based service that enables a
bank’s customers to access their accounts. It allows the customer to log on to the
bank’s website with the help of a bank-issued identification and a personal
identification number.

**Safe Custody**

Bankers have provided a most useful service for their customers in holding
property for safe keeping in their safes or strong rooms. This aspect of their
activities falls within that branch of the law known as bailment. A contract of
bailment only arises when the property is lodged for a specific purpose, in this case safe custody.

1.7 FORMULATION OF HYPOTHESIS

Based on the objectives of the study, the following hypothesis was framed and tested:

There is no significant difference between age, gender, literacy level, income level, type of occupation, marital status, place of residence, family size, number of accounts held, types of card availed by the respondents and the level of satisfaction of the respondents.

1.8 RESEARCH METHODOLOGY

The methodology includes the research design, sampling design, geographical coverage, period of the study, field-work and collection of data, data processing and tools of analysis.

1.9 RESEARCH DESIGN

The study requires the data to be collected from two different sources i.e. the primary source and the secondary source.

Primary data: Primary data were collected through a well structured interview schedule.

Secondary data: Secondary data were collected from various sources, like books, newspapers, magazines, journals, brochures, souvenirs and websites.
1.10 SAMPLING DESIGN

In this study proportionate stratified sampling is used. Stratified sampling is a form of random sampling, wherein the said universe is divided or stratified into groups which are mutually exclusive and include all the items of the universe. This method attempts to design a more efficient sample in terms of representativeness of the data. In a proportionate stratified sampling plan, the number of items drawn from each strata is proportional to the size of the strata.\textsuperscript{50}

### TABLE 1.2

**Samples Selected from the Branches of Indian Bank in Kanyakumari District**

<table>
<thead>
<tr>
<th>S. No</th>
<th>Name of the Branch</th>
<th>No. of Account holders as on 31-03-2013</th>
<th>Samples Selected</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Azhagappapuram</td>
<td>31000</td>
<td>47</td>
</tr>
<tr>
<td>2</td>
<td>Chenbagaramanputhur</td>
<td>7000</td>
<td>11</td>
</tr>
<tr>
<td>3</td>
<td>Colachel</td>
<td>21000</td>
<td>32</td>
</tr>
<tr>
<td>4</td>
<td>Edaicode</td>
<td>7000</td>
<td>11</td>
</tr>
<tr>
<td>5</td>
<td>Enayamputhanthurai</td>
<td>18000</td>
<td>27</td>
</tr>
<tr>
<td>6</td>
<td>Kaliyakavilai</td>
<td>33000</td>
<td>49</td>
</tr>
<tr>
<td>7</td>
<td>Kanyakumari</td>
<td>20000</td>
<td>30</td>
</tr>
<tr>
<td>8</td>
<td>Kurumbanai</td>
<td>6100</td>
<td>9</td>
</tr>
<tr>
<td>9</td>
<td>Marthandam</td>
<td>24000</td>
<td>36</td>
</tr>
<tr>
<td>10</td>
<td>Muttam</td>
<td>20500</td>
<td>30</td>
</tr>
<tr>
<td>11</td>
<td>Meenakshipuram</td>
<td>24000</td>
<td>36</td>
</tr>
<tr>
<td>12</td>
<td>Nagercoil</td>
<td>48000</td>
<td>72</td>
</tr>
<tr>
<td>13</td>
<td>Neyyoor</td>
<td>9000</td>
<td>13</td>
</tr>
<tr>
<td>14</td>
<td>Parvathipuram</td>
<td>4500</td>
<td>7</td>
</tr>
<tr>
<td>15</td>
<td>Thiruvattar</td>
<td>7000</td>
<td>11</td>
</tr>
<tr>
<td>16</td>
<td>Thoothur</td>
<td>6500</td>
<td>9</td>
</tr>
<tr>
<td>17</td>
<td>Thuckalay</td>
<td>13400</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>3,00,000</strong></td>
<td><strong>450</strong></td>
</tr>
</tbody>
</table>

*Source: Indian Bank Records*
Here, the universe refers the customers of Indian Bank in the study area. Strata or group refers the 17 branches of Indian Bank functioning in Kanyakumari District.

Number of items drawn is 0.15 per cent from each branch.

For instance

31000 x 0.15 per cent = 47
7000 x 0.15 per cent = 11

Like this, from all the 17 branches, the researcher has selected 450 respondents. Since the Eraniel branch was started in August 2014, the sample respondents were not selected from that branch.

1.11 GEOGRAPHICAL COVERAGE

Kanyakumari is the southern most district of Tamil Nadu. The district lies between 77° 15' and 77° 36' of the eastern longitudes and 8° 03' and 8° 35' of the northern Latitudes. The District is bound by Tirunelveli District on the north and the east. The south eastern boundary is the Gulf of Mannar. On the south and the south west, the boundaries are the Indian Ocean and the Arabian Sea. On the west and North West it is bound by Kerala. It is surrounded by majestic hills and the plains bordered by colourful sea-shores, fringed with coconut trees and paddy fields, here and there are few elevated patches of red cliffs with undulating valleys and plains between the mountainous terrain and the sea-coast, so closely interwoven with Temples and Churches and other edifices lies in the district, 'Kanyakumari'. The district name is spelled as 'Kanniyakumari' in official records which are in tune with the spoken name of the district in Tamil language. With an area of 1672 sq.km., it occupies 1.29 percent of the total extent of Tamil Nadu. It
ranks first in literacy among other districts in Tamil Nadu. The population of this district as per census 2011 is 18,63,174. The Indian Bank renders its services in Kanyakumari District in 18 places namely Azhagappapuram, Chenbagaramanpudur, Colachel, Edaicode, Enayamputhenthurai, Kaliyakavilai, Eraniel, Kanyakumari, Kurumbanai, Marthandam, Muttom, Meenakshipuram, Nagercoil, Neyyoor, Parvathipuram, Thiruvattar, Thoothur and Thucklay.

1.12 PERIOD OF THE STUDY

The primary data have been collected for a period of one year from April 2012 to March 2013. The secondary data required for the study were collected from the journals, books, souvenirs and Indian Bank website from the year 2004 – 2014.

1.13 FIELDWORK AND COLLECTION OF DATA

The fieldwork for the study was conducted during the period April 2012 to March 2013. For the collection of primary data from the sample respondents, an interview schedule was framed. The customers were interviewed, it was quite informal and in a conversational style. The interview was administered to the respondents and the data were recorded in the interview schedule. After the completion of each interview, a checkup of the data was made to ensure completeness and accuracy.

1.14 DATA PROCESSING

Interview schedule was structured by the researcher. The collection of data were done by using interview schedule. The data collected were mostly primary in nature. The missing data were collected immediately by referring to the customers
of the banks and afterwards the coding of data was completed. The coding was made with the help of a master table. The coded information was transcribed on transcription cards for further processing. Afterwards, classification tables were prepared for further analysis from transcription cards. The analysis of data was made with the help of computer. i.e. SPSS (Statistical Package for the Social Science).

1.15 TOOLS OF ANALYSIS

Statistical tools such as ‘Chi-Square’ test, Analysis of Variance (ANOVA), ‘Garrett Ranking Technique’, ‘Index analysis’ and ‘F’ test were used in the study.

The various problems pertaining to safe custody, consultancy, operation of accounts, enquiry counter, ATM centre, ATM machine, jewel loan, personal/home loan and collection of cheques were analyzed by using ‘Garrett Ranking Technique’. Satisfaction level of the respondents on the services rendered by the Indian Bank was analyzed with the help of ‘Chi-Square test’. Variables like age, gender, literacy, income, occupation, marital status, place of residence, family size, number of accounts, types of card held were selected. ‘F’ Test was used to analyze the perception of the respondents on the services rendered by the Indian Bank. Among the various services offered, technology innovation services, provisions relating to car loan service, availability of physical facilities, ATM services, charges on financial services and safe custody deposits services were identified by the researcher to be more useful and vital in the sense that any deficiency in these services would cause many inconvenience and hence these were selected and analyzed in the present study. The factors like safety, tangibility, reliability,
responsiveness, transparency, service quality and location motivating the respondents were analyzed by using ‘Factor analysis’. Service Index among the respondents was also analyzed with the help of ‘Index Analysis’.

1.16 LIMITATIONS

Though every effort was made to make the report authentic in every sense, yet there are few factors which might have their influence on the final report.

a. Some bias have occurred in analysis, due to lack of expert knowledge.

b. Adequate efforts were made to incorporate all variables in the study, yet chances of some variables not appearing in the study are not ruled out.

c. Respondents having only one account and more than one account are not separated.

d. Only those services which are availed by many of the respondents are analyzed.

e. The geographical area of the study was limited to Kanyakumari District and does not represent the whole state. This has become a constraint in generalizing the findings.

f. The result is based on primary and secondary data that have their own limitations.

g. The number of account holders is not cent per cent accurate since there is a possibility for inoperative accounts and inclusion of new accounts.
1.17 SCHEME OF THE REPORT

The thesis is organized into seven chapters. The first chapter deals with the introduction and design of the study which consists of introduction, statement of the problem, review of related studies, scope of the study, objectives of the study, operational definition of concepts, methodology, construction of tools, sampling design, geographical coverage, period of the study, field work and collection of data, data processing, framework of analysis, limitations of the study and scheme of the report.

The second chapter deals with an overview of Indian Bank.

The third chapter analyses the demographic profile of the sample respondents of the Indian Bank and the problems faced by them in availing the services.

The fourth chapter focuses the satisfaction level of respondents on the services rendered by the Indian Bank.

The fifth chapter highlights the perception of respondents on the services rendered by the Indian Bank.

The sixth chapter analyses the selected factors motivating the respondents of Indian Bank.

The seventh chapter, summary of findings and suggestions, highlights the major findings, and provides variable suggestions for the better functioning of Indian Bank.
REFERENCES


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