CHAPTER 9

CONCLUSIONS
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From the research work it can be concluded that there has been a massive change in the Indian Banking system since independence. There were only 96 Banks with deposit of 1019 crore deposit and 424 crore of credit in 1947. During the past decades Banks have played a dominant role in promoting savings and investments helping in nation’s prosperity. 1990 was a turning point for the Banking system which witnessed transformation in the way Banking was carried in India. Globalization has changed the phase of Banking Sector. There is a drastic makeover of business practices in the Banking sector, during post-nationalization period focus changed from Class Banking into Mass Banking. Banking reforms introduced in 1990s have included easing regulations that restricted competition, and the introduction of prudential regulations. These changes have resulted in the entry of Private Sector Banks and Foreign Banks into the market, leading to increased competition. Deregulation, entry of new Banks and technological factors were the crucial parameters which brought in sea change in the Banking industry.

The financial sector has become more competitive and intermediates huge volume of financial flows at national and international level. Now a day’s technology plays a vital role in the Banking business, customer convenience has become the prime motive for service delivery this has changed the concept from Branch Banking to Branchless Banking. The study shows that there is a considerable decline in the number of retail customers visiting the branches; many prefer internet Banking and mobile Banking these business practices has helped the Banks to widen their customer base. Banking is a service industry where in the major services are undertaken by the human resources.

Human resource play a vital role in the service delivery mechanism, well trained and customer oriented work force will make services effective and enhance productivity and profitability of Banks. For a service sector, the entire gamut of activity revolves around customers; Banks should understand the changing needs of customers and should deliver
value to its customer for every service availed. The Retail Banking environment today is changing fast, the changing customer demographic demands Banks to create a differentiated technology, improved service and Banking convenience.

The research work was conducted to understand the business practices relating to customer service; it also aimed to evaluate the dimension of customer perceived service quality in the Indian retail Banking sector. There is a growing demand for Banking products and services; speed, customer loyalty, service delivery and service quality will be of paramount importance for making the Banks profitable and in outperforming their competitors. In an economy of innovative technologies and changing markets, each and every service quality variable has become important, new financial products and services have to be continuously introduced in order to stay competent.

Technology upgradation, provision of better service quality, inculcating customer driven work culture, intellectual revolution amongst the employees, use of modern risk management practices are also the most sought after steps that are needed to ensure the sustainable level of profit and its growth. The bank now performs a variety of developmental and promotional functions, which, at one time, were regarded as outside the normal scope of Central Banking. Sustainability of enterprise depends on customer centric orientation, where the organization builds long term strategic relationships with its customers and Private sector. There is a need for constant innovation in Retail Banking sector. Innovation in the area of product development and service differentiation, delivery mechanism, marketing, pricing, technological upgradation, internet and mobile Banking, risk management and asset liability management techniques.

In the past Banks focus was on profitability and increasing the asset size however the scenario changed after liberalization as competition increased the customer’s expectations and demand also increased. Customer is the crux of any business activity if the customers are satisfied business exists and profitability and productivity follows making the business sustainable. Since the financial reforms of 1991, there have been significant favorable changes in India’s highly regulated Banking sector. Moreover, allowing Banks to engage in non-traditional activities has contributed to improved
profitability and cost and earnings efficiency of the whole Banking sector, including Public Sector Banks.

Public Sector Banks enjoy the trust of the customers, which they have been leveraged by these Banks however the study shows that they need to improve their service quality by improving their physical facility, infrastructure and giving proper trainings to their employees. Employees are a vital part of customer service process, it is these encounter between bank employees and customers during the service which determines the overall customer satisfaction. The efforts have to be made in the direction of enhancing the Retail Banking products and service delivery channels. Foreign Banks lack in the locational aspects, proper customer segmentation will enable them to widen their market.

Private Banks should concentrate on its credit facilities as the study shows that customers are dissatisfied with the interest rates charged by these Banks. The customer retention is of paramount importance for the profitability of Retail Banking business, so Banks need to retain their customer in order to increase the market share. Good profitability results can be obtained by retaining interested and satisfied customers, the customer retention rate, and the customer satisfaction ratio, are the two measurement parameters of Commercial Banks performance. As customer in retail Banking belong to different economic, cultural, educational, and social background there demand is also varied. It is the acceptance of Banking product and satisfaction of customers that yield profit for the Banks; hence customer service and quality service implementation through use of CRM tools will help Banks to be competitive.

Banks has to innovate products suiting the needs and requirements of different types of customers. Modifying the features of the existing products to continue to keep them on demand should not also be ignored. The major factor which influences the sustainability of any business in competitive environment is innovation; research shows that financial innovation has been at a substantial pace since liberalisation. From the selected Banks for study it can be concluded that Private Sector Banks have taken continuous initiatives in process and product innovations compared to Public sector Banks and Cooperative Banks. Foreign Banks are equally innovative but their major hurdle lies in the catering the masses demands. It can be seen that out of the selected Banks for study specific public sector Banks such as Bank of Baroda, State Bank of India, Union Bank and Bank
of India have made tremendous efforts in product and service delivery innovations. As far Co-operative Banks are concerned Saraswat bank is one of the remarkable examples of innovations, they have restructured their entire business practices to meet the demand of its customers. The research work depicts continuous efforts made by Banks in its business practice innovation leading to exponential growth which the Banks have achieved during the past decades in terms of revenues and international recognition.

**Future Scope for Research**

In Financial Services the quality of service deliverables and innovations has a pragmatic role in the sustenance of the Banks. The vitality of the Banking business practices has made it flexible and adapt to newer challenges posed by the competitive business environment. The research serve as a basis to assess the progress made by the Banks there lies a scope further for analysing the initiatives taken by the Banks to sustain the changing business scenario with specific reference to customer services and innovations at various levels. As Banks are striving to benchmark its services with global standards need arises to determine the factors that can place Banks at international level. The SERVQUAL Model and the Six Dimensional Service Innovation Model can be a tool for undertaking empirical survey for mapping the customer perceptions about Banking Services.

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