CHAPTER I

INTRODUCTION AND DESIGN OF THE STUDY
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1.1 INTRODUCTION

Banking Industry in India, functions under the sunshade of Reserve Bank of India - the regulatory central bank. Banking Industry mainly consists of commercial banks and co-operative banks.

Customer satisfaction towards the services in banks is a significant concept. The competition among banks makes them to provide best services to the customers. In a competitive environment, it assumes not only greater importance to win the new customers, but to retain the existing customer base also. It is much more profitable and cost effective to retain the customer rather than getting new customers. A successful bank in future will be the one that excel in customer services, provides the customers a range of services and products and dose continuous exercise in providing better services.

ICICI banks and state Bank of India banks cannot exist without customers. The banks exist to serve customers and not vice-versa. A customer looks for certain values like product quality, reliability, superior services, state of the art technology, low cost, a premium image and the like while purchasing anything. In a service sector like bank, customer service is not only a critical function, but a way of life also.

Customer orientation comprises of two factors:

i. Customer need analysis and

ii. Bank’s efforts to fulfill those needs up to the level of the customers’ satisfaction.
Categories of customers:

Customers belong to two categories, the existing (or) present customer and new customer including potential customer. Now bank has two jobs to perform

1. Retaining the old customers and
2. Attracting the new customers

But finding a new customer is costlier and time consuming business than retaining the old one. In spite of maintaining the old customer, attracting new customer is necessary for banks to increase its business.

Different kinds of services offered by ICICI bank and State bank of India

Banks offer different kinds of services. They are classified into two categories namely, primary services and miscellaneous services. Primary services are those of accepting deposits and lending advances. The interest payable and receivable are the returns received by the banks for the primary services rendered by them to their customers.

The secondary / miscellaneous services are; collection of local/ out station and upcountry cheques, issuance and payment of demand drafts, main transfers, telegraphic (remittance facilities) issuing of letter of credit and guarantees on behalf of their customers (Non-fund based business), hiring of safe deposit lockers, safe deposit of articles, scripts, merchant banking business like issue management, underwriting of shares, factoring services, Lessing, transmission of funds from one center to other (EFT), conducting government transactions, forfeiting services and various ancillary services offered by the banks to their customers.

Customer satisfaction is the sum total of the customer opinion of the services what goes into making of services is important for the survival of the business itself
and this can be identified only by delight research in banking. The survival of business has direct correlation with the satisfaction of the customer. Customer satisfaction, which is attributed to the conduct of business has certain specific dimensions, qualification and measurement of these dimensions is an area not sufficiently researched.

**Commercial Banks:**

A financial institution that provides services, such as accepting deposits, giving business loans and auto loans, mortgage lending, and basic investment products like savings accounts and certificates of deposit is called a bank. The traditional commercial bank is a brick and mortar institution with tellers, safe deposit boxes, vaults and ATMs. However, some commercial banks do not have any physical branches and require consumers to complete all transactions by phone or Internet. In exchange, they generally pay higher interest rates on investments and deposits, and charge lower fees.

**Co-operative Banks:**

The commercial banking structure in India consists of: Scheduled Commercial Banks and Unscheduled Bank. Scheduled commercial Banks constitute those banks which have been included in the Second Schedule of Reserve Bank of India (RBI) Act, 1934.
Organised banking in India is more than two centuries old. Till 1935 all the banks were in private sector and were set up by individuals and/or industrial houses which collected deposits from individuals and used them for their own purposes. In the absence of any regulatory framework, these private owners of banks were at liberty to use the funds in any manner, they deemed appropriate and resultanty, the bank failures were frequent.

Move towards State ownership of banks started with the nationalisation of RBI and passing of Banking Companies Act 1949. On the recommendations of All India Rural Credit Survey Committee, SBI Act was enacted in 1955 and Imperial Bank of India was transferred to SBI. Similarly, the conversion of 8 State-owned banks (State Bank of Bikaner and State Bank of Jaipur were two separate banks earlier and merged) into subsidiaries (now associates) of SBI during 1959 took place. During 1968 the scheme of ‘social control’ was introduced, which was closely followed by nationalisation of 14 major banks in 1969 and another six in 1980.
Keeping in view the objectives of nationalisation, PSBs undertook expansion of reach and services. Resultantly, the number of branches increased sevenfold (from 8321 to more than 60000 out of which 58% in rural areas) and no. of people served per branch office came down from 65000 in 1969 to 10000. Much of this expansion has taken place in rural and semi-urban areas. The expansion is significant in terms of geographical distribution. States neglected by private banks before 1969 have a vast network of public sector banks. The PSBs including RRBs, account for 93% of bank offices and 87% of banking system deposits.

1.2 SOME OF THE PROMINENT BANKS

1.2.1 Nationalized Banks

1.2.2 Old and new Private Sector Banks.

1.3.3 Indian Banks with business outside India

Table-1

<table>
<thead>
<tr>
<th>Nationalized Banks</th>
<th>Old Private Sector Banks/Societies</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Bank of India</td>
<td>Catholic Syrian Bank</td>
</tr>
<tr>
<td>State Bank of Bikaner &amp; Jaipur</td>
<td>City Union Bank</td>
</tr>
<tr>
<td>State Bank of Hyderabad</td>
<td>Dhanlaxmi Bank</td>
</tr>
<tr>
<td>State Bank of Mysore</td>
<td>Federal Bank</td>
</tr>
<tr>
<td>State Bank of Patiala</td>
<td>Jammu &amp; Kashmir Bank</td>
</tr>
<tr>
<td>State Bank of Travancore</td>
<td>Karnataka Bank</td>
</tr>
<tr>
<td>Allahabad Bank</td>
<td>Karur Vysya Bank</td>
</tr>
<tr>
<td>Andhra Bank</td>
<td>Lakshmi Vilas Bank</td>
</tr>
<tr>
<td>Bank of Baroda</td>
<td>Nainital Bank</td>
</tr>
<tr>
<td>Bank of India</td>
<td>South Indian Bank</td>
</tr>
<tr>
<td>Bank of Maharashtra</td>
<td>Tamilnadu Mercantile Bank</td>
</tr>
<tr>
<td>Canara Bank</td>
<td>Bank of Rajasthan merged with ICICI Bank in 2010</td>
</tr>
<tr>
<td>Name of the bank</td>
<td>Name of the Centre</td>
</tr>
<tr>
<td>--------------------------------------</td>
<td>--------------------------------------------------------</td>
</tr>
<tr>
<td>Central Bank of India</td>
<td>Saraswat Bank</td>
</tr>
<tr>
<td>Corporation Bank</td>
<td><strong>New private sector banks</strong></td>
</tr>
<tr>
<td>Dena Bank</td>
<td>Axis bank</td>
</tr>
<tr>
<td>IDBI Bank</td>
<td>HDFC bank</td>
</tr>
<tr>
<td>Indian Bank</td>
<td>ICICI Bank</td>
</tr>
<tr>
<td>Indian Overseas Bank</td>
<td>Indusind bank</td>
</tr>
<tr>
<td>Oriental Bank of Commerce</td>
<td>ING Vysya bank</td>
</tr>
<tr>
<td>Punjab National Bank</td>
<td>Kotak Mahindra bank</td>
</tr>
<tr>
<td>Punjab and Sind Bank</td>
<td>Yes bank</td>
</tr>
<tr>
<td>Syndicate Bank</td>
<td></td>
</tr>
<tr>
<td>Uco Bank</td>
<td></td>
</tr>
<tr>
<td>United Bank of India</td>
<td></td>
</tr>
<tr>
<td>Union Bank of India</td>
<td></td>
</tr>
<tr>
<td>Vijaya Bank</td>
<td></td>
</tr>
</tbody>
</table>

**List of subsidiaries of Indian Banks abroad as on November 30, 2007**

<table>
<thead>
<tr>
<th>Name of the bank</th>
<th>Name of the Centre</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allahabad Bank</td>
<td>Hongkong</td>
</tr>
<tr>
<td>AXIS BANK Ltd.</td>
<td>Hongkong, Singapore</td>
</tr>
<tr>
<td>SBI (Canada) Ltd.</td>
<td>Toronto, Vancouver, Mississauga</td>
</tr>
<tr>
<td>SBI (California) Ltd.</td>
<td>Los Angeles, Artesia, San Jose (Silicon Valley)</td>
</tr>
<tr>
<td>SBI Finance Inc.</td>
<td>Delaware, U.S.A.</td>
</tr>
<tr>
<td>SBI International (Mauritius)</td>
<td>Mauritius (Off-shore Bank)</td>
</tr>
<tr>
<td>SBI (China) Ltd.</td>
<td>Shanghai</td>
</tr>
<tr>
<td>SBI (Singapore) Ltd.</td>
<td>Singapore</td>
</tr>
<tr>
<td>Bank of Baroda (Uganda) Ltd.</td>
<td>Uganda</td>
</tr>
<tr>
<td>Bank of Baroda (Kenya) Ltd.</td>
<td>Kenya</td>
</tr>
<tr>
<td>Bank of Baroda (Ghana) Ltd.</td>
<td>Accra, Ghana</td>
</tr>
<tr>
<td>Bank of Baroda (U.K.) Nominee Ltd.</td>
<td>London, United Kingdom</td>
</tr>
<tr>
<td>Bank of Baroda (Hong Kong) Ltd.</td>
<td>Hong Kong (Converted into Restricted Licensed Bank)</td>
</tr>
<tr>
<td>Bank Name</td>
<td>Location</td>
</tr>
<tr>
<td>---------------------------------------------------------------</td>
<td>---------------------------------------</td>
</tr>
<tr>
<td>Bank of India Finance (Kenya) Ltd.</td>
<td>Kenya</td>
</tr>
<tr>
<td>Canara Bank</td>
<td>Hongkong, United Kingdom</td>
</tr>
<tr>
<td>IOB Properties Pte Ltd.</td>
<td>Singapore</td>
</tr>
<tr>
<td>Bank of Baroda (Botswana) Ltd.</td>
<td>Gaborone, Botswana</td>
</tr>
<tr>
<td>Bank of Baroda (Guyana) Inc.</td>
<td>Georgetown, Guyana (South America)</td>
</tr>
<tr>
<td>ICICI Bank (U.K.) Ltd</td>
<td>London (U.K.)</td>
</tr>
<tr>
<td>ICICI Bank (Canada)Ltd</td>
<td>Toronto (Canada)</td>
</tr>
<tr>
<td>Bank of Baroda (Tanzania) Ltd.</td>
<td>Tanzania</td>
</tr>
<tr>
<td>Bank of Baroda (United Arab Emirate)</td>
<td>Dubai, Abu Dhabi, Ras Al Khaimah, Deira,</td>
</tr>
<tr>
<td>Bank of Baroda</td>
<td>Dammam, Salalah, Al Ain</td>
</tr>
<tr>
<td>Bank of Baroda</td>
<td>Muscat, Oman</td>
</tr>
<tr>
<td>Bank of Baroda</td>
<td>Brussels, Belgium</td>
</tr>
<tr>
<td>ICICI Bank Eurasia LLC</td>
<td>Russia</td>
</tr>
<tr>
<td>PT Bank Indomonex LLC</td>
<td>Indonesia</td>
</tr>
<tr>
<td>Indian Ocean International Bank Ltd. (IOIB)</td>
<td>Port Louis, Mauritius</td>
</tr>
<tr>
<td>Punjab National Bank International Limited (PNBIL)</td>
<td>London, United Kingdom</td>
</tr>
<tr>
<td>Bank of Baroda (Trinidad and Tobago) Limited</td>
<td>Trinidad &amp; Tobago</td>
</tr>
<tr>
<td>PT Bank Swadesi Tbk</td>
<td>Indonesia</td>
</tr>
<tr>
<td>Bank of Baroda (Trinidad and Tobago) Limited</td>
<td>Trinidad &amp; Tobago</td>
</tr>
<tr>
<td>Syndicate bank</td>
<td>United Kingdom</td>
</tr>
</tbody>
</table>

From the above list this research is targeting two major competitors of Indian banking sector like State bank of India and ICICI bank. Before going further in depth, it is necessary to understand the profile and history of SBI and ICICI.
1.3 INCEPTION DETAILS OF SBI AND ICICI BANKS

State bank of India

State Bank of India (SBI) is an Indian multinational, Public Sector banking and financial services company. It is a government-owned corporation with its headquarters in Mumbai, Maharashtra. As of December 2013, it had assets of US$388 billion and 17,000 branches, including 190 foreign offices, making it the largest banking and financial services company in India by assets.

State Bank of India is one of the Big Four banks of India, along with Bank of Baroda, Punjab National Bank and Bank of India. The bank traces its ancestry to British India, through the Imperial Bank of India, to the founding in 1806, of the Bank of Calcutta, making it the oldest commercial bank in the Indian Subcontinent. Bank of Madras merged into the other two "presidency banks" in British India, Bank of Calcutta and Bank of Bombay, to form the Imperial Bank of India, which in turn became the State Bank of India.

Government of India owned the Imperial Bank of India in 1955, with Reserve Bank of India (India's Central Bank) taking a 60% stake, and renamed it the State Bank of India. In 2008, the government took over the stake held by the Reserve Bank of India. State Bank of India is a regional banking behemoth and has 20% market share in deposits and loans among Indian commercial banks.

History

The roots of the State Bank of India lie in the first decade of the 19th century, when the Bank of Calcutta, later renamed the Bank of Bengal, was established on 2 June 1806. The Bank of Bengal was one of three Presidency banks, the other two being the Bank of Bombay (incorporated on 15 April 1840) and the Bank of Madras (incorporated on 1 July 1843). All three Presidency banks were incorporated as joint
stock companies and were the result of royal charters. These three banks received the exclusive right to issue paper currency till 1861 when, with the Paper Currency Act, the right was taken over by the Government of India.

The Presidency banks amalgamated on 27 January 1921, and the re-organised banking entity took as its name Imperial Bank of India. The Imperial Bank of India remained a joint stock company, however, without Government participation. Pursuant to the provisions of the State Bank of India Act of 1955, the Reserve Bank of India, which is India's central bank, acquired a controlling interest in the Imperial Bank of India. On 1 July 1955, the Imperial Bank of India became the State Bank of India.

In 2008, the government of India acquired the Reserve Bank of India's stake in SBI so as to remove any conflict of interest because the RBI is the country's banking regulatory authority. In 1959, the government passed the State Bank of India (Subsidiary Banks) Act, which made eight state banks associates of SBI. A process of consolidation began on 13 September 2008, when the State Bank of Saurashtra merged with SBI.

SBI has acquired local banks in rescues. The first was the Bank of Bihar (est. 1911), which SBI acquired in 1969, together with its 28 branches. The next year SBI acquired National Bank of Lahore (est. 1942), which had 24 branches. Five years later, in 1975, SBI acquired KrishnaramBaldeo Bank, which had been established in 1916 in Gwalior State, under the patronage of Maharaja Madho Rao Scindia. The bank had been the DukanPichadi, a small moneylender, owned by the Maharaja. The new bank's first manager was Jall N. Broacha, a Parsi. In 1985, SBI acquired the Bank of Cochin in Kerala, which had 120 branches. SBI was the acquirer as its affiliate, the State Bank of Travancore, already had an extensive network in Kerala.
The State Bank of India and all its associate banks are identified by the same blue keyhole logo. The State Bank of India word mark usually has one standard typeface, however, also utilises other typefaces. On October 7, 2013, Arundhati Bhattacharya became the first woman to be appointed Chairperson of the bank.

**Operations**

SBI provides a range of banking products through its network of branches in India and overseas, including products aimed at non-resident Indians (NRIs). SBI has 14 regional hubs and 57 Zone Offices that are located at important cities throughout India.

**Domestic presence**

SBI has 14,816 branches in India, as on 31 March 2013, of which 9,851 (66%) were in Rural and Semi-urban areas. In the financial year 2012-13, its revenue was INR 200,560 Crores (US$36.9 billion), out of which domestic operations contributed to 95.35% of revenue. Similarly, domestic operations contributed to 88.37% of total profits for the same financial year. Under the Pradhan Mantri Jan Dhan Yojana of financial inclusion launched by Government in August 2014, SBI held 11,300 camps and opened over 30 lakhs accounts by September, which included 21.16 lakh accounts in rural areas and 8.8 lakh accounts in urban areas.

**International presence**

As of 28 June 2013, the bank had 180 overseas offices spread over 34 countries. It has branches of the parent in Moscow, Colombo, Dhaka, Frankfurt, Hong Kong, Tehran, Johannesburg, London, Los Angeles, Male in the Maldives, Muscat, Dubai, New York, Osaka, Sydney, and Tokyo. It has offshore banking units in the
Bahamas, Bahrain, and Singapore, and representative offices in Bhutan and Cape Town.

The Canadian subsidiary, State Bank of India (Canada) also dates to 1982. It has seven branches, four in the Toronto area and three in the Vancouver area. SBI operates several foreign subsidiaries or affiliates. In 1990, it established an offshore bank: State Bank of India (Mauritius). SBI (Mauritius) has 15 branches in major cities/towns of the country including Rodriguez. SBI Sri Lanka now has three branches located in Colombo, Kandy and Jaffna. The Jaffna branch was opened on 9 September 2013. SBI Sri Lanka, the oldest bank in Sri Lanka, celebrated its 150th year in Sri Lanka on 1 July 2014.

In 1982, the bank established a subsidiary, State Bank of India (California), which now has ten branches – nine branches in the state of California and one in Washington, D.C. The 10th branch was opened in Fremont, California on 28 March 2011. The other eight branches in California are located in Los Angeles, Artesia, San Jose, Canoga Park, Fresno, San Diego, Tustin and Bakersfield.

In Nigeria, SBI operates as INMB Bank. This bank began in 1981 as the Indo-Nigerian Merchant Bank and received permission in 2002 to commence retail banking. It now has five branches in Nigeria. In Nepal, SBI owns 55% of Nepal SBI Bank, which has branches throughout the country. In Moscow, SBI owns 60% of Commercial Bank of India, with Canara Bank owning the rest. In Indonesia, it owns 76% of PT Bank Indo Monex.

The State Bank of India already has a branch in Shanghai and plans to open one in Tianjin. In Kenya, State Bank of India owns 76% of Giro Commercial Bank, which it acquired for US$8 million in October 2005.
**Associate banks**

SBI has five associate banks; all use the State Bank of India logo, which is a blue circle, and all use the "State Bank of" name, followed by the regional headquarters' name:

- a) State Bank of Bikaner & Jaipur
- b) State Bank of Hyderabad
- c) State Bank of Mysore
- a) State Bank of Patiala
- b) State Bank of Travancore

Earlier SBI had seven associate banks, all of which belonged to princely states until the government nationalised them between October 1959 and May 1960.

In tune with the first Five Year Plan, which prioritised the development of rural India, the government integrated these banks into State Bank of India system to expand its rural outreach. There has been a proposal to merge all the associate banks into SBI to create a "mega bank" and streamline the group's operations.

The first step towards unification occurred on 13 August 2008 when State Bank of Saurashtra merged with SBI, reducing the number of associate state banks from seven to six.

Then on 19 June 2009 the SBI board approved the absorption of State Bank of Indore. SBI holds 98.3% in State Bank of Indore. (Individuals who held the shares prior to its takeover by the government hold the balance of (1.77%).

The acquisition of State Bank of Indore added 470 branches to SBI's existing network of branches. Following the acquisition, SBI's total assets will inch very close to the ₹10 trillion mark (10 billion long scale). The total assets of SBI and the State Bank of Indore stood at ₹9,981,190 million as of March 2009.
The process of merging of State Bank of Indore was completed by April 2010, and the SBI Indore branches started functioning as SBI branches on 26 August 2010.

State Bank of India

Non-banking subsidiaries

Apart from its five associate banks, SBI also has the following non-banking subsidiaries:

a) SBI Capital Markets Ltd
b) SBI Funds Management Pvt. Ltd
c) SBI Factors & Commercial Services Pvt. Ltd
d) SBI Cards & Payments Services Pvt. Ltd. (SBICPSL)
e) SBI DFHI Ltd
f) SBI Life Insurance Company Limited
g) SBI General Insurance

In March 2001, SBI (with 74% of the total capital), joined with BNP Paribas (with 26% of the remaining capital), to form a joint venture life insurance company named SBI Life Insurance company Ltd. In 2004, SBI DFHI (Discount and Finance House of India) was founded with its headquarters in Mumbai.
Other SBI service points

As of 31 March 2014: SBI has 43,515 ATMs and SBI group (including associate banks) has 51,491 ATMs. SBI has become the first bank to install an ATM at Drass in the Jammu & Kashmir and Kargil regions. This was the Bank's 27,032nd ATM on 27 July 2012.

Logo and slogan

Logo: The logo of the State Bank of India is a blue circle with a small cut in the bottom that depicts perfection and the small man the common man - being the centre of the bank's business. The logo came from National Institute of Design(NID), Ahmadabad and it was inspired by Kankaria Lake, Ahmadabad.


Listings and shareholding

As on 31 March 2014, Government of India held around 58.59% equity shares in SBI. Life Insurance Corporation of India is the largest non-promoter shareholder in the company with 14.99% shareholding.

<table>
<thead>
<tr>
<th>Shareholders</th>
<th>Shareholding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promoters: Government of India</td>
<td>58.60%</td>
</tr>
<tr>
<td>Banks &amp; Insurance Companies</td>
<td>16.79%</td>
</tr>
<tr>
<td>FIs/GDRs/OCBs/NRIs</td>
<td>12.04%</td>
</tr>
<tr>
<td>Mutual Funds &amp; UTI</td>
<td>03.78%</td>
</tr>
<tr>
<td>Private Corporate Bodies</td>
<td>02.87%</td>
</tr>
<tr>
<td>Others</td>
<td>5.92%</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
The equity shares of SBI are listed on the Bombay Stock Exchange, where it is a constituent of the BSE SENSEX index, and the National Stock Exchange of India, where it is a constituent of the S&P CNX Nifty. Its Global Depository Receipts (GDRs) are listed on the London Stock Exchange.

Employees

SBI is one of the largest employers in the country having 222,033 employees as on 31 March 2014, out of which there were 45,132 female employees (20%) and 2,610 (1%) employees with disabilities. On the same date, SBI had 42,744 Schedule Caste (19%) and 17,243 Schedule Tribe (8%) employees.

The percentage of Officers, Assistants and Sub-staff was 36%, 46% and 18% respectively on the same date Hiring drive: 1,776 Assistants and 1,394 Officers joined the Bank in FY 2013-14, for expansion of the branch network and to mitigate staff shortage, particularly at rural and semi-urban branches. Staff productivity: As per its Annual Report for FY 2013-14, each employee contributed net profit of INR 4.85 lakhs.

Major competitors

Some of the major competitors for SBI in the banking sector are Axis Bank, ICICI Bank, HDFC Bank, Punjab National Bank, Bank of Baroda, IndusInd Bank, Canara Bank and Bank of India. However in terms of average market share, SBI is by far the largest player in the market.

ICICI

Industrial Credit and Investment Corporation of India (ICICI) Bank is an Indian multinational banking and financial services company headquartered in
Mumbai, Maharashtra. As of 2014, it is the second largest bank in India in terms of assets and market capitalization.

It offers a wide range of banking products and financial services for corporate and retail customers through a variety of delivery channels and specialized subsidiaries in the areas of investment banking, life, non-life insurance, venture capital and asset management. The Bank has a network of 3,820 branches and 11,162 ATMs in India, and has a presence in 19 countries.

ICICI Bank is one of the Big Four banks of India, along with State Bank of India, Punjab National Bank and Bank of Baroda. The bank has subsidiaries in the United Kingdom, Russia, and Canada; branches in United States, Singapore, Bahrain, Hong Kong, Sri Lanka, Qatar and Dubai International Finance Centre; and representative offices in United Arab Emirates, China, South Africa, Bangladesh, Thailand, Malaysia and Indonesia.

The company's UK subsidiary has also established branches in Belgium and Germany. In March 2013, Operation Red Spider showed high-ranking officials and some employees of ICICI Bank involved in money laundering. After a government inquiry, ICICI Bank suspended 18 employees and faced penalties from the Reserve Bank of India in relation to the activity.
History

ICICI Bank was established by the Industrial Credit and Investment Corporation of India (ICICI), an Indian financial institution, as a wholly owned subsidiary in 1994. The parent company was formed in 1955 as a joint-venture of the World Bank, India's public-sector banks and public-sector insurance companies to provide project financing to Indian industry.

The bank was initially known as the Industrial Credit and Investment Corporation of India Bank, before it changed its name to the abbreviated ICICI Bank. The parent company was later merged with the bank. It launched internet banking operations in 1998.

ICICI's shareholding in ICICI Bank was reduced to 46 percent, through a public offering of shares in India in 1998, followed by an equity offering in the form of American Depositary Receipts on the NYSE in 2000. ICICI Bank acquired the Bank of Madura Limited in an all-stock deal in 2001 and sold additional stakes to institutional investors during 2001-02.
In the 1990s, ICICI transformed its business from a development financial institution offering only project finance to a diversified financial services group, offering a wide variety of products and services, both directly and through a number of subsidiaries and affiliates like ICICI Bank. In 1999, ICICI became the first Indian company and the first bank or financial institution from non-Japan Asia to be listed on the NYSE.

In 2000, ICICI Bank became the first Indian bank to list on the New York Stock Exchange with its five million American depository shares issue generating a demand book 13 times the offer size.

In October 2001, the Boards of Directors of ICICI and ICICI Bank approved the merger of ICICI and two of its wholly owned retail finance subsidiaries, ICICI Personal Financial Services Limited and ICICI Capital Services Limited, with ICICI Bank. The merger was approved by shareholders of ICICI and ICICI Bank in January 2002, by the High Court of Gujarat at Ahmedabad in March 2002 and by the High Court of Judicature at Mumbai and the Reserve Bank of India in April 2002.

In 2008, following the 2008 financial crisis, customers rushed to ICICI ATMs and branches in some locations due to rumours of adverse financial position of ICICI Bank. The Reserve Bank of India issued a clarification on the financial strength of ICICI Bank to dispel the rumours.

ICICI’s Role in Indian financial infrastructure

The bank has contributed to the set-up of a number of Indian institutions to establish financial infrastructure in the country over the years;

1. National Stock Exchange - The National Stock Exchange was promoted by India's leading financial institutions (including ICICI Ltd.) in 1992 on behalf of the Government of India with the objective of establishing a nationwide
trading facility for equities, debt instruments and hybrids, by ensuring equal access to investors all over the country through an appropriate communication network.

2. Credit Rating Information Services of India Limited (CRISIL) - In 1987, ICICI Ltd along with UTI set up CRISIL as India's first professional credit rating agency. CRISIL offers a comprehensive range of integrated products and service offerings, which include credit ratings, capital market information, industry analysis and detailed reports.


4. Financial Innovation Network and Operations Pvt. Ltd. - ICICI Bank has facilitated setting up of "FINO Cross Link to Case Link Study" in 2006, as a company that would provide technology solutions and services to reach the underserved and under banked population of the country. Using cutting-edge technologies like smart cards, biometrics and a basket of support services, FINO enables financial institutions to conceptualize, develop and operational projects to support sector initiatives in microfinance and livelihoods.

5. Entrepreneurship Development Institute of India - Entrepreneurship Development Institute of India (EDII), an autonomous body and not-for-profit society, was set up in 1983, by the erstwhile apex financial institutions like IDBI, ICICI, IFCI and SBI with the support of the Government of Gujarat as a national resource organization committed to entrepreneurship development, education, training and research.
6. North Eastern Development Finance Corporation - North Eastern Development Finance Corporation (NEDFI) was promoted by national level financial institutions like ICICI Ltd in 1995 at Guwahati, Assam for the development of industries, infrastructure, animal husbandry, agri-horticulture plantation, medicinal plants, sericulture, aquaculture, poultry and dairy in the North Eastern states of India. NEDFI is the premier financial and development institution for the North East region.

7. Asset Reconstruction Company India Limited - Following the enactment of the Securitization Act in 2002, ICICI Bank together with other institutions, set up Asset Reconstruction Company India Limited (ARCIL) in 2003, to create a facilitative environment for the resolution of distressed debt in India. ARCIL was established to acquire non-performing assets (NPAs) from financial institutions and banks with a view to enhance the management of these assets and help in the maximization of recovery. This would relieve institutions and banks from the burden of pursuing NPAs, and allow them to focus on core banking activities.

8. Credit Information Bureau of India Limited - ICICI Bank has also helped in setting up Credit Information Bureau of India Limited (CIBIL), India's first national credit bureau in 2000. CIBIL provides a repository of information (which contains the credit history of commercial and consumer borrowers) to its members in the form of credit information reports. The members of CIBIL include banks, financial institutions, state financial corporations, non-banking financial companies, housing finance companies and credit card companies.

9. Institutional Investor Advisory Services India Limited (IiAS) - ICICI Bank has indirectly invested in Institutional Investor Advisory Services, through ICICI
Prudential Life Insurance Company, in IiAS. IiAS is a voting advisory firm aka proxy firm, dedicated to providing participants in the Indian market with data, research and commentary. It provides recommendations on resolutions placed before shareholders of over 300 companies.

Products

**Pockets by ICICI Bank**

In September 2013, ICICI Bank launched one of its kind application on Facebook ‘Pockets by ICICI Bank’ to enable customers to carry out a wide range of financial transactions on Facebook. Customers can access the ICICI Bank application by logging into their Facebook account and then going to the official ICICI Bank Facebook page, and clicking on the tab for Pockets by ICICI Bank.

The customer then registers online with their debit card number and PIN, and selecting a new four digit PIN for subsequent logins.

Through the app, customers can make payments to friends, recharge prepaid mobile and book movie tickets. One can also carry out non-financial transactions such as accessing a mini statement of their savings bank account, getting demit holding statements, opening fixed or recurring deposit, order a cheque book, stop a cheque payment, upgrade debit card, among others. Some of the key features of 'Pockets by ICICI Bank' are:

Split n share: It allows customers to split and track group expenses and share them with friends on Facebook. The app also gives the customer the option of sending messages to remind friends on pending payments.

Pay a friend: It allows customers to transfer funds to their friends without knowing their bank account details like account number, bank branch, branch IFSC
code etc. Through this facility, customers can create electronic coupons that can be redeemed by their friends on the bank website icicibank.com

Subsidiaries

Domestic

1. ICICI Prudential Life Insurance Company Limited
2. ICICI Lombard General Insurance Company Limited
3. ICICI Prudential Asset Management Company Limited
4. ICICI Prudential Trust Limited
   4. ICICI Securities Limited
   5. ICICI Securities Primary Dealership Limited
   6. ICICI Venture Funds Management Company Limited
   7. ICICI Home Finance Company Limited
   8. ICICI Investment Management Company Limited
   9. ICICI Trusteeship Services Limited
10. ICICI Prudential Pension Funds Management Company Limited

International

a) ICICI Bank UK PLC
b) ICICI Bank Canada
c) ICICI Bank Eurasia Limited Liability Company
d) ICICI Securities Holdings Inc.
e) ICICI Securities Inc.
f) ICICI International Limited
Social responsibility programmes for elementary Education

Read to lead Phase I:

‘Read to Lead’ is an initiative of ICICI Bank to facilitate access to elementary education for underprivileged children in the age group of 3–14 years including girls and tribal children from the remote rural areas.

The Read to Lead initiative supports partner NGOs to design and implement programmes that mobilize parent and community involvement in education, strengthen schools and enable children to enter and complete formal elementary education. Read to lead has reached out to 100,000 children across 14 states of Andhra Pradesh, Bihar, Delhi, Gujarat, Haryana, Jharkhand, Karnataka, Maharashtra, Orissa, Rajasthan, Tamil Nadu, Tripura, Uttar Pradesh and West Bengal.

Read to Lead Phase II:

In Phase II of the Read to Lead program, ICICI Bank has supported the establishment of 63 libraries that will reach out to approximately 7,200 children in the rural areas of Jagdalpur block of Bastar district in Chhattisgarh. The program includes building libraries, sourcing books and conducting various interactive activities to make the library a dynamic centre for learning.

Inhumane debt recovery methods

A few years after its rise to prominence in the banking sector, ICICI bank faced allegations on the recovery methods it used against loan payment defaulters. A number of cases were filed against the bank and its employees for using "brutal measures" to recover the money. Most of the allegations were that the bank was using goons to recover the credit card payments and that these "recovery agents" exhibited
inappropriate and in some cases, inhuman behaviour. Incidents were reported wherein the defaulters were put to "public shame" by the recovery agents.

The bank also faced allegations of inappropriate behaviour in recovering its loans. These allegations started initially when the "recovery agents" and bank employees started threatening the defaulters.

In some cases, notes written by the bank's employees asking the defaulters to "sell everything in the house including family members" were found. Such charges faced by the bank rose to a peak when suicide cases were reported wherein the suicide notes spoke of the Bank's recovery methods as the cause of the suicide. This led to many legal battles and the bank had to pay huge compensations.

**Money laundering allegations**

ICICI Bank was one of the leading Indian banks accused of blatant money laundering through violation of RBI guidelines in the famous Cobra Post sting operation which shook up Indian banking industry during April–May 2013.

On 14 March 2013, the online magazine Cobra post released video footage from Operation Red Spider showing high-ranking officials and some employees of ICICI Bank agreeing to convert black money into white, an act in violation of Money Laundering Control Act.

The Government of India and Reserve Bank of India ordered an inquiry following the exposé. On 15 March 2013, ICICI Bank suspended 18 employees, pending inquiry. On 11 April 2013 Deputy Governor of RBI, H R Khan reportedly told that the central bank is initiating action against ICICI Bank in connexion with allegations of money laundering.
Customer Satisfaction

Serious research on Customer Satisfaction Theory in the West in general and the USA in particular began in the mid-1970s, while its theoretical basis took shape in the decade of 1980s. The main effort of that decade was to develop a comprehensive model that could explain and measure customers’ satisfaction. However, such a model did never become a reality. Due to this, a majority of researches, efforts and studies of the decade that followed focused on developing a model that would suit the specific conditions.

The Substantive theory states that demands or expectations of the clients from a product or service are commensurable with customers’ perception about the quality of the product or service. The result of this comparison will be customer’s satisfaction or dissatisfaction. Major research efforts in the West, was to transparency of variables related to the satisfaction process in order to help its measurement and operational management of the results of this measurements. Much evidence suggests that discover the needs and demands of customers and fulfil them before the competitions are a basic provision (condition) for the success of the organizations in serious competitive conditions. Therefore, measuring customer’s satisfaction in organization is essential due to the increasing competition in the country. According to Prajakt Raut ... When an organization can get their customer expectations, they hope to attract their satisfaction, However, as soon as possible (when) the value of customers’ expectations will be calculated and received, they will be hoping to their delight, Therefore, a delighted customer is more loyal than a satisfied customer.

Customer satisfaction does not depend on improving the products and services only. Customers have different expectations from an organization that the organization can fulfil in most cases. Fulfilling and meeting the customers’
expectation can affect the progress of an organization both positively and negatively. In this regard, the main questions are what are the factors that can affect the satisfaction of customers and how does the organization extract them?

Customer satisfaction is an image and vision of future tangible and intangible tasks and performances of organization that will become values for the organization by fulfilling the expectations of customers. Of course, if this is not done, things that will be linked to the customers’ satisfaction to increase revenue and reduce costs is obtaining and calculating the Customer Value. If customer satisfaction becomes (converting) the business rules to (into) win-win, the Customer Value will become this rule to win-win-win that its operational model is an Interactive Marketing. This type of Marketing is a customer-oriented strategy that creates a value for customers, and the client (customer) will actually become a suitable connector for the company (is actually a suitable connector for the company). This creates a very strong and integrated (solid) customer base that is part of the requirements. For example, HP (Hewlett-Packard) company designs a system including a telecom company. Upon a client contact with the company, the company receives electronic information after sales services with the first pulse. The company will receive the second pulse after the last customer purchase a product or after sales service, while the third pulses will reach the company when the customer purchases as a report on the employee's screen. HP staff will pick up the phone and answer the customer.

1.4 STATEMENT OF THE PROBLEM

In recent times, customer satisfaction and determination of what creates value for the customers have become important issues for responsible and accountable organizations. This suggests that quality and satisfaction of customers are important to many if not all organizations. An empirical analysis indicates a direct correlation
between perceived quality and financial performance of an organization, and
companies that have high perceived service quality of their products and services,
usually have more market share and rates of return on investment than companies that
have low perceived quality.

The value of the client or consumer is expressed in the theory of customer
satisfaction. To maintain satisfaction of customers, to value and to make the product
worthy for the customers is success key for organizations in today's competitive
market. In advertising work, lots of meaning for satisfaction, pleasant and esteem
were introduced for customers. Porter in 1985 set forth that gives value to company
customers is customers' paid amount for pay of company products and services.
Kottler and Armstrong (1997) stated that value of customers means products that
coincide with their necessity. They believe that value of customers is the difference
between profits of using products by customers and expenses that they pay for
products and services. In spite of difference and plurality of meaning of expenses
about value of customers, it has seen two common aspects in the following
definitions.

1. Value of customer / consumer always is proportional to investment of
customers.

2. Value of customer / consumer is proportional to the necessity of the
product.

In simple words, satisfaction of customer is an adequate term and customers’
pleasant is the required term for making worth for customers. Customers will be
satisfied when not only product/services was given to them but fulfill their necessity
and expectations However, given services or products should meet their expectations.
Most organizations get customers’ expectation and satisfaction in an imperative normal express. This issue always remains in a measurement topic and simple assessment. This makes relationship establish customers’ gladness and increase in income and increase in competitiveness.

The Banks (Public and Private) have been facing fierce competition due to the entry of foreign banks. The application or use of technology for the qualitative transformation in the process of banking service is necessary and quite natural, since the market is competitive and the customers are receptive. Consumerism has taken a new shape. The needs and requirements of the customers are developing and expanding very fast. In this complex and fast changing environment, the only sustainable competitive advantage for banks (Both public and private sector) is to give the customer an optimum blend of technology and traditional services. Hence meeting the competition and the customer requirements are the priorities of both public and private sector banks and hence the focusing element in the thesis title is a comparative study of customers preferences of the major two player competitors in banking sector, SBI and ICICI.

1.5 OBJECTIVES OF THE STUDY

The following are the Major objectives of the study.

1. To offer the overall review of ICICI bank and SBI bank in India
2. To study the history and services offered by ICICI bank and SBI bank in Mumbai city.
3. To analyse the satisfaction of customers and their awareness regarding services offered by ICICI bank and SBI bank.
4. To investigate the employees satisfaction in ICICI bank and SBI bank.
5. To offer suitable suggestions based on the findings of the present study.
1.6 HYPOTHESES

- There is a significant difference in the Existing Practices of bank services among ICICI (private) and SBI (public) banks.
- There is a significant gap between Customer Expectation and Perceived Satisfaction in the banks included in this study.
- There is a significant difference between Perceived Customer Satisfaction indicators in the banks included in this study.
- There is a significant difference between Expected Satisfactions among bank customers according to age.
- There is a significant difference between Perceived Satisfactions among bank customers according to Age.
- There is a significant difference between Perceived Satisfactions among bank customers according to Gender.
- There is a significant difference between Expected Satisfactions among bank customers according to Gender.
- There is a significant difference between Perceived Satisfactions among bank customers according to marital status.
- There is a significant difference between Expected Satisfactions among bank customers according to marital status.
- There is a significant difference between Perceived Satisfactions among bank customers according to Educational status.
- There is a significant difference between Expected Satisfactions among bank customers according to Educational status.
- There is a significant difference between Perceived Satisfactions among bank customers according to working status.
There is a significant difference between Expected Satisfactions among bank customers according to working status.

1.7 OPERATIONAL DEFINITION

1.6.1 Used software:

For analysing the data received in the Interview schedules, various forms of descriptive and inferential statistics and SPSS software will be used.

1.6.2 Subject domain:

This research focuses on service industries in general and banking in particular and it has addressed the issue of bank customers' satisfaction in banking services. The satisfaction of quality of service will be measured by SERVQUAL scale.

1.6.3 Local domain:

The local domain of research involves two bank branches ICICI and SBI in the city of Mumbai, India.

1.6.4 Time domain:

It is based on a random sample by a Interview schedule that targets bank in Mumbai until the end of March 2017.

1.8 RESEARCH DESIGN

In this thesis, a study of comparative analysis regarding SBI and ICICI banking services with reference and view point of customers' preferences has been conducted. An attempt is made to give an overview of customers opinions, suggestions and also employees opinions to understand CRM practises of the banks
for comparative analysis, various comparative bar charts are prepared after collecting customers and employees opinions through two different Interview schedules respectively dully filled up by customers and employees. Appropriate and suitable analysis is also made to justify this topic; beliefs of customers, views regarding the services of the banks through Interview schedule and influence of Age-group on customers preferences about selection of a bank and satisfaction from therein.

1.9 SAMPLING IN THIS STUDY

In this study convenience is also considered at the time of collecting data from respondents. The study has been conducted on the basis of some selected branches of these banks. State bank of India the largest bank is taken and here in the study ten branches from Mumbai City. In case of the another bank ICICI, ten branches from Mumbai city are taken into consideration. Apart from these as per the convenient sampling, some other customers those who are associated with these banks from long time are also requested to give their opinions, most of them are from Mumbai. Totally 400 customers (200 customers from ICICI bank and 200 customers from SBI bank) have responded in this study. Apart from the above the Interview schedule is translated into Maharastrian language (regional language) also for the sake of convenience of some of the respondents. To understand employees’ opinions about their marketing strategies and CRM practises of the banks, a special Interview schedule is also prepared. These Interview schedules have been circulated in some branches of both the banks. In this study 100 employees from SBI and 100 employees from ICICI banks’ branches were taken into consideration.
1.10 SOURCES OF DATA COLLECTION

The study is undertaken on the basis of all details about services from SBI and ICICI. It includes the banks profile, evolution and developmental phases, awards won by both the banks and other necessary details. The primary data also plays very vital role in this study which is collected through Interview schedules prepared separately for the customers and employees of selective bank branches. These respondents (customers and employees) are from Mumbai City. In a nutshell data is as follows in this study.

- SBI and ICICI banks’ websites on internet
- Authenticated websites on internet
- Website of RBI(Reserve bank of India)
- Information collected to know the preferences and opinions would be mainly from primary sources such as:
  - Customers of Mumbai City in Maharashtra.
  - Employees of some selective branches of SBI and ICICI.
  - CMIE(Centre for monitoring Indian economy)

The Interview schedules were designed based on the study of literature and brain storming sessions held with management faculty and practicing managers. Feedback of the respondents, received during testing of the Interview schedule was also considered. appendix A.1 shows the complete Interview schedules as used for the survey.

1.11 SAMPLING TECHNIQUE

The personal judgment method is employed for the selection of banks, Each of the SBI and ICICI banks has different number of branches in all selected cities.
Simple Random Sampling method has been used to select the respondents from the bank customers. The study has been conducted in two ways and means. First from the customers of the selected branches and also others from reference groups, and then some chosen bank employees of selective branches of SBI and ICICI were also asked to respond for a through another different Interview schedule meant for the employees for comparative analysis the leading banks SBI and ICICI (the two prominent banks of India), the study has been taken during the period from 2014 to 2017. To know the preferences of customers, data is collected through Interview schedule method. Two different Interview schedules are developed. One is meant to know customers satisfaction of banking services and another is employees to know marketing strategies and CRM practises by SBI and ICICI.

1.12 ANALYSIS AND INTERPRETATION OF DATA

The marketing philosophy of customers’ satisfaction is based on the banks relationship orientation, customer acquisition, retention and customer perception of bank products and services. Customers differ in two main areas, such as the needs they want to satisfy and the different values that each customer represents for the bank. The target customer groups mainly include young age and middle age people. They have rated their banks based mainly on the parameters of service availability and easy accessibility parameter based. To understand all these, the Interview schedules were bifurcated area wise and after collecting responses from the reference group customers, they have been asked individually also about their likes and dislikes as well suggestions and complaints.

For comparative analysis, data was analyzed by using comparative bar charts to show direct comparison of answers provided in the Interview schedules by the customers of SBI and ICICI. To know the preferences and views and opinions of
customers, a Interview schedule was sent to customers as per the convenient sampling. Apart from the above the Interview schedule is translated into Maharasstra language (regional language) also for the sake of some of the Respondents convenience. To understand employees’ opinions about their marketing strategies and CRM practises of the banks, a special Interview schedule is also prepared. These Interview schedules have been circulated in some branches of both the banks. In this study 200 employees were taken into consideration. The analysis is a descriptive analysis taking into consideration all the preferences and comparisons of each criterion asked in the Interview schedules. Besides this, for each significant question asked in both the Interview schedules of customer respondents and employee’s respondents, a graphical /chart through presentation is also made to make it more explanatory.

Apart from the above which is based on primary data, further information affecting consumer’s perception about the upcoming conditions of economy as well of their purchasing power is described as under. This is based on data released by Reserve bank of India.

So in the above research the information is collected through convenient sampling and personal communication is also made with some respondents after getting dully filled Interview schedules.

Apart from the above, in the study the analysis is made descriptive in depth through charts and comparisons of every parameter in the Interview schedule. Then after the one way ANOVA test is applied by keeping in mind the prime essential factors for interbank comparison. The parameters are age, education, income, occupation and occupation.
1.13 TOOL FOR ANALYSIS

The objective of the research to know whether there is any significant difference between the perceptions regarding satisfaction level with respect to the services of the bank among the customers belonging to different age group / education level / income level and occupation. For this purpose hypothetical statements were tested with the help of ANOVA testing.

1.13.1 Process of Performing ANOVA Analysis

Analysis of variance is used for examining differences in the mean values of the dependent variables associated with the effect of the controlled independent variables, after taking into account the influence of the uncontrolled independent variables. Essentially, analysis of variance (ANOVA) is used as a test of means for two or more populations. The null hypothesis, typically, is that all means are equal or groups were not different in preference for perception about something.

In its simplest form, analysis of variance must have a dependent variable that is metric. There must also be one or more independent variable/s which must be all non-metric (categorical). Here, Researcher has used One-way analysis of variance which involves only one categorical variable.

1.13.2 Conducting One-way ANOVA:

Step-1 Identify the dependent and independent variable

Step-2 Decompose the total variation

Step-3 Measure the effects

Step-4 Test the Significance

Step-5 Interpret the results
1.13.3 Steps to calculate

- **Identify the Dependent and Independent Variable**: The dependent variable is denoted by Y and the independent variable is denoted by X. X is a categorical variable having c categories. There are n observations on Y for each category of X. the sample size in each category of X is n, and the total size $N = n \times c$.

- **Decompose the total variation**: In examining differences among means, one-way analysis of variance involves decomposition of total variation observed in the dependent variable. This variation is measured by the sums of squares corrected for the mean (SS) variation within and between is measured.

- **Measure the effects**: The effects of X on Y are measured by sum of squares between the categories of X.

- **Test the Significance**: Null hypothesis that category means are equal in population are measured. If the associated probability is less than the significance level of 0.05, the null hypothesis of equal population means is rejected.

- **Interpret results**: If the null hypothesis is rejected, then the effect of the independent variable is significant. In other words, the mean value of the dependent variable will be different for different categories of independent variable.

1.14 LIMITATIONS OF THE STUDY

Major obstacles in this kind of study include the following:

1. Because of time and other constraints in this survey, it would not be possible to contact each and every branch of SBI and ICICI whose responses would have
provided a better insight regarding customer’s preferences regarding bank services.

2. Purpose of research is limited to study customer’s preferences and likings on banking services of Mumbai city only.

3. Lack of interest on the part of some customers and employee’s interest to fill up Interview schedule.

4. Difficulty to get details from some employees of both the banks

5. The General attitude of the consumer for quality service at different stages of the service, although the quality of service does not attribute the state-of-service.

6. The time required to improve service quality to solve the service quality problems, a long-term effort is required. Because people are more dependent on the quality of service to systems and methods, attitudes and beliefs towards longer procedures vary. Therefore, it is difficult for the managers to focus on the root cause of problems and eliminate quality defects.

7. Uncertainty Regarding service delivery and quality control by the special nature of people are entwined.

1.15 CHAPTER SCHEME

Chapter I: The first chapter “Introduction and design of the study” gives a description about over view of banking services. It also provides statement of the problem, need for the study, objectives, hypothesis, research methodology, limitations of the study ended with chapter scheme.

Chapter II: The second chapter “Review of Literature” describes earlier research work, articles published in Journal relevant to this study.
**Chapter III:** The third chapter “History and services offered by ICICI bank and SBI bank” incorporate the organizational structure, mobilisation of deposits and cash deposit machines.

**Chapter IV:** The fourth chapter titles as “Level of satisfaction and awareness of customer Regarding the services rendered by ICICI bank and SBI Bank” provides the detailed investigation regarding customers satisfaction.

**Chapter V:** The fifth chapter titled as “Level of satisfaction of employees in ICICI bank and SBI bank” attempts to give an insight into the various levels of satisfaction of employees in both the banks.

**Chapter VI:** The sixth chapter titled by “Summary of Finding Suggestions and Conclusion”. The findings from the interpretation of the Results are provided and conclusions based on the findings are given along with necessary suggestions.