CHAPTER II

LITERATURE REVIEW

This chapter presents the review of various research work conducted on banking operation in India and in other countries. The reviews are written in reverse chronological order. Literatures were gathered from the year 1977 to 2018. Reviews on banking service of commercial banks both public and private sector new generation banks are included in the study. Customer satisfaction on various services offered by both public sector and private sector banks were also reviewed and presented. Literatures related to ATM services, Internet banking, location convenience, staff behaviour, profitability of the banks, etc. were also discussed. Research gap is presented in the final section of the chapter.

Saad Ghaleb Yaseen & Ihab Ali El Qirem (2018)\(^1\) conducted a study to understand the significant factors that influence the reasons to utilize e-banking services by the customers. The study was conducted in Jordan with respect to the commercial banks operating there. There is a significant association between age and effort expectation, social encouragement and perceived quality of e-banking services. Performance anticipation and motivation are not significant predictors. The authors suggested to the bank managers to promote e-banking services by understanding the expectations of the consumers thoroughly and enhance the quality of e-banking services. Youth consumers are adopting banking services in Jordan, therefore the managers should introduce added entertainment value in banking services and additional convenience

for older consumers in utilizing banking services. Perceived e-banking quality is a new variable introduced by the researchers in this study.

**Jyothi E Singh (2018)** stated that development of economy of a nation depends upon the better utilization of resources available and significantly operational efficiency of multiple sectors and their performance. Out of all sectors, the role of banking sector is very important. Banking sector supports in prompting the arrangement capital amount, improvement and to enablement of monetary policy. Non-performing assets in banking sector leads to failures and to avoiding that effective supervision and monitoring by managers is required. Financial strength of banks enables the economy of the country. This research study on banking assessed the financial system using CAMEL approach and evaluated the performance of banks from 2012 to 2017. The study considered five banks namely, State Bank of India, Bank of Baroda, Punjab National Bank, IDBI and Central Bank of India. These five banks are ranked conferring to the assessments attained on the five different parameters. The results of the study revealed that there is a significant difference between the CAMEL ratios of all the Public Sector Banks in India, which confirms that overall performance of public sector Banks is different. The results of the study concluded that banks with low performance should focus on improvement and get the desired output.

**Surendra Kumar Mallick (2018)** conducted a research study to know the customers who get the benefits on agricultural loans from commercial banks. The study revealed arrangement of funding by commercial banks for agriculture purpose.

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The author of the study felt, banks hesitate to provide agricultural loans for small farmers and marginal farmers. This study aimed to understand the perception of farmers towards agricultural finance. The study was conducted to understand the perception and problems faced by the farmers of Kendrapara District, Odisha. Farmers in Odisha receive agricultural loans less than half of the average loans of national average. Loans reach them through cooperative banks than commercial banks. Nationalized banks should have more responsibilities to carry the benefit to the desired farmers. Lack of financial literacy and awareness, lack of discipline, lack of support for each other are some of the reasons for not able to utilize the agricultural credit benefits intended for the farmers. Nationalized banks and state government should take initiatives to change the scenario.

Pooja (2018)\textsuperscript{4} stated that banking operations have become easy for the customers. Within no time banks transactions happen at arm’s length. Bank services happen round the clock. Plastic money replaced currency. All the changes are due to developments in information technology. Banks are facing severe competition as well as developments. This research work focused how banks have adopted technology for its operations. What are problems encountered by banks in adopting technology. The author opined that only e-banking will be available as mode of operation to the customers. The study revealed that cyber security, lack of awareness of customers on e-banking services, lack of knowledge on computers, customers’ tendency to handle cash transactions, literacy rate of customers, lack of trained bank employees and insufficient resources are the problems faced by banking industry. The author provided the following suggestion for the improvement and better for better outcome. They are creating awareness among customers, educating them on electronic banking, creating network facility, back-up of banking data, information security, banking infrastructure and training to employees

Amandeep Kaur & Damanjit Singh (2017)\textsuperscript{5} highlighted the importance of green banking. Banks should adopt green banking with the help of advanced information technology. Global warming and climatic changes due to global warming is becoming a threat to the earth. To save the environment banks should encourage customers to adopt paperless electronic banking services. The paper discussed the importance of paperless banking and ill effects of global warming. It is important to create awareness among customers about global warming and green banking.

Abhishek Ashok Punde (2017)\textsuperscript{6} aimed to understand the level of satisfaction of customers towards internet banking and reasons for using internet banking services in commercial banks. Customers are provided comfort and ease of transactions in electronic banking. Banks are adopting Information Technology based services for better results. Various research studies have shown that adopting e-banking services can help the banks to reduce its operating costs and can help its customers to have a better service. The author of the study has suggested banks to adopt electronic banking services and provide facilities to customers like online banking, create awareness and training among customers on e-banking to make it successful.

Emerson et al. (2017)\textsuperscript{7} in their study examined the factors that influence the co-creation of services with customers in banking services. The study involved 265 respondents to gather the information about the co-creation and banking services. Studying co-creation process in the banking sector is a new knowledge perspective


on customer behavior and communications within the service production process. The results of the research study showed a significant and positive relationship with access to the banking process, risk assessment and openness when the bank co-created the services with customers. There is no significant association dialogue the affect co-creative process between clients and the bank.

**Carlos Tam & Tiago Oliveira (2017)**\(^8\) stated that many studies conducted on mobile banking studied to understand the level of interest of customers in accepting mobile banking and factors that motivate them in accepting mobile banking services. This study is a literature review based work that researched 64 articles published on mobile banking from 2002 to 2016. Mobile banking adoption by customers and their intentions are studied. The authors have specified that mobile banking services are essential for financial institutions like banks to make the customers tasks easy and increase the profitability of the banks. Increasing the degree of loyalty in customers is significant and it can be done through effective mobile banking services.

**Balogun Emmanuel Olanrewaju (2016)**\(^9\) innovations in technology provided benefit and support to Nigerian banks. The study involved fifteen banks in Nigeria and examined the effects of information and communication technologies and the reactions of customers towards it. The author also studies the impact of ICT on performance of the banks in Nigeria. A structured questionnaire was prepared and distributed to 400 respondents and the opinions were recorded. The results of the study indicated that technological innovation in banking sector influenced performance of the staff in Nigerian banks improved customer’s satisfaction and

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profits of banks in Nigeria. The author also suggested the Nigerian banks to administration the technology innovation effectively for the betterment of employees’ performance, to get customer satisfaction, profit, increased return on investment and other better financial results.

Aby Abdul Rabb (2015)\(^\text{10}\) conducted a study to know the level of satisfaction of customers towards the services offered by branches of state bank of India banks in Kanyakumari. 150 customers of state bank of India were involved in this study to know their banking needs and satisfaction level. The results of the study indicated that there is a significant relationship between customer satisfaction and banking services. The results also revealed that customers of state bank of India are having moderate level of satisfaction towards the banking services. Employee behaviour is an important factor that affects the level of satisfaction. The author further suggested that customer friendly schemes and friendly approach by employees enhance the satisfaction level of customers.

Seena P.C (2015)\(^\text{11}\) studied the administration of agricultural credit and the effects of banking sector schemes on agriculture in India. The author stated that agricultural credit has increased in India in recent past for the benefit of agricultural activities and farmers. But there are several issues and gaps in carrying the benefits to the farmers. The gaps include insufficient loan to small farmers and marginal farmer for their agricultural activities, slow transfer of funds, etc. Banks should take necessary action in filling these gap and satisfy the needs of the customers. Setting prudential norms,


decrease Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio are the suggestions given by the author for better results in Indian agriculture sector.

**Sandhya & Vijayachandran Pillai (2015)**\(^\text{12}\) stated that banks in India play a decisive role in the social and financial development. This study was conducted in Thiruvananthapuram City to know the satisfaction level of customers towards ATM functions of State Bank of India by involving fifty customers as respondents. The results of the study indicated that banks are offering innovative services and suitable products to its customers with the help of technology at global level. Quality of banking services has improved a lot by adopting the technology. ATM cards, online banking services and other such services are helping the customers to have banking services 24x7. Customer satisfaction has been improved and banks are able to achieve it with the help of advanced technical process in the providing the services.

**Bashir Idris (2014)**\(^\text{13}\) presented a paper on customer satisfaction on ATM based on service quality. The author of the paper opined that Internet connectivity has removed the boundaries of international business and became like native business. This study was conducted in Nigeria to understand the satisfaction level of customers towards ATM machines by involving 106 respondents. The author opined that when businesses become global, competition is unavoidable. To manage competition, service quality is the main component that will also help to attract more customers. To make the banking process easy, banks have introduced ATMs and customers are able to have quick bank transaction through that. Perceived ease of use of ATM machines, perceived accessibility ATMs and perceived security of ATMs are the


determinants used to measure customer satisfaction on ATM service quality of Nigerian Banks. The results of the study indicated that customers are highly satisfied with ease of use and accessibility and moderately satisfied with ATM security.

**Renuka & Paulraj (2014)**\(^{14}\) conducted a study on satisfaction of customers towards ATM services offered by banks. The study aimed to understand the level of satisfaction of customers provided recommendations for improvement of ATM services. The authors suggested up surging the awareness level of customers on different facilities provided by the banks through ATMs and increasing the withdrawal limit of cash per day. Fourteen factors were listed in the questionnaire for ranking and 24x7 access was ranked as the best facility provided by the banks and quality of receipt as second that enhanced the satisfaction level of customers.

**Elliot Boateng et al. (2014)**\(^{15}\) stated that customers are willing to have transactions with selective banks and they expect best service and value from the banks. This behaviour of customers has resulted in severe competition. Banks try to manage competition by providing best quality to its customers on their own way. By providing value to the customers, they retain the customers and increase their customer base. The study was conducted in Ghana to understand the satisfaction of customers towards ATM service quality and its impact. Data were collected with the help of a structured questionnaire and analyzed using descriptive analysis method. The results of the study indicated that ATM has reduced the service transactions burden of banks employees and enhanced the satisfaction level of customers. ATMs have reduced the transaction time of customers and provided safe transactions for them. The authors suggested that if Banks in Ghana increases the service quality that

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will result in customer satisfaction increase in customer base for the banks and reduce attrition rate of employees in banks.

**Nitin Nayak et al. (2014)** conducted a study to now the adoption behaviour customers towards mobile banking services. The authors analyzed the factors that influence the adoption behaviour customers in utilizing mobile banking services by Indian consumers. Awareness is a significant factor that influences the adoption behaviour of customers. Media should be used effectively to create awareness about mobile banking and highlight the advantages regarding the security, privacy etc. Ease of use and perceived cost are the significant factors to be considered in the process of adoption of mobile banking by customers. The authors have provided various significant suggestions of mobile banking but the disadvantage of the study is not supporting the research by primary data.

**Boaz Wamwayi et al. (2014)** stated that the demand for retail banking depends upon the demand for the financial services provided by the commercial banks. The study aimed to understand the factors that affect the demand for financial products provided by the commercial banks. The study was conducted in Nairobi. 115 customers form thirteen commercial banks were involved as respondents for the study. The results of the study revealed that customers with earnings above 20,000, were active in banking processes. 51 percent of the respondents maintain savings accounts, 32 percentage of the respondents maintain checking accounts and 14 percent of them have salary accounts. The authors of the study recommended that banks need to monitor the interest rate on loans and change the rate of interest based

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on the demand and customers repaying capacity. Banks should focus on increasing the returns to the customers for their savings in banks. Security issues especially on online banking and cyber threats should be given utmost importance and the hiccups are to be removed. Banks should encourage its customers to used credit and debit cards to avoid banking frauds.

**Rasha Abd et al. (2014)**\(^{18}\) indicated that E-banking has changed the way the banking industry works in recent years. With an aim to increase customer convenience, profitability and to reduce banking costs, banks have introduced ATMs, mobile banking facility and Internet banking to its customers. The study was conducted in Egypt by involving 1500 customers as respondents aimed to compare the different dimensions and barriers in utilization of banking services. The dimensions of usage of ATM services, internet banking and mobile banking were compared and the results of the study indicated that the three dimensions differ significantly in terms of usage of the services; value perceived by the customers, risk bared, tradition and image. Educational qualification of the respondents, internet banking experience, type of the mobile phone used for mobile banking and internet speed are the significant determinants in deciding the customer satisfaction. The authors suggested that to remove the usage barrier personal communication by the banking personnel to customers and awareness creation as significant factors. Demonstration to the customers to use the services is also suggested by the others to improve better usage experience of the customers.

Leo Franklin & Vellimalarruby (2014)\(^{19}\) investigated the preferences of customers towards ATM services offered by various banks in Ramanathapuram. The study also focused to understand the awareness level of customers, usage patterns of ATM cards, perception towards the ATM services and problems faced by customers in getting ATM services. Fifty respondents were involved in the study. 48 percent of the respondents use ATM cards only to withdraw money and 20 percent of them use it for depositing the money. 92 percent of the respondents involved in the study are aware that ATM cards can be used as debit cards for making purchases. The authors suggested that banks should improve the ATM facilities and replace the cards if there are any issues related to the ATM cards to retain the customers.

Keyur & Poonam (2014)\(^{20}\) conducted a descriptive study to know the level of satisfaction of customer of HDFC bank towards ATM services at Vapi, Gujarat. Primary data for the study using a structured questionnaire were collected from 200 randomly selected respondents who are using the ATM cards of HDFC bank in Vapi region. The authors opined that ATM is an excellent innovative banking tool to make deposits & withdrawals. For transferring funds collecting cheques also ATM centers are used and this must be encouraged by banks for usage by more number of customers. The study also recommended to improve the service by making the ATM machines user friendly, increase the speed and withdrawal limit. In case of loss of card, quick action by banks is also recommended by the authors.


Fozia (2013) conducted a study to understand the perception of customers towards the e-banking services offered by banks by involving 196 customers as respondents. The researcher also studied the relationship between age, occupation and customer perceptions on e-banking services using analysis of variance. The results of the study indicated that the perceptions of various age group of customers and customer having different occupations are different towards e-banking services. There is a significant difference in age group and occupation towards internet banking behaviour. The author finally provided some suggestions to the banks to have a clear and better understanding on customer perceptions regarding e-banking services to enhance the satisfaction level of customers and to provide better services for them based on their understanding on customer behaviour.

JojiRajan & Gomatheeswaran (2013) specified that a good and result oriented banking system is a must to boost the economy of a nation. This research study was conducted in Pathanamthitta district using primary data collected from customers of public and private banks. Indian banking system is not free from any external troubles and difficulties but banks are able to adopt and implement technology successfully. Banking system is changing worldwide because of technology, globalization and liberalization. The boundaries and limitations are removed by the above said three determinants. By the same time, competition among the banks has increased and banks are facing difficulties to retain their customers due to competition. Managing competition by better service and creating awareness among

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customers on the differences in services will help the banks to survive and retain the customers.

**Giridhar & Krupa (2013)** conducted a research work titled ‘A study on customer satisfaction towards services provided through ATMs in Malnad rural regions of Shimoga District with special reference to SBM’. The study was conducted in Tirthalli Taluka of Shimoga District by involving the customers of State Bank of Mysore, which is a public sector bank recently consolidated and named as SBI. The results of the study indicated that customers of state bank of Mysore are very much satisfied with the ATM services and the bank is preferred by the customers for this reasons and other better services.

**Garima Malik & Kapil Gulati (2013)** conducted a study to understand the usage pattern of mobile banking by customers of Public Sector Banks. The study also covered the perceptions of customers regarding the technology adopted by the banks. This exploratory study was conducted in Northern Capital Region by involving 200 customers of state bank of India and Punjab National Bank as respondents. The customer who have transactions using mobile phones were involved in the study. The results of the study indicated that there is significant difference in accepting of mobile banking services among customers of State Bank of India as well as Punjab National Bank. Mobile banking is becoming familiar because of smart phone technology and still it has large usage potential in future. Lack of strong regulation policies on e-banking services is an obstruction for mobile banking in India. The

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study compared the perception of customers of state bank of India and Punjab national bank and indicated the results.

In a study conducted by Jantan et al. (1998)\textsuperscript{25}, it is specified that bank selection criteria is based on the quality of the services or brand image of the banks and the charges by the bank. The authors also specified that customers are aware of choosing a bank before they start the banking process. In a similar study conducted by Hinson et al. (2013)\textsuperscript{26} focused on how customers perceive the banks and compare the competitors of the bank based on determinants such as happiness, joy, cheerfulness and delightfulness that resulting from utilizing the services provided by banks and avoid bringing emotions of sadness, enraged and deceit to them. Competition among banks have become stiff because of technology and all the banks are able to provide their services through mobile and electronic mode. This further influenced customers to expect more convenience in utilizing the services.

Chitra (2013)\textsuperscript{27} studied the customers’ awareness, level of satisfaction, problems faced by the customers and attitude towards retail banking services provided by State Bank of India. The author also covered the impact of advertisements for various retail services offered by SBI in the study. Data were collected by personal interview method by involving 200 customers as respondents from Tirupur city. The results of the study indicated that customers are not satisfied with speed of service, quality of the services provided by state bank of India and user friendly procedures. The author of the study suggested that banks should improve the services provided to customers.


to improve the satisfaction level. More advertisements should increase the awareness of customers and it will educate them.

**Rajesh Garg (2013)** studied the factors that influence the retail banking in India and the competition faced by retail banking services. The study also highlighted the various prospects and problems faced by retail banking. The author specified that are lot of opportunities as well as challenges for retail banking. Banks can grow at a high rate when the challenges are removed and opportunities are perfectly utilized. Expertise of employees, technology are globalization are the three determinants that support the growth of retail banking and improve its profit. Different approaches in providing the product and services will help the banks to manage the competition.

**Anita & Mahavir Singh (2013)** conducted a study to know the preferences of customers on the types of banks, types of services, level of satisfaction of customers, suitable services expected by the customers and gaps in preferences by various customer segments. 300 customers of both private and public sector banks from Kurukshetra were involved in the study as respondents to render their opinion. Questionnaire is used as the data collection instrument to collect the primary data. The results of the study indicated that customers prefer to have accounts with private and public sector banks. Youth customers prefer to have banking with private banks. Satisfaction level and expectations of customers vary for different banks. The authors suggested that commercial banks should improve the quality of services and documentation to get more customers and improve the level of satisfaction of existing customers.

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Sundaram & Premalatha (2012) conducted a study to know the level of satisfaction of the customers of various banks in Vellore district, Tamilnadu. The results of the study indicated that banks must improve the safety for bank transactions done online, sent prompt and exact communication to its customers and create awareness on ATM services and encourage them to use it to retain the customers as well as increase the customer base. Majority of the customers participated in this study are highly satisfied in utilizing the ATM services provided by the banks.

Mesay Sata Shanka (2012) conducted a research to investigate the service quality of Ethiopian private banks. The author also studied the link between service quality, satisfaction level of customers and degree of loyalty of customers. Reliability, assurance; tangibility, empathy and responsiveness are the service quality determinants provided by the banks studied for the purpose of the research. Primary data were collected from 260 randomly selected respondents from Hawasa City of Ethiopia using a structured questionnaire. 22 items were presented to the respondents through the questionnaire. Multiple regression and correlation were used to test the significance of relationship among dependent and independent variables. The results of the study indicated that there is a positive association between service quality and customer satisfaction. Empathy and customer responsiveness are the two major factors that influence customer satisfaction. Tangibility, assurance and reliability also play a moderate role in satisfying the customers. Customer commitment and loyalty can be enhanced by improving the quality related to these dimensions.


Haeryip Sihombing (2012) conducted a study on measuring the satisfaction level of customers of service industry by involving a model of ServQual (service quality) criteria. The study incorporates the Kano criteria questionnaire to collect the qualitative data and the same has been converted into quantitative data for the purpose of statistical analysis and further discussion. Banking industry has been involved and customers of various banks have participated in the study and rendered their opinion. The results of the study indicated that, Servqual criteria used for the purpose of the study has correlation in measuring the satisfaction level of the customers.

Jain, Nati. (2012) specified that usage of technology has given banking industry new dimensions to the banking industry. Technology has made banks a global entity. Requirements of individuals are met through retail banking and the requirements of corporate customers are met through corporate banking. Due to changes in economic policies and deregulations banks have reacted and faced lot of changes and challenges. Services such as Demat, Internet banking, Portfolio Management, Venture capital have contributed more to customer community and made banking available for all category of customers. All the banks aim to get operational efficiency and customer satisfaction. The authors of the study stated that main source of operating revenue of commercial banks are- interest and discount received, commission, agent charges, income from non-banking assets and profit from sale of or commerce with such possessions and other earnings.

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Vijay (2011)\textsuperscript{34} conducted a study to compare the satisfaction level of customers of private and public sector banks towards their ATM services. A structured questionnaire was prepared for the study and data were collected from 150 customers of public and private sector banks. The results of the study indicated that private banks are providing better service to customers than public sector banks and the customers of private sector banks are more satisfied than public sector banks. But customers perception towards efficiency of the staff, security issues related to their investments and banking, cost effectiveness, problems handled by staff are not up to the expectations in both public and privates sector banks.

Vijay (2011)\textsuperscript{35} in another research titles “Determinants of customer satisfaction in ATM service setting: Empirical evidences from India” investigated the factors that influence customer satisfaction in utilizing ATM services. Data were collected from customers of public sector and private sector banks with an objective to identify the significant service quality dimensions of ATM services. The research work conducted by the author also studied the customer satisfaction, brand perception and reliability. The results of the study indicated that accessibility to effective system, e-fulfillment, cost effectiveness, security, efficiency, easy accessibility, convenience and relationship management were most important factors in enhancing the satisfaction level of the customers. In rural areas cooperative banks have better accessibility, but this research work is confined only to public and private sector banks.

\textsuperscript{34} Vijay M. Kumbhar (2011) “Customers’ satisfaction in ATM service: An Empirical Evidence from Public and Private Sector Banks in India”, \textit{Management Research and Practice}

Mahalakshmi & Sarvanaraj (2011) conducted a study to understand the level of satisfaction of customers towards the banking services in Trichy city, Tamil Nadu. The results of the study indicated that service quality, interest rates, charges for the banking operations are considered as the key factors that influence the customers to choose a bank to receive the services. Apart from service quality through product and services, relationship maintained by front office people with customers, value added services to delight / satisfy the customers, deposit facilities and innovative products enhance the satisfaction level of the customers and increase the customer base.

Naveen & Gangal (2011) conducted a study on customer satisfaction. The authors opined that customer satisfaction is an abstruse study to come to a precise conclusion because the level and state of satisfaction vary from person to person depends on various factors and personality. The level of satisfaction of the customers is influenced by both psychological variables as well as physical variables. Satisfaction level of customers also depends on products, options available on the product category, customer comparisons on products and brands. Increase in population has increased the demand for the banking products. Innovative products, speed of service, quality of service and efforts for customer satisfaction are the key differentiating factors that help the banks to survive, compete and gain profit in the process of business. Getting feedback from customers continuously, positive perception on service quality will help the banks to gain competitive advantage.

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Alamelu & Devamohan (2010)\(^{38}\) conducted a study titled, “Efficiency of Commercial Banks in India”. The authors have considered business ratios, interest income, average working funds, operating profit, return on assets, and business per employee and profit per employee to study the efficiency of commercial banks. The period of the study is from 2004 to 2009 by involving public sector, private sector and foreign banks. The results of the study indicated that the foreign banks and new generation private sector banks have an advantage over business ratios compared to private sector banks. Foreign banks have gained the advantage by leveraging the digital technology, outsourcing the activities and employee approach. The low business ratios of public sector banks are due to the reason mentioned in spite of having large network of banks and numerous work force. This has to be understood by public sector banks and the author suggested they should be more focused to improve the status.

Sandip Ghosh & Kailash Srivastava (2010)\(^{39}\) conducted a study on “Impact of Service Quality on Customer Satisfaction, Loyalty, and Commitment in the Indian Banking Sector”. The authors studied the relationship between service quality, perception of customers, customer commitment, customer satisfaction and customer loyalty. The results of the study revealed that customers are influenced by four service quality dimensions viz. quality assurance, empathy projected, tangibles, security and reliability. The study also revealed that there are significant differences in level of satisfaction of customers of public and private sector banks. Commitment level, loyalty and willingness to have banking also differs between public sector and private sector banks. The author suggested quality assurance, empathy and tangibles


should be improved in public sector banks and reliability is factor that has to be improved in private sector banks.

Monica Bedi (2010) conducted a study on impact of service quality on customer satisfaction. 603 customers of seventeen public and private sector banks were involved in the study and data were gathered from them with the help of a structured questionnaire. The author studied the relationship between tangibles, empathy, assurance, service quality and customer satisfaction. The results of the study indicated that private banks have more influence on customer perceptions towards service quality than public sector banks. Public sector banks are not able to influence the customers’ perception on service quality. Product convenience, responsiveness, reliability, empathy and assurance are important factors that influence the satisfaction level of customers and these factors influence the behaviour of customers of public sector and private sector banks. Both public and private sector banks should understand the requirements of their customers and provide the services accordingly. Prompt services, communication, employees approach and willingness to address the problems faced by the customers have a positive impact on customer satisfaction.

In two different studies conducted by Laukkanen & Cruz (2009) and Wessels & Drennan (2010) on mobile banking, the authors have studied the customer acceptance and resistance of banking using mobile phones. The results of the study revealed that ATM, mobile banking and internet banking offer wide range of services to its customers from the traditional banking that leads to customer satisfaction.

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Liberalisation policies and technological development have contributed to the growth of financial sector of the country. The study was conducted in Egypt. Banking through electronic channels is the current trend that improves the level of satisfaction of customers.

Almossawi (2009)\textsuperscript{43} conducted a study on customer relationship management in banks in Bahrain. The author opined that customer relationship management is an innovative step taken by the management to maintain a long term relationship with customers and it can help the banks to gain trust by customers on banking activities and personnel. The author differentiated the concepts relationship management and customer relationship management. The study highlighted the importance of customer relationship management in banks. By implementing effective CRM practices, banks can improve the quality of services and gain customer loyalty.

Bollen & Emes (2008)\textsuperscript{44} stated that the relationship maintained by service organisations differ from one firm to another firm due to various reasons. Customers need are different and therefore the approach in maintaining the relationship should also different. Banks should understand this and formulate effective and suitable approaches in CRM strategies. Availability of technology and increasing customer awareness will make it possible for the banks. Customers have also options to give feedback and communicate their problems with the banks using the digital technology. This will help the service organisations to response and solve the issues within short duration. Service organisations have started applying various technologies to have a two way communication and strengthen the relationship.


Various studies conducted on Internet banking by Tan, & Teo (2000)\textsuperscript{45}, Celik (2008)\textsuperscript{46} Nor & Pearson (2008)\textsuperscript{47} investigate the process of customer decision making with respect to usage of Internet banking. The authors highlighted the importance of demographics of the customers. The studies confirmed that demographics have a strong influence of adopting internet banking operations. Therefore demographic differences should be understood to make the internet banking more effective. The authors have studied the behaviour intentions of customers in adopting the new technology of banking. These studies have confirmed that there is positive relationship between attitude, ease of usage, usefulness and usage of internet banking.

\textbf{Temu Santonen (2007)}\textsuperscript{48} conducted a study on the effects of price sensitivity on customer defection in retail banking services. The study assessed the perceptions of customers on service quality, price stability and its effects on customer defection in banks. The study was conducted in Finland. Customer awareness, loyalty and pricing strategies are important for the growth of the banks. These factors protect the banks from severe competition. Price sensitive customers are lost if the price is greater than the average. Loyal customers respond to marketing information positively. Banks should have counter strategies to maintain a good relationship with customers and also for their reaction in different situations.

\textsuperscript{45} Tan, M., & Teo, T. (2000). Factors influencing the adoption of Internet banking. Journal of the Association for Information Sciences, 1, 1-42.
Nuri Qalik & Figen Balta (2006)\textsuperscript{49} studied the fundamental factors of perceived quality that influence customer loyalty. The study was proposed to understand the differences in the quality of the services offered by the national banks perceived by customers. The study was conducted in Turkey in the year 2000 by involving 1340 regular customers as respondents. Data for the study was collected with the help of a structured questionnaire. The results of the study indicated that customers frequently having transactions have less issues than the occasional customers. Long duration of bank transactions influences interactive customers than others. Customer facing problems with employees have a negative effect on relationship. Lack of training, technical failures, insufficient number of staff are the major causes of problem of the banks on Turkey.

Al-Hawari et al. (2006)\textsuperscript{50} conducted a study titled, “The effects of automated service quality on Australian banks' service performance and the mediating role of customer satisfaction”. The results of the study revealed that there are five foremost items that decide the service quality of ATMs. They are convenient and safe locations, effective functioning of ATM machines, sufficient number of machines installed and user-friendliness software in the machines of the systems and convenient procedures.

Mariappan (2006)\textsuperscript{51} in his study assessed and stated that development of Information Technology has resulted in advancement of business environment which is convenient in production as well as distribution of produced goods. Service sector has also benefitted by the development of Information Technology. Banking and


Finance are using new method of doing business like ATMs, Mobile banking and internet banking because of technology. As a result, customers are created a convenience method of banking.

Vannirajan (2006) conducted a research to know the impact of service quality determinants on customer satisfaction. Traditional banking services, non-traditional services, tangibles, responsiveness, reliability, assurance and empathy are the quality dimensions tested by the author. Reliability and non-traditional services have a positive impact on satisfaction level of customers. Private sector banks are providing better services than nationalized public sector banks and cooperative banks.

In two different studies conducted by Bickersteth (2005) and Olesin (2006) & Ezeoha (2006) on e-commerce and internet banking, ascribed the sluggish development of e-payment to the absence of sufficient infrastructural facilities, low Internet penetration in tier II cities, standards not properly set, less credibility on banks. National policies on Information Technology and legislative policies are also reasons for slow growth of internet banking. Image problem was also an issue for sluggish development of internet banking.

Dogarawa & Ahmad Bello (2006) in their paper presented in a conference at Ahmadu Bello University titled “An Examination of Ethical Dilemmas in the Nigerian Banking Sector”, specified that banks are expected to be ethical in their activities and operations. Integrity, neutrally, trustworthiness, transparency, social

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Dogarawa, Ahmad Bello (2006), “An Examination of Ethical Dilemmas in the Nigerian Banking Sector”, Conference Presentation at Department of Accounting, Ahmadu Bello University, Zaria
responsibility and regulating money laundering are the key activities to be monitored by the bank to provide ethical business environment to the customers. Customers’ interests and rights should be protected and their confidence should be gained. This will improve the financial market and fulfill the needs of economic development.

Selvam (2005)\textsuperscript{56} understood the customer satisfaction through a study titled “Customer satisfaction of banking service an overview”. 50 customers from five banks of Tiruchirappalli city are considered as respondents and involved in the study to understand their level of satisfaction on banking services offered to them. The results of the study indicated that ATM facility provided to the customers is major reason for enhancing the level of satisfaction of the customers. In the study area banks are very slow in adopting the technology of at the early stages of introduction of ATMs.

Khan (2005)\textsuperscript{57} conducted a study to observe the performance of listed commercial banks and public sector banks. The study was conducted in the post reform period. The study compared the performance of public sector banks, private sector banks and foreign banks. Capital adequacy, quality of assets, profitability of the banks and contribution in rural areas are the dimensions compared. The results of the study revealed that profitability and efficiency of the banks participated in the study have developed significantly during the study period. The development has not happened in rural areas in terms of number of offices, credit growth rate, number of deposits, and it has declined significantly during the period.


Bauer & Hans (2005)\textsuperscript{58} studied the characteristics of a website that convert into a widespread e-banking portals. The study also analyzed various aspects of the quality of services provided to customers through e-banking sites for the purpose of processing a service quality measurement model. Using different dimes viz. security & trust, service quality, cross-buying service quality, value addition, transaction support and responsiveness a measurement model was developed by the authors. The results of the study revealed that all the dimensions are significant in providing a better internet banking experience to the customers.

Berry (2003)\textsuperscript{59} defined relationship marketing as enticing, maintaining and improving the customer relationships in service organization. Relationship marketing concept has been changed into Customer Relationship Management after some changes and evolution. Customer relationship management has been developed with the help of technology to unite, systematize, and coordinate business processes primarily sales associated events. Marketing and customer service has improved with the help of CRM activities. The goals are to target, attract and gather new customers, develop the customer base and retain them through Customer relationship management. Customers also feel happy and useful when they are informed about new products and services through CRM activities.


Janki (2002)\textsuperscript{60} discussed the impact of technology on employee efficiency in banks. The author specified that banks are expected to upgrade the technology used in order to progress in their operations for efficiency and to provide better services to their customers. The results of the study revealed improving technology related to human resources will improve the productivity of the service organisations. Embracing technology will also help the banks to reach the retail customers in rural and semi-urban areas. Banks can implement technology to meet the needs of customer and improve the communication and relationship with customers. Relationship can be maintained by using customer database and being in touch with them through telephone and the Internet. Value addition to customers, development of new products, risk management practices, liability and asset management and profitability can be improved with the help of technology. Technology can also motivate the employees to perform better and provide better service to their customers.

Alu (2002)\textsuperscript{61} specified that information technology has brought many changes in banking industry quickly soon after the introduction. The authors have studied the influence of information technology on the banking industry in Nigeria. The study involved 260 customers to render their opinion on usage of information technology in banking sector. The results of the study revealed that, 86 percent of the customer participated agreed that Information Technology as useful in banks and provides better service. 83.1 percent agreed that IT has positive impact on banking services and 66.5 percent disagreed that IT had an effect on services provided by the banks. The authors of the study also revealed that IT has a positive impact on productivity of banks, cashier’s work and banking transactions. Uninterrupted power supply will


\textsuperscript{61} Alu, A.D. (2002). Effect of information technology on customer services in the banking industry in Nigeria. Nigerian journal of Industrial Relations.
help the banks to utilize the technology effectively for better customer service and productivity in Nigeria.

Clark (2002)\textsuperscript{62} studied the association between employees’ perceptions of organisational climate and customer retention in a specific service setting with special reference to a retail bank in United Kingdom. Case study approach was used to identify employees’ perceptions towards the practices and procedures related to customer care service at their branch. The results of the study revealed that there is a positive association between employees’ perceptions and customer retention at a micro level. Organisational climate is a significant factor in retaining the customers.

Wenninger (2000)\textsuperscript{63} assessed the evolving role of internet based operation in banks. The author opined that E-commerce created new form of competition and constrained banks to alter the way of banking operations in the services they offered to their customers. Banks are also forced to the increase the size of the branch, expand their network and extend of their sustenance to inter-bank disbursements network. The study aimed to record the changes that had taken place after the electronic commerce was implemented in the banking sector. Customer are provided additional services through electronic payments, electronic billing, internet banking, e-cheques, ATM, etc. through electronic commerce. As a result of e-commerce operational and strategic risks are also became a part of it that affected the costs.

Joo & Ronald, (1999)\textsuperscript{64} in their study empirically examined various dimensions that influence the external communication of banking services. The dimensions

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considered are perceived benefit, cost, risk, and knowledge. The study involved 661 students as respondents of a US university to collect the primary data. The gathered data were analyzed and tested with structured equation modeling named as cost-benefit based Banking Services Model (BSM). The results of the study revealed that the model provides a good fit i.e. perceived benefit, perceived cost and customer knowledge influence the information search in the pre-purchase stage. Customer participated in the survey felt, information collected before purchase are beneficial to them in getting good knowledge on services offered and it also lowering the risk in purchase decision making.

Zeph Yun, et al. (1997)65 studied the customers’ expectation regarding he banking services and various levels of services offered to increase the value to the customers from the banks. The authors of the study revealed that customers compare the services offered by the banks, value added services are assessed and the relationship also checked by the customers on various factors. The study also suggested that banks should differentiate the services and make it better to their customers in order to exceed the expectations of the customers and to manage the competition. Enhancing the quality through its services, core product and cordial relationship with customers by smooth conversations and better communication also helps the banks to be more successful.

Rangarajan (1996)66 stated that the human resources are very significant component to implement the strategies and achieve business goals by banks. By understanding this banks can create a better future for them. Staff members in banks should effective in organizing the tasks, banks should have a multi-skilled staff, strong work

culture, cooperation among the employees are necessary to achieve the business goals. Strong mission, strategies, structure, financial goals help the banking sector to survive in the cut throat competitive environment. The study highlighted the work culture and right skills are significant for the success.

Based on some previous researcher works Zineldin (1996) specified that convenience is a significant factor that will influence the decision making of the customers to choose the right bank. Banks location place a major role in having transactions with the bank according to the previous studies. Location of the branch helps the bank to gain a competitive advantage over the competitors. Therefore banks should choose their locations correctly for branches. The study conducted by the author disputed the advantage of location and proved that technology is an important factor than convenient location. Banking services like ATM, debit cards have changed the payment methods. Focusing on the application of latest technology is much more important than location. Technology enhances the convenience of customers than location of the branch.

Combs & Bourne (1995) conducted a study titled “Preparing Retail Banking for a Competitive Environment” to assess the retail banking operations and customer satisfaction. Both employees and managers were involved in the study to collect the primary data. 102 managers and 98 employees are the respondents for the study. Two different questionnaires were used to gather data from the employees of the banks in Mid-Atlantic region. Various skills of the employees were assessed. Employees felt that there is no support by the banks for selling product and that will lead to lot of stress. Banks managers opined that sales role in banks is unavoidable and employees are to be trained to make the job better. The authors specified that both short term

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and long term policies are important for banks to gain customer satisfaction. Banks should also recruit skilled employees, train them and increase their commitment level to get customer satisfaction for long term and also to manage competition.

**Brito and Hartley (1995)**\(^6^9\) opined that using credit cards at high interest rates seem to be unreasonable but, even low transaction costs make credit cards are beneficial compared to taking loans. Credit cards also offer liquidity amenities by letting consumers to evade the opportunity costs involved like keeping money. The authors highlighted the importance of credit cards and customers should be educated on taking credit cards and train them on its usage. The interest rates on credit card is a significant factor in taking decision by the customers to go for it. Low interest rate on credit cards may influence their decision making in using it.

**Iyer (1994)**\(^7^0\) stated that media, information technology and open economy have increase the choices of customers and their awareness level. Perfect knowledge on products and services is required for front line staff to handle the customers with high degree of awareness. Adequate and proper training and motivation enhance the knowledge of employees to handle the customers better and contribute to the betterment of the branch.

**Manmohan Singh Gill (1990)**\(^7^1\) conducted a study on the difficulties of the debtors in procurement of bank loans and effects of bank loans on their financial and social status. The results of the study revealed that loans that come under sponsored schemes by government are sanctioned by the banks officials based on the recommendations of the political leaders. The author highlighted some of the...


unethical factors like bribes have spoiled the process of providing loans to the needy customers. These unethical practices resulted in slow progress of the economy and customers are also getting affected.

Archana Mathur (1988)\textsuperscript{72} conducted a study titled “Customer Service in Public Sector Banks: A Comparative Study”. The author understood the problems faced by customers of the public sector banks related to the delayed services of the banks, lack of communication and proper guidance in utilizing the services and discrimination faced by the customers in the banks. Through the results of the study the author suggested that banks should understand that there are problems faced by the customers and solves it by adapting automation at various levels, and all the customers should be treated equally by the bank staff.

Kulkarni (1979)\textsuperscript{73} conducted a study titled, “Development Responsibility and Profitability of Banks” and highlighted that importance of social responsibilities of the banks as service sector. Profit maximization should not be the only aim of the banks but better customer service with social interest the operations should be done by the banks. Without providing social benefits if banks operate that will lead to loss in the long term. Banks should also reduce the costs, improve the banking system and these steps lead to overall profitability and make the banking business successful.

Shah (1977)\textsuperscript{74} in a research paper discussed about bank profitability and productivity. The author articulated his apprehensions on increased expenses and overheads in banks. Unwanted and unplanned tasks in banks lead to slow growth and affects the productivity and efficiency of the business in banks. The results of the


study revealed that the higher profitability can be achieved by the banks by increasing the spread and by introducing some innovative products. Written job descriptions, staff productivity, cost reduction, team spirit are the factors that improve bank profitability, efficiency and productivity.

RESEARCH GAP
Banking sectors have provide the opportunities for many players after the globalization policies amended by the government. Technology has also brought many changes in the sector. Many banks have modified its business and various academic research studies are conducted during the changes and after the changes. The changes are still going on in this field. Banks offer various financial services to its customers. Knowing the feedback from the customers is necessary. Therefore many research studies are conducted on this. But there is no comprehensive study conducted on financial services of new generation private sector banks. Six new generation private sector banks having operations in the study area i.e. Kurnool District of Andhra Pradesh were selected by the researcher. There were studies on one or two banks individually conducted in the study area by involving less number of respondents. Therefore the researcher decided to combine top six new generation private sector banks and involved 550 respondents and made this study as a comprehensive study. This study was conducted after the banks have implemented the technology and no studies were conducted at this stage to assess the impact of technology on customer satisfaction.