CHAPTER – VII

SUMMARY OF FINDINGS, CONCLUSIONS AND SUGGESTIONS

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CHAPTER – VII

SUMMARY OF FINDINGS, CONCLUSIONS AND SUGGESTIONS

A well developed banking system is a necessary pre-condition for economic development in a modern economy. Besides providing financial resources for the growth of industrialization, banks can also influence the direction in which these resources are to be utilized. In developing countries not only the banking facilities are limited to a few developed urban areas, but also the banking activities are limited mostly to trade and commerce, paying little attention to industry and agriculture. Structural as well as functional reforms in the banking system are needed to enable the banks to perform developmental roles in developing countries.

In a modern economy banks are to be considered not merely as dealers in money but also as the leaders in development. They are not only the storehouses of the country’s wealth but also are the reservoirs of resources necessary for economic development. It is the growth of commercial banking in the 18\textsuperscript{th} and 19\textsuperscript{th} centuries that facilitated the occurrence of Industrial Revolution in Europe. Similarly, the economic development in the present day developing economies largely depend upon the growth of sound banking systems in these countries.

Kerala has been blessed with the presence of a very large number of commercial banks side by side with co-operative banks performing more or less the very same functions. Even though their functions are more or less similar commercial banks are under the control of the Banking Regulation Act and the guidance of the RBI, where as co-operative banks are under the control of the respective State governments and State Co-operative Laws and enjoy government patronage and subsides. Thus commercial banks are facing stiff competition from co-operative banks in all fields ranging from deposit mobilization to granting of loans.

The study has been conducted with the major objectives, which are reiterated below: -
1. To study and evaluate the progress made in the various deposits and lending schemes of commercial and co-operative banks in the State.

2. To compare the performance efficiency of commercial banks with that of co-operative banks by analyzing operating efficiency and profitability.

3. To evaluate the credit deposit ratio in order to ascertain the deposit lending pattern of the State.

4. To analyze the impact of NPA on commercial and co-operative banks.

5. To assess the role-played by commercial and co-operative banks for the economic development of the State.

6. To measure and analyze the level of customer satisfaction in commercial and co-operative banks in the State.

The hypotheses assumed by the researcher in the present study are reiterated below:

1. The schemes of deposit mobilization adopted by commercial and co-operative banks in Kerala are effective.

2. Commercial banks are facing stiff competition from co-operative banks in the mobilization of deposits and lending activities.

3. The Credit-Deposit ratio followed by commercial and co-operative banks in Kerala is unfavorable to the overall economic growth of the State.

4. Non-Performing Assets are increasing affecting the profitability adversely.

5. Commercial banks are playing a vital role in the economic development of the State.

In the preceding chapters an attempt has been made to analyze the performance efficiency of both commercial and co-operative banks in the State for a period of ten years from March 1997 to March 2006. The current chapter is designed to summarise the analysis and findings of the study and to draw conclusions and make recommendations on the basis of the findings of the study. This chapter has been divided into two sections. Section A presents the summary of analysis, findings and conclusions that can be drawn from the analysis. Section B is devoted to present recommendations based on the findings of the study.
Section A

Summary of findings and conclusions

I. Progress Made in Various Deposits and Lending Schemes of Commercial and Co-operative Banks:

For the sake of comparison of numerous deposits and lending schemes of both commercial banks and co-operative banks, total deposits have been grouped into three categories, viz, term deposits, savings bank deposits and current deposits. Similarly total advances have been grouped into four, viz, demand loans, cash credits, overdrafts and term loans. The following is the summary of findings and conclusions in each category of deposits and advances:

1. Total deposits:

The total deposits of both commercial banks and co-operative banks in the State showed an upward trend during the period under study. The AAG rate of total deposits of commercial banks was 11.15% as against 11.08% only by co-operative banks. But when the actual amount of deposits is taken into consideration, commercial banks showed a remarkable superiority over co-operative banks. The total deposits of commercial banks rose from Rs 13860.86 lacs in 1997 to Rs 35758.84 lacs in 2006 whereas the increase was from Rs 11659.21 lacs to Rs 29761.67 lacs for co-operative banks during the same period.

Conclusion:

Even though the AAG rate of commercial and co-operative banks are more or less same, commercial banks were able to mobilize more deposits than co-operative banks during the period under study. Thus commercial banks enjoy a remarkable superiority over co-operative banks in terms of deposit mobilization during the period under study.

2. Term deposits:

Term deposits of both commercial and co-operative banks in the State showed an upward trend during the period under study. The AAG rate of term deposits of commercial banks was 11.20% as against 10.79% only by co-operative
banks. But when the actual amount of deposits is taken into consideration, commercial banks showed a remarkable superiority over co-operative banks. The term deposits of commercial banks rose from Rs 9168.78 lacs in 1997 to Rs 23746.55 lacs in 2006 whereas the increase was from Rs 8509.22 lacs to Rs 21136.87 lacs for co-operative banks during the same period.

**Conclusion:**

Commercial banks enjoy a significant superiority over co-operative banks in terms of AAG rate as well as actual amount of term deposits mobilized during the period under study. Thus commercial banks enjoy an upper hand with regard to term deposits.

### 3. Savings Bank deposits:

SB deposits of both commercial and co-operative banks in the State showed an upward trend during the period under study. The AAG rate of SB deposits of commercial banks was 12.19% as against 10.88% only by co-operative banks. In terms of actual amount of deposits also, commercial banks showed a remarkable superiority over co-operative banks. The SB deposits of commercial banks rose from Rs 3299.42 lacs in 1997 to Rs 9224.33 lacs in 2006 whereas the increase was from Rs 2335.89 lacs to Rs 5840.51 lacs for co-operative banks during the same period.

**Conclusion:**

Commercial banks enjoy a marked superiority over co-operative banks in terms of AAG rate as well as actual amount of savings bank deposits mobilized during the period under study. Thus commercial banks enjoy a remarkable upper hand with regard to savings bank deposits.

### 4. Current deposits:

Current deposits of both commercial and co-operative banks in the State showed an upward trend during the period under study. The AAG rate of Current deposits of commercial banks was 8.34% only as against 17.70% by co-operative banks. In terms of actual amount of deposits also, co-operative banks showed a remarkable increase. The Current deposits of commercial banks rose from Rs
1392.66 lacs in 1997 to Rs 2787.96 lacs in 2006 whereas the increase was from Rs 814.10 lacs to Rs 2784.29 lacs for co-operative banks during the same period.

**Conclusion:**

Co-operative banks enjoy a marked superiority over commercial banks in terms of AAG rate as well as actual amount of current deposits mobilized during the period under study. Thus Co-operative banks enjoy a remarkable upper hand with regard to current deposits.

5. **Total advances:**

The total advances of both commercial banks and co-operative banks in the State showed an upward trend during the period under study. The AAG rate of total advances of commercial banks was 13.33% as against 12.17% only by co-operative banks. But when the actual amount of total advances is taken into consideration, commercial banks showed a remarkable superiority over co-operative banks. The total advances of commercial banks rose from Rs 6896.49 lacs in 1997 to Rs 21065.94 lacs in 2006 whereas the increase was from Rs 7417.64 lacs to Rs 20569.79 lacs for co-operative banks during the same period.

**Conclusion:**

Commercial banks enjoy a significant superiority over co-operative banks in terms of AAG rate as well as actual amount of total advances disbursed during the period under study. It may be due to the practice of commercial banks to use the deposits collected in one locality to be deployed in another locality where credit is needed much, whereas co-operative banks confine to the locality in which they operate.

6. **Demand loans:**

Demand loans of both commercial banks and co-operative banks in the State showed an upward trend during the period under study. The AAG rate of demand loans of commercial banks was 10.89% as against 6.24% only by co-operative banks. In terms of actual amount of demand loans also, commercial banks showed a remarkable superiority over co-operative banks. The demand loans of commercial banks rose from Rs 1246.82 lacs in 1997 to Rs 3140.47 lacs in 2006
whereas the increase was from Rs 1501.75 lacs to Rs 2384.84 lacs for co-operative banks during the same period.

**Conclusion:**

Commercial banks enjoy a significant superiority over co-operative banks in terms of AAG rate as well as actual amount of demand loans disbursed during the period under study. Thus commercial banks enjoy an upper hand with regard to demand loans.

**7. Cash credits:**

Cash credits of both commercial banks and co-operative banks in the State showed an upward trend during the period under study. The AAG rate of cash credits of commercial banks was 13.58% only as against 22.91% by co-operative banks. In terms of actual amount of cash credits also, co-operative banks showed a remarkable superiority over commercial banks. The cash credits of commercial banks rose from Rs 1541.48 lacs in 1997 to Rs 4755.95 lacs in 2006 whereas the increase was from Rs 1027.49 lacs to Rs 5856.76 lacs for co-operative banks during the same period.

**Conclusion:**

Co-operative banks enjoy a significant superiority over commercial banks in terms of AAG rate as well as actual amount of cash credits disbursed during the period under study. Thus commercial banks enjoy an upper hand with regard to cash credits.

**8. Overdrafts:**

Overdrafts of both commercial banks and co-operative banks in the State showed an upward trend during the period under study. The AAG rate of overdrafts of commercial banks was 18.31% as against 9.38% only by co-operative banks. In terms of actual amount of overdrafts also, commercial banks showed a remarkable superiority over co-operative banks. The overdrafts of commercial banks rose from Rs 1001.04 lacs in 1997 to Rs 4341.54 lacs in 2006 whereas the increase was from Rs 801.88 lacs to Rs 1641.61 lacs for co-operative banks during the same period.
Conclusion:

Commercial banks enjoy a significant superiority over co-operative banks in terms of AAG rate as well as actual amount of overdrafts disbursed during the period under study. Thus, commercial banks enjoy an upper hand with regard to overdrafts.

9. Term loans:

Term loans of both commercial banks and co-operative banks in the State showed an upward trend during the period under study. The AAG rate of term loans of commercial banks was 12.85% as against 11.43% only by co-operative banks. But in terms of actual amount of term loan co-operative banks showed a remarkable superiority over commercial banks. The term loans of commercial banks rose from Rs 3107.16 lacs in 1997 to Rs 8819.98 lacs in 2006 whereas the increase was from Rs 4086.52 lacs to Rs 10686.58 lacs for co-operative banks during the same period.

Conclusion:

Even though commercial banks enjoy a significant superiority over co-operative banks in terms of AAG rate, co-operative banks enjoy a remarkable upper hand in terms of actual amount of term loans disbursed during the period under study.

Testing of Hypothesis 1:

The schemes of deposit mobilization adopted by commercial and co-operative banks in Kerala are effective.

Both commercial and co-operative banks in the State follow the traditional methods of deposit mobilization. They generally accept deposits in the form of Fixed Deposits, Savings Bank Deposits and Current deposits. Even though these deposits are generally targeted against separate class of the community, for example Current Deposits, the business class, Savings Deposits, the fixed income group or salaried class and Fixed Deposits, for people with ample surpluses and who can spare it for a pretty long period of time, these schemes of deposit
mobilization may not be able to reap satisfactory results. Even though the deposits of commercial banks increased at an average annual growth rate of 11.15% and co-operative banks at 11.08% during the period under study, as against an average annual growth rate of around 8%, in the State’s economy, as revealed by the Economic Review, it is far behind the unorganized sector of the State’s money market. The study group constituted by the State Planning Board under the chairmanship of a member, to study the functioning of Non-Banking Financial Institutions in the State has found that between 1997-98 to 2002-03; nearly 45000 chit funds were registered in the formal sector in Kerala with a total capital turnover of 36000 crores. Similarly, there are 5696 money lending institutions in the unorganized sector in Kerala as on March 2004. At the same time there are only 3376 commercial bank branches in the State. In a sense, the money lending institutions are overtaking the organized banking sector. Further, there is a vast informal sector, with numerous unregistered institutions operating in each and every nook and corner of the State, receiving deposits and lending money at exorbitant rates of interest. Therefore, the hypothesis “the schemes of deposit mobilization adopted by commercial and co-operative banks in Kerala are effective” is rejected.

II. Performance Efficiency Comparison by Analyzing the Profitability:

The performance efficiency on the basis of profitability analysis shows that where as profits of commercial banks in the state have recorded an AAG rate of 7.76% only, co-operative bank recorded 26.76%. But when this AAG rate of profit is compared with the actual amount of profits, commercial banks performances is more appreciable than co-operative banks. The total profit of commercial banks rose from Rs 347.64 lacs in 1997 to Rs 668.30 lacs in 2006 as against Rs 110.69 lacs to Rs 658.76 lacs by co-operative banks during the same period. Where as commercial banks showed a steady increase in profits from 1997 to 2006, co-operative banks profit increased at a slow space from 1997 to 2003 and there after shoot up to Rs 658.76 lacs in 2006 from Rs 240.04 lacs in 2003.
Testing of Hypothesis 2:

Commercial Banks are facing stiff competition from Co-operative Banks in the mobilization of deposits and lending activities.

The deposits as well as advances of both commercial banks and co-operative banks in the State showed a very close Average Annual Growth rate during the period under study. Whereas the AAG rate of deposits of commercial banks increased at 11.15% during the period under study, that of co-operative banks was very close with 11.08%. Likewise, the advances of both commercial and co-operative banks also showed a very close Average Annual Growth rate during the period under study. Whereas, the AAG rate of advances of commercial banks increased at 13.33%, that of co-operative banks increased very closely with 12.17% during the period under study. Therefore, it can rightly be said that, the commercial banks in the State are facing stiff competition from co-operative banks and are vying with each other for a better survival. Therefore, the hypothesis “Commercial Banks are facing stiff competition from Co-operative Banks in the mobilization of deposits and lending activities” is accepted.

Conclusion

Even though the AAG rate of profit of co-operative banks in the State is remarkably more than that of commercial banks, it did not mean that the performance of co-operative banks on the basis of actual profits is superior to that of commercial banks. In all the years under study, the amount of actual profits of commercial banks was remarkably more than that of co-operative banks. The AAG rate of co-operative banks showed a higher percentage only because; in the initial years their profits were very low when compared to commercial banks. So it is evident that on the basis of actual profits, the performance of commercial banks is superior to that of co-operative banks during the period under study.
III. Credit–Deposit Ratio Analysis for Ascertaining the Lending Pattern of the State:

The credit-deposit ratio for ascertaining the lending pattern of the State for the period under study revealed a better credit-deposit ratio position for co-operative banks than that of commercial banks. The CD ratio of co-operative banks was always higher than that of commercial banks during the period under study. Similarly there was significant difference in CD ratio in between co-operative banks and commercial banks. The CD ratio of co-operative banks was 63.62% in 1997 as against 49.76% for commercial banks, in 1998 it was 63.80% and 50.30% respectively, in 1999 it was 64.09% and 49.23% respectively, in 2000 it was 63.49% and 50.01% respectively, in 2001 it was 62.97% and 49.58% respectively, in 2002 it was 63.55% and 48.93% respectively, in 2003 it was 64.88% and 45.52% respectively, in 2004 it was 68.60% and 49.35% respectively, in 2005 it was 73.35% and 53.17% and in 2006 it was 69.12% and 58.91% respectively.

Testing of Hypothesis 3:

The Credit- Deposit ratio followed by commercial and co-operative banks in Kerala is unfavorable to the overall economic growth of the State.

Credit-Deposit signifies the percentage of Advances to the percentage of Deposits made by banks. Throughout the period under study the CD ratio of commercial banks was remarkably very low. It was 49.76% in 1997, 50.30% in 98, 49.23% in 99, 50.01% in 2000, 49.58% in 01, 48.93% in 02, 45.52% in 03, 49.35% in 04, 53.17% in 05 and 58.91% in 06. Even though the CD ratio of co-operative banks was always higher than that of commercial banks, during the period under study, it was also far below when compared with other States. The CD ratio of co-operative banks was 63.62% in 1997, 63.80% in 1998, 64.09% in 1999, 63.49% in 2000, 62.97% in 2001, 63.55% in 2002, 64.88% in 2003, 68.60% in 2004, 73.35% in 2005 and 69.12% in 2006 respectively, whereas the CD ratio of Tamil Nadu was 102.44%, Maharashtra 101.57%, Andhra Pradesh 83.63%, Karnataka 82.86% and Rajasthan 81.70% during the same period as revealed by the Economic Review.
Therefore, it can rightly be assumed that the CD ratio of both commercial and co-operative banks in the State is unfavorable to the overall economic development of the State. Therefore, the hypothesis “the Credit-Deposit ratio followed by commercial and co-operative banks in Kerala is unfavorable to the overall economic growth of the State.” is accepted.

**Conclusion:**

Credit-Deposit ratio is an indicator of the deposit-lending pattern of banks. Lower CD ratio means lower advances in comparison to deposits. The CD ratio of commercial banks is remarkably very low when compared to co-operative banks during the period under study. It means that even though commercial banks amass huge deposits, they are reluctant to lend it in the State. This may be due to the absence of viable projects, absences of prospective entrepreneurs, political conditions of the State, the militant labor force or due to the practice of dumping the money collected in one State in another State by banks.

**IV. Impact of Non-Performing Assets on Commercial and Co-operative banks.**

Non-Performing Assets are always a drain in the profits of a business, especially in the case of banking institutions. However efficient be the lending operations, still then there may be the occurrence of NPA. NPA should always be related to total advances, otherwise it will be meaningless. The total amount of NPA may show an upward trend; still then the percentage of NPA to total advances may be diminishing. The AAG rate of NPA for commercial banks was 5.16% as against 7.89% for co-operative banks during the period under study. But when this NPA is related to total advances the picture is different. NPA to total advances in 1997 for commercial banks was only 6.32% as against 9.37% for co-operative banks, in 1998 it was 5.96% and 8.87% respectively, in 1999 it was 5.98% and 8.50% respectively, in 2000 it was 5.84 and 8.53% respectively, in 2001 it was 5.72% and 8.19% respectively, in 2002 it was 5.04% and 7.96% respectively, in 2003 it was 5.06% and 7.95% respectively in 2004 it was 5.11%
and 6.63% respectively, in 2005 it was 4.83% and 7.07% and in 2006 it was 2.99% and 6.57% respectively.

**Testing of Hypothesis 4:**

**Non-Performing Assets are Increasing, Affecting the Profitability Adversely.**

Increase in the volume of NPA will definitely affect the profitability adversely and vice versa. NPA should always be related to total advances, otherwise it will be meaningless. The total amount of NPA may show an upward trend; still then the percentage of NPA to total advances may be diminishing. The AAG rate of NPA of commercial banks was 5.16% as against 7.89% for co-operative banks during the period under study. But when this NPA is related to total advances the picture is different.

Even though NPA of commercial banks has increased from Rs 435.78 lacs in 1997 to Rs 630.33 lacs in 2006 and that of co-operative banks from 694.81 lacs to Rs 1352.01 lacs during the same period, when this NPA is related to total advances, both commercial and co-operative banks showed a gradual decline during the period under study. NPA to total advances of commercial banks has decreased from 6.32% in 1997 to 2.99% in 2006 as against co-operative banks from 9.37% to 6.57% during the same period. Therefore, it can rightly be assumed that even though NPA affects profitability adversely, its effect is gradually declining, especially more in the case of commercial banks than co-operative banks on account of the better credit management policies of the banks. Therefore, the hypothesis “Non-Performing Assets are increasing affecting the profitability adversely” is rejected.

**Conclusion:**

NPA is an indicator of the efficiency of debt management. Lower level of NPA indicates the efficiency of debt management and vice versa. NPA should always be related to total advances otherwise it would be meaningless. The total amount of NPA may show an upward trend; still then the percentage of NPA to total advances may be diminishing. Even though the AAG rate of NPA of commercial banks was 5.16% and that of co-operative banks 7.89% during the
period under study, there was significant difference in NPA in between commercial and co-operative banks when NPA was related to total advances. NPA to total advances of commercial banks showed a sharp decline from 6.32% in 1997 to 2.99% in 2006 where as co-operative banks NPA showed only a minimum decrease from 9.37% to 6.57% during the same period. So NPA management is more effective in commercial banks than in co-operative banks during the period under study.

V. Role Played by Commercial and Co-operative Banks for the Economic Development of the State:

Banks play a vital role in the economic development of a country. The development of sound commercial banking helped underdeveloped countries to join the ranks of advanced countries. The industrial development requires capital and banks mobilize the scattered savings of the people and make it available to trade and industry.

The following are the important services rendered by commercial banks in the economic development of a country:

1. **Banks promote capital formation.**

   Capital occupies a very important position in any plan of economic development. Economic development is almost impossible, in the absence of adequate degree of capital formation. Inadequate savings made by the community is the cause for deficiency of capital. The role of banks in the economic development is to remove the deficiency of capital by stimulating savings and investment. A sound banking system mobilizes the small and scattered savings of the people and makes them available for investment in productive enterprises. In this connection, banks perform two important functions:

   a) They attract deposits by offering attractive rates of interest, thus converting savings into active capital.

   From the study it is clear that both commercial and co-operative banks were able to make significant progress in terms of deposit mobilization during the period
under study. The total deposits of both commercial and co-operative banks in the State showed a steady upward trend during the period under study. The AAG rate of total deposits of commercial banks increased at 11.15% and co-operative banks at 11.08% during the period under study. In monetary terms, the total deposits of commercial banks increased from Rs 13860.86 lacs in 1997 to Rs 35758.84 lacs in 2006 and that of co-operative banks increased from Rs 11659.21 lacs to Rs 29761.67 lacs during the same period.

b) Expansion of credit.

Expansion of credit is inevitable to maintain a high level of economic activity. In an area of economic development, banks should create credit more liberally and make funds available for the development of various projects. Accordingly, the total advances of both commercial banks and co-operative banks in the State showed a clear upward trend during the period under study. The AAG rate of total advances of commercial banks showed 13.33% growth rate and that of co-operative banks 12.17% during the period under study. In monetary terms, the total advances of commercial banks increased from Rs 6896.49 lacs in 1997 to Rs 21065.94 lacs in 2006 and that of co-operative banks increased from Rs 7417.64 lacs to Rs 20569.79 lacs during the same period.

Testing of Hypothesis 5:

Commercial Banks are playing a vital role in the economic development of the State

The overall economic development of a state or country requires capital and banks mobilize the scattered savings of the people and make it available to trade and industry, thus facilitating economic development. Inadequate savings made by the community is the cause for deficiency of capital. A sound banking system mobilizes the small and scattered savings of the people and makes them available for investment in productive enterprises. From the study it is clear that both commercial and co-operative banks were able to make significant progress in terms of deposit mobilization during the period under study. The total deposits of both commercial and co-operative banks in the State showed a steady upward
trend during the period under study. The AAG rate of total deposits of commercial banks increased at 11.15% and co-operative banks at 11.08% during the period under study. In monetary terms, the total deposits of commercial banks increased from Rs 13860.86 lacs in 1997 to Rs 35758.84 lacs in 2006 and that of co-operative banks increased from Rs 11659.21 lacs to Rs 29761.67 lacs during the same period.

Expansion of credit is inevitable to maintain a high level of economic activity. Accordingly, the total advances of both commercial banks and co-operative banks in the State showed a clear upward trend during the period under study. The AAG rate of total advances of commercial banks showed 13.33% growth rate and that of co-operative banks 12.17% during the period under study. In monetary terms, the total advances of commercial banks increased from Rs 6896.49 lacs in 1997 to Rs 21065.94 lacs in 2006 and that of co-operative banks increased from Rs 7417.64 lacs to Rs 20569.79 lacs during the same period. Therefore the hypothesis “Commercial and Co-operative Banks are playing a vital role in the economic development of the State” is accepted.

**Conclusion:**

Deposits as well as Advances of both commercial and co-operative banks in the State showed remarkable increase in terms of AAG rate and in monetary terms during the period under study. Therefore, it can be rightly said that both commercial and co-operative banks have played a vital role in the economic development of the State.

**VI. Level of Customer Satisfaction:**

Any consumer industry, be it production oriented or service oriented should have a system of measuring the customer satisfaction as well as the needs of the customers from time to time and design their marketing strategies accordingly, since customer is the king. Banking is not an exception to this rule. Though some of the major banks have their own Research and Development Departments, many of the other banks are yet to take any steps in this respect.
With this objective, a survey was undertaken to evaluate the degree of customer satisfaction in both commercial and co-operative banks. The following is the summary of the findings and the conclusion.

Forty parameters were taken into consideration and analyzed. Of that thirty four qualitative features were analyzed with the help of chi-square test and six numerical features were analyzed with the help of Z-test. It was found that out of the Forty parameters analyzed, there was significant difference in customer satisfaction in only fifteen cases, in the remaining twenty five cases there was no significant difference in customer satisfaction in between commercial and co-operative banks

Significant difference in customer satisfaction was observed in the following cases - availability of space, furniture, fan and drinking water, well designed counter, parking space, cleanliness, directional boards, personal guidance, availability of manager, availability of leaflets/pamphlets, computerization, receiving standing instructions and its execution, understandability of entries made in the pass book, borrowing of money from the banks, comparison of customer – employee relationship - Of the above parameters, customer satisfaction was remarkably superior in commercial banks in ten cases, such as availability of space, furniture, fan and drinking water, well designed counter, cleanliness, directional boards, availability of leaflets/pamphlets, computerization, receiving standing instructions and its execution, understandability of entries made in the pass book. Only in five cases such as parking space, personal guidance, availability of manager, borrowing of money and comparison of customer employee relationship, co-operative banks enjoyed superiority.

To conclude, in the majority of cases there was no significant difference in customer satisfaction in between commercial and co-operative banks. Difference in customer satisfaction was noted only in fifteen cases, of that customer satisfaction was superior in commercial banks in ten cases and in five cases customer satisfaction was superior in co-operative banks. So, customer satisfaction is more in commercial banks than in co-operative banks.
Section B – Suggestions

The studies put forward the following suggestions for the efficient and successful management of the deposits and lending activities of commercial and co-operative banks-

1. **Credit- Deposit ratio should be improved.**

Credit-Deposit signifies the percentage of Advances to the percentage of Deposits made by banks. Higher CD ratio denotes expansion of credits and vice-versa. Throughout the period under study the CD ratio of both Commercial and Co-Operative Banks in the State was remarkably low. Therefore, efforts should be made to increase the CD ratio.

2. **NPA should be more effectively monitored so that the quality of debts should be increased.**

Non-Performing assets are always a drain to the profits of any concern, and this is especially true in the case of banking institutions. Even though the NPA in proportion to Advances showed a decreasing trend during the period under study in terms of percentage, in monetary terms it showed larger amounts year after year. Therefore, efforts should be made to bring down NPA both in terms of percentage and monetary terms.

3. **Customer Relationship Management should be improved.**

Customer Relationship Management or CRM, is a process that deals with identifying, attracting, and retaining customers. Being able to maintain current customers and attract new ones is vital to the success of any business, especially in the retail sector. It is not uncommon for one unhappy customer to tell several people about his or her negative experience, causing several people to boycott a particular store. So, delivering good value to the customers is a must for the success of any business. For that, customer satisfaction is a must.

4. **Customer Knowledge Management should be improved.**

Customer satisfaction, customer retention etc have become buzzwords today. We live in an increasingly service oriented economy. Organizations today understand the importance of serving their customers well in order to retain their
repeat purchase and referrals. The more organizations know about their customers and their needs, the better they will be able to serve them. They will be able to create an environment wherein each customer feels as if he is being shown a preferential treatment. Customer knowledge or know your customer plays a major role in achieving this customer-centricity.

5. **Core Banking should be made more effective.**

Core banking is a centralized branch computerization model in which branches are connected to a central host. It incorporates branch automation modules and online multiple delivery channels like ATM, Any Branch Banking, Debit Card, Tele-banking, Internet Banking etc. In core banking there is a central database for the bank and transactions are done centrally, online. It offers integrated products and services to customers round the clock.

6. **Single Window Services should be extensively introduced.**

In a competitive era, one window service in banks is a novel technique adopted by banks to attract customers. The customer who needs two or more banking services at a time has to stand in a queue before each counter. Under one window services, the bank performs all possible banking services through special counters and the system of single window services should be encouraged by banks.

7. **“May I Help Counters”**

Banks should provide “May I help counters” to assist people who come into a bank. The officials sitting at this counter first welcome the people who enter the bank. They clarify doubts of customers and provide all help to the customers. Such counters help customers to feel free to visit banks without hesitation. So, the use of “May I help counters” should be encouraged.

8. **Automatic Teller Machine facilities should be expanded.**

ATM’s facilitates anytime, anywhere banking and relieves the customers from tedious waiting in counters and queues. Therefore, bank should encourage the habit of ATM banking by opening more ATM counters in all major centers of business.
9. **Stress Management Techniques should be initiated.**

Modern man is exposed to a variety of stress. This is all the more relevant to bank staff from low level to top-level management. The entry of high tech banking, long hours of banking and competition among banks have increased stress among bank staff. Therefore management should initiate steps to burnout and ease stress among bank staff.

10. **Online Banking Facilities should be expanded.**

Online banking refers to banking services provided through Internet. For customers, Internet banking greatly increases convenience since they can conduct banking business twenty-four hours a day. The electronic banking has made the customer say good-bye to huge account registers and large paper bank accounts. Therefore, banks should encourage and expand online banking facilities.

11. **Procedural Delay should be avoided through computerization.**

The procedural delay in providing various banking services should be avoided or minimized with the help of computerization. Computerization may help speedy services to customers thus avoiding much delay and paper work.

12. **Client Base of Banks should be expanded.**

Banks should initiate steps for increasing the cliental base. For this banks should introduce various newer deposit schemes, for example, fixed deposit accounts offering benefits of a savings or current account or no frill accounts, that is, accounts with nil balance etc.

13. **Allow Co-operative Banks also to transact NRE business.**

In Kerala, NRE accounts are available in branches of commercial banks alone, co-operative banks are not permitted to do this. Therefore, co-operative banks also should be permitted to carry on NRE business.

14. **Grievances Redressal Mechanism.**

Grievances Redressal Mechanism is nothing but the complaint box facility adopted by the banks. Receiving customer complaints, listening to the grievances patiently and solving the problems are important areas of customer services. The
banks through Customer Grievances Cells in individual banks and Ombudsman at each State should provide a redressal mechanism.

15. **New Products are to be introduced by banks.**

Banks should introduce new products in the market to suit each and every customer. For that, banks should enter hither to unexploited areas. For example, Bank Assurance, Business Process Outsourcing etc.

**Topics of Further Research**

The research work carried out at present on the Deposits and Lending of Commercial Banks in Kerala –A Comparative Study with Co-operative Banks has led to the conclusion that further in depth study is required in the following areas –

1. Sectorwise deployment of funds by banks.
3. Effective Customer Relationship Management in banks.