CHAPTER - 2

Review of Literature

Marketing by service industries are yet to gain momentum, especially when it comes to marketing by private sector commercial banks. In India, the liberalization of the financial sector has impelled all the players to redefine what business they are in and strategically think how to stay ahead in the existing business. Marketing orientation of banks is imperative for survival and success.

Marketing of financial services by banks is under active and extensive discussion among academicians and bank personnel. Surveys and researches have been conducted both by academic researchers and practitioners on the various aspects of services marketing in general and financial services marketing by banks.

Udel (1968)\(^1\) identified marketing promotions as the most important facet of marketing strategy leading to effectiveness. Advertising, an aspect of promotional strategy, both an informative and persuasive role, and in this respect can alter customers’ perceptions of a service.

National Institute of Bank Management's study on deposit mobilization (1969)\(^2\) concluded that mobilization of resources is one important facet of the various services performed by banks. Banks should classify depositors into segments and take intensive measures to market their services to them. They should design suitable schemes to mobilize the savings and attract them through suitable media of publicity. The various techniques of banks are essentially based on the principles of mobility, flexibility, convenience, reduction of cash drain, automatic facilities and special inducements. More personalized service to achieve deposit mobilization at branches.

Daniel et. carol (1970)\(^3\) in his paper “Ten commandments for Bank Marketing” has framed a set of Ten Commandments for bank marketing as is very much clear from the title itself. According to him inclusion of marketing functions within the marketing participation in key banking decisions, product orientation, learning curve of chief marketing executives, quality of marketing personnel, development of a record of accomplishment and use of outside services etc. are the main commandments for successful bank marketing.

In Rossier's study (1973)\(^4\) it was suggested that banks should not open a branch without first analyzing market potential and determining the expenditure
required to obtain a sufficient market share. The risk in expansion is not so much one of opening unprofitable branches, but rather of allocating scarce resources of managerial talent, qualified personnel and capital to marginal projects.

A study by George William R and Hiran C Barksdale (1974)\(^5\) on the marketing activities in the service firms discovered that service marketing is generally on the low ebb. Service firms tend to be less marketing oriented; less likely to have marketing mix activities carried out in the marketing department; less likely to perform analysis in the area of service product; more likely to undertake advertising internally rather than go to specialized advertising agencies; less likely to have overall sales plan; less likely to develop sales training programmes; less likely to utilize the services of marketing consultants and marketing research firms; and less likely to spend much on marketing, as a percentage of gross sales.

Rathmell (1974)\(^6\) has suggested the dominant channel configuration in the service sector where agents and brokers play the key role in distribution of services.

Study by Bessom, Richard M and Donald W Jackson Jr. (1975)\(^7\) of 400 service and marketing firms revealed that service firms are less likely to have marketing departments, to make use of sales planning and training, and to employ marketing professionals like consultants, advertising firms and market research agencies.

Geiger's (1975)\(^8\) study was to establish the needs of customers. Social structure of the bank's customers and the image that the customers had of the banks were studied along with customers judgment of the range of services that the banks had to offer, the effectiveness of various advertising and other sales promoting measures, and the customers' will to save and other habit. Findings indicate that satisfied customers are more positively minded than those who are critical of what their banks have to offer them.

A study by Meidan (1976)\(^9\) revealed that about 90 percent of the respondents banked at the branch nearest to their home place or place of work. Convenience, in terms of location, was found to be the single most important factor for selecting a branch.

Sasser (1976)\(^10\) has described several strategies for producing a better match between demand and supply in service business. On the demand side, the firm can make use of differential pricing, cultivating non-peak demand and developing complementary services. On the supply side, for effective matching with demand;
peak-time efficiency routines can be introduced, facilities for future expansion can be delivered, and increased consumer participation can be encouraged. He further observed that the firm is unable to store or transport services that only direct distribution is possible, thereby potentially limiting the number of markets the firm can cover. Apart from the stress laid on ‘right place’ and ‘right time’ in case of distribution goods, there is additional importance given to the performance of service in the ‘right way’ as well.

Pickering (1976)\(^1\) suggested that advertising could increase brand loyalty, thereby decreasing price elasticity through increased price differentiation.

Meidan (1976)\(^2\) had also revealed the fact that about 90% of the respondents banked at the branch nearest to their home place and place of work. Convenience, in terms of location, was also found to be the single most important factor for selecting a branch.

Shostack (1977)\(^3\) summarized that most market offerings are a combination of tangible and intangible elements. It is whether the essence of what is being bought is tangible or intangible that determines its classification as a good or a service.

Gitlow (1978)\(^4\) suggested that price not only influences the market position but also significantly affects customers’ perceptual positioning. It is, therefore, important to keep market position in mind while deciding on pricing strategy.

A study conducted by Preston et al. (1978)\(^5\) indicates that there is no significant difference between the retention rates of premium-attracted and of, non-premium offered deposit accounts. Consequently, the conclusion is that customers attracted by a free premium were just as loyal as those customers attracted by a lower –price banking service premium.

In Rayburn’s study (1978)\(^6\) it was suggested that the purpose of the advertising and promotional functions is to create demand for the bank’s services and to build and maintain goodwill towards the organization.

Sasser (1978)\(^7\) defines security, consistency, attitude, completeness, condition, availability and training as important attributes of service quality. In banking industry all such attributes are very pertinent and imperative to customers as possessions are very risky and customer concern is very much. The most important research in to service quality is strongly customer oriented.

Kamath (1979)\(^8\) conducted a study on the marketing of bank service and customer service with special reference to the customers of the branches of Syndicate
Bank in Bombay City. The study concluded that quick and better services offered by a bank would be the most important variable in attracting and retaining a bank customer. Price and Place mixes have less relevance in the marketing mix of banking products and services.

Duane David et al. (1979)\textsuperscript{19} concluded that lavational considerations alone with personal sources of information are two of the critical factors in final purchase decision of services.

Menezes (1979)\textsuperscript{20} in his study stated that the marketing system gives a professional outlook to the development of the banking business. He said that the marketing division can monitor the entire programme for banks by analyzing the marketing problems and opportunities in different marketing segments and in different regions by evolving suitable strategies for business development.

Schnelder et al. (1980)\textsuperscript{21} analysed the relationship between employees and customers perception in banks. He interviewed 223 bank employees and 1657 customers of 23 branches and found customer’s perceptions of service at branch to be consistently & significantly associated with employees’ views of practices and procedures that characterize the branch service.

In Berry, Kehoe and Lindgreen's study (1980)\textsuperscript{22} it has been found that most frustrating aspects of bank marketing were a) lack of management support, b) lack of interdepartmental cooperation c) crisis management d) government intrusion e) advertising and media problems.

George and Berry (1981)\textsuperscript{23} keeping in view the intangibility of services, proposed that in the case of services a customer is buying the performance of the service personnel and therefore the advertising in service industries should not only restrict itself to encouraged consumption, but it should also encourage employees to perform well. They proposed six basic guidelines for designing effective advertising programmes.

Kurtz and Boone (1981)\textsuperscript{24} observed that the utility of most services is short-lived; therefore they cannot be produced ahead of time and stored for periods of peak demand. The perishability of services is not a problem when demand is steady because it is easy to staff for the services in advance. When there are wide fluctuations in demand there should be a highly flexible production system or idle productive capacity.
Prince, J. (1981)\textsuperscript{25} observed television is probably one of the most popular means of advertising although it is the most expensive. It is the medium of the masses and combines he attention-getting attributes of sound, picture, colour and movement. So it offers the opportunity to show a financial service and demonstrate it in actual use. It has also repeatedly proved its capacity to stimulate a quick response.

Bapat (1981)\textsuperscript{26} emphasized on the need for marketing in banks. He suggested that the top level management should cover innovative ideas of new services to existing customers and new services to new customers for better marketing. He also suggested some aspects that have to be considered for better marketing in banks like market segmentation, product differentiation, market strategy & market research.

Peter W Turnbull (1982)\textsuperscript{27} places the branch bank manager in a central position in the business in respect of the marketing efficiency of the banks at the local level. The study identified three reasons which underlie the lack of marketing orientation: motivation, ability and time and says that banks need to move quickly to ensure that branch bank mangers can speedily meet the challenge. It was suggested that managers be given knowledge inputs on the principles of marketing and develop in them the commitment to implementing the principles in practice.

Subba Rao (1982)\textsuperscript{28} conducted a study to find out the influence of different media of advertisement and different forms of personal selling on the deposit mobilization of commercial banks both in urban and rural areas. The study suggested that the medium of English News papers need not be used widely as its impact is very little on urban customers and it is almost negligible on rural depositors. Personal selling or direct contact has been suggested as the best method, since it educates the potential rural customers into the bargain.

Singh J D (1983)\textsuperscript{29} in his study examined the trends in bank advertising in the seventies in India. The study revealed that the bank advertisements were created seemingly for the sake of advertising rather than for creating the market or serving the customer satisfactorily. There is lack of professionalism in bank advertising and marketing. Suggestions were made to give stress on 'positioning the bank' rather than on selling the products after identification and prediction of customer requirements.

Meidan (1984)\textsuperscript{30} observed that the rising importance of marketing in banking sector is underlined by four major factors e.g. increased competition for customers, increased sophistication of these customers, increased use of technology and
increased cost of meeting customer needs. Marketing is also relevant in banks as the customers are changing in terms of their wants, needs, desires and expectations.

**Duncan (1985)**[^3] suggested that the services sector industries have to think besides advertising, about other promotional tools like public relations and publicity.

**Ranade M P (1985)**[^2] in his study on 'Marketing of deposits and allied services to non-resident -customer’s opinion' concluded that quick service is the major factor influencing a Non Resident Indian's (NRI) selection of a bank. Existing deposit schemes alone does not satisfy the NRIs.

Research on Marketing techniques by **Hussain, Farhat Dr (1987)**[^3] found that in particular, the banks should apply marketing techniques in the following areas: I) Identifying the present and future needs of the market for services both for deposits and lending, ii) Selecting the markets the banks want to serve and identifying the needs of the target group, iii) Setting up of targets for existing services and introducing new services, iv) Persuading customers to use the services at the profit to the bank, v) Deciding best locations for new branches, and vi) Expanding internationally.

**G Lynn Shostack (1987)**[^4] said “A physical object is self defining; a service is not” and therefore the marketing task in service industries are “defining for the service what the service cannot define for itself?”

**Shah Vipin (1987)**[^5] while measuring the efficiency of rural and urban branches of commercial banks in relation to their social objectives have identified seven indicators. They have also applied the technique of ‘principal component analysis’ for constructing their composite indices of development.

**Bhattacharya (1989)**[^6] concluded that in mid-1990s, the newly created private banks and the foreign banks expanded their banking operations in India in a big way because of the liberalization policies of the Government. But the public sector banks lagged behind due to the rigid regulatory framework imposed upon them by the banking system. The regulatory measures of Reserve Bank of India and the Government reduced the lendable resources for innovative and creative banking.

**Lewis and Smith, (1989); Aurora & Malhotra, (1997); Mishra and Sarangi, (2000)**[^7] suggested that fierce competition has compelled all the banks to analyse themselves and devise suitable strategies based on the concept of customer satisfaction- providing the customer with what they want, when they want, and where they want? The studies gave the idea that the level of customer satisfaction has
become one of the major targets in the bands of bankers to increase their future business.

Varshneya (1989)\(^{38}\) suggested some strategies for marketing that are: (a) A total marketing approach to the banks at all levels in all areas of banking operations and creating awareness of marketing, (b) Be continuously aware of the environmental changes and developmental schemes and projects taking place at micro and macro level to tap banking opportunities available (c) Launch suitably tailored deposit and credit schemes and services to meet the changing needs of customers of all segments and fulfill social objectives etc.

Trevor Watkins (1989)\(^{39}\) while studying the current state of the financial services industry worldwide identified four major trends: (1) the trend towards financial conglomeration; (2) globalization (3) information technology in bank marketing; and (4) new approaches to financial services marketing. These trends, it was concluded, will affect the marketing of banks and other financial services in the 1990s.

F G Crane (1990)\(^{40}\) using a case study analysis, found that corporate advertising should be an integral component of the marketing communications program of a financial services institution and recommends that managers need to pay more attention to successfully integrate corporate advertising integrated with product advertising.

Anne M Smith (1990)\(^{41}\) argued that the four distinguishing characteristics of services-intangibility, inseparability; heterogeneity and perishability affect clients' perceptions of quality service from banks. The study revealed that intensifying competition and increasing customer expectations have created a climate where 'quality' is considered to be a major strategic variable for improving customer satisfaction and thus the profitability of financial service providers.

The study by Syed Asad Akbar (1990)\(^{42}\) revealed the need for a more customer oriented approach to bank marketing, and more emphasis on improved marketing strategies. Stressing the need for a 'Plan Oriented Marketing', suggestions were made that new product development should be done on an on going basis and schemes which have failed to take off should be reviewed and if necessary modified or dropped.
Lewis and Birmingham (1991) studied the needs, attitudes and behaviour of youth market for financial services and found the youth market not homogenous in terms of needs and behaviour.

Ashok Kumar (1991) made an attempt to review and assess the extent of application of marketing concepts and techniques in the banking sector. It was recommended that while formulating marketing strategy, a bank should focus attention on consumer sovereignty, on the attitude, responsiveness and personal skills of their staff, on revitalizing the marketing department, on top management support to the marketing department, and on participation of marketing personnel in key bank decisions. Efforts should be made by the banks to understand and estimate the attitude and perceptions of their customers as accurately as possible to enable them to plan the market segments and design service offerings to suit their customer.

In the study by Lewis (1991) an international comparison of bank customer's expectations and perceptions of service quality were made. It was found that in spite of the existence of very high expectations of service quality and high perception of service received, gaps did exist.

Bal and Jena (1991) evaluated the performance of the banks regarding the marketing of services. They suggested that in the present environment, there has a great need of application of marketing approach to find the proper outlets for banking services. They emphasized on the development of marketing as on organizational philosophy that would enable banks to understand the customers and their needs in a better way and to respond to this needs.

Berry & Parasuraman (1991) held the view that high quality service gives credibility to the field sales force and advertising, stimulates favorable word-of-mouth communications, enhances customers’ perception of value, and boosts the morale and loyalty of employees and customers’ alike.

Prof. Bhatt (1991) in his study found that most of the market research studies by Indian banks were conducted for internal use and no formal reports were prepared. The most important subject for market research in terms of number of studies conducted is the customer service/customer profile/opinion studies.

S.K Dutta (1991) in his study on ‘Customer Service of Banks’ found that most of the banks did not have full fledged ‘Research and Development Cell’ and it was suggested to have one in their respective head-offices.
**Bal (1992)** suggested that growing competition, emergence of new range of banking services, need for innovative product development, compulsions in the area of profitability of business, coverage of new spatial areas, ensuring optimum use of vast banking infrastructure, need for ensuring a better focus on customer satisfaction, improving the extent of professionalisation in banking, and a better appreciation of long-term perspectives are some of the valid reasons that can be cited to bring home the need for total marketing orientation in the banks.

**T G Nair (1992)** in his study depicts the growth and expansion of Financial Services industry in India. Banks in order to overcome the competition from other agencies are providing a wide range of services. Public sector Canara Bank observed the year 1984 as 'Year of Marketing' to create among the staff an awareness of the need for customer satisfaction. The findings stress greater need for a change in the attitude, especially in the case of the counter clerks, field staff and sales force of the bank, towards the customers.

**Rajagopla Nair (1994)** in his study on rural bank marketing found that security and liquidity are the major pre-requisites for deposits by rural customers and that interest rate on deposits is not at all a criterion for rural bank depositors to deposit their savings with commercial banks.

**Ron Laursen and Ron McTavish (1994)** in their research found that workplace banking - the provision of banking services to company employees at their place of work - was attractive to employers and employees and that they utilized the services to a great extent.

**Dr. Chidambaram (1994)** studied the promotional mix available to bankers for the marketing of services such as direct marketing, public relations, social banking and customer meets. The study concludes that a good promotional mix is one that a) that takes into account the objectives of the bank and lays emphasis on those services which are of current significance, b) reaches various customer segments very effectively, c) creates a desire to seek out the services offered, d) builds a positive image for the bank, and e) strike a balance between cost and effectiveness.

**Hallowell Roger (1996)** measured customer satisfaction through two key elements, one is service and the other one is price. The regression results support the inference of a customer satisfaction and the loyalty relationship. However, this is ambiguous regarding the role of price satisfaction in predicting customer loyalty. Again the results indicated that it is wise for any bank to target and serve only those
customers whose needs it can meet better than its competitors in a profitable manner. These types of customers will remain for longer periods, consume multiple products; recommend the bank to their friends and relations who may be the source of superior returns to the bank’s shareholders.

Jha (1997) emphasised on the bank marketing concept. He suggested that market segmentation is necessary for banks. He presented different possible segments that banks need to recognize. Also, he explained the concept and the features of market mix for the marketing of banking services. He discussed various issues related to Market Information System, Market Research, Marketing Intelligence System and Bank Marketing in Indian Environment.

Kangis and Vouklatos (1997) examined the Customer Expectations & Perception of service quality in public & private sector banks. They found that customers of private sector banks have lower level of difference between perception and expectations of service quality than the customers of public sector banks. Convenient location, opening hours, friendliness and courtesy of employees were not considered as important factors by the customers of both sector banks.

Yavas, Bilgin and Shemwell (1997) in their study “Service Quality in Banking Sector in an Emerging Economy; A Consumer Survey” focused on the relationship of service quality with consumer satisfaction, complaint behaviour and commitment. The study has been confined to the leading Turkish banks. The study revealed a positive relationship of good service quality with consumer satisfaction and long term commitment of the customers to the bank. The relationship between good service quality and complaint behaviour of the customers, however, has been found to be negative. Better the quality, lower will be the number of complaints received from the customers and vice-versa.

Linda Wengel (1998) study on “Customer Satisfaction Research” shows that banks are increasingly aware that assessing their customers’ satisfaction level with the quality of service is the key ingredient in customer retention. Customer satisfaction measurement tools include mail surveys, telephonic interviews, close-account surveys, one to one interview and focus group interviews. Before conducting a customer survey, banks should consider the following steps: a) Know your objectives b) Identify the survey population c) Verify your database d) Assemble the best quality team e) Develop a strategic plan and guide line f) Collect data on timely basis g) Turn survey result into actionable activity and carry them through. Several
professionals believe that the best way to measure the quality of service at a bank is through a carefully designed mystery-shopping program conducted over an extended period of time.

Frust, et al. (1998) discussed the technological innovations and opined that banks were feeling strong competitive pressures to avoid being left behind in the technology area. It was also found that banks were planning to continue significant expenditures on introducing new technology products.

Krishnan M.S, Ramaswamy V., Meyer Mary Cand Damien (1999) conducted a study on “Customer Satisfaction for financial Services: The Role of Products, Services, and Information Technology”, they concluded that a financial firm needs to focus on satisfaction with its offered product line in order to reap maximum gains in overall satisfaction. After making quality attitude analysis, the author gave the idea that, in order to improve overall customer satisfaction, priority for the bank is the allocation of resources to increase the perceived quality of their product offerings. The researchers identified four quality attributes as being critical for determining satisfaction with product offerings, viz. Product variety, ease of opening and closing of accounts, competitive interest rates and fees, and lucid information on all products and services. The researches also suggested that the satisfaction with the quality of automated telephone and branch services and financial reporting have a significant impact on overall satisfaction, mainly for different customer segments.

Sankaran M (1999) studied the measures that would help domestic players in financial services sector to improve their competitive efficiency, and thereby to reduce the transaction costs. The study found that the specific set of sources of sustainable competitive advantage relevant for Financial Service Industry are: a) product and process innovations, b) brand equity, c) positive influences of Communication d) corporate culture, e) experience effects, f) scale effects, and g) information technology.

Mishra (1999) in his article, “Stress on the Need for Internet Banking”, suggested that the internet banking is an efficient way to market bank services. This will enable banks to extend their business with effective cost. He suggested that the internet marketing will help the banks to reduce the cost to customer and improve the capabilities and increase the profit & business of the banks. Also, it will give comfort to the customer and will save their valuable time as most of the transactions will be through just a click.
Jayewardhena and Foley (2000)\textsuperscript{64} evaluated the impact of a number of factors on the financial services development process. He observed that changes in technological, cultural, commercial and legal factors may help drive the development of financial services.

Walfried M. Lassar, Chris Manolis, Robert D. Winsar (2000)\textsuperscript{65} in their paper entitled “Service quality perspectives & satisfaction in Private banking” examined the effect of service quality on customer satisfaction from two distinct methodological perspectives. The study utilizing a sample of international private banking customers concluded that in banks service quality is operationalised via two distinct & well-known measures: survival and technical functional quality. Their study examined the potential utility of employing separate measures for customer satisfaction from the perspectives of both technical and functional aspects of the service delivery process. The data was collected from USA and South American private banks. Their findings proved to be important for service managers to identify efficient and effective approaches for improving quality in banks.

I. V. Trivadi (2000)\textsuperscript{66} conducted a study to assess the level of satisfaction of the customers of Indian Banks. The study revealed that the customers are dissatisfied with various services and there exists a mismatch between the time schedule for different transactions as displayed and actual time taken. The customers are not able to access information within a short period of time. The study recommended that ATMs might be introduced in all branches of the bank depending upon the volume of transactions in order to provide non-stop banking to customers.

Marisa Maio Mackay (2001)\textsuperscript{67} examined whether differences exist between service and product markets, which warrant different marketing practices by applying ten existing consumer based measures of brand equity to a financial services market. The results found that most reassures were convergent and correlated highly with market share in the predicted direction, where market share was used as an indicator of brand equity. Brand recall and familiarity, however, were found to be the best estimators of brand equity in the financial services market.

Athanasious G. Noulas (2001)\textsuperscript{68} examined the effect of banking deregulation on private and state-controlled Greek banks by using the traditional approach and a non-parametric model for the period of 1993-1998. The results, based on the non-parametric model (DEA), showed that though private banks appears to be more efficient than the state-controlled banks, yet the gap in efficiency level between the
two groups is not statistically significant. The ratio analysis indicates that the private banks are better in controlling non-interest expenses. The efficiency differences between the two groups of banks are tested for statistical using the Kruskal-Wall is procedure.

Mehta (2001) in his study, examined the lack of marketing in banks. He suggested banks to adopt marketing promotional strategy for better business. He preferred personal selling as a strategy for marketing promotion in banks.

Mukherjee et al (2002) suggested that performance of a bank is generally conceptualized as the degree to which the bank is able to utilize its resources to generate business transactions, and is measured by their ratio, which is known as efficiency. In this concern, the concept, of “efficiency” is generally used to benchmark “performance” of banks in use of multidimensional performance measurement.

Suresh Chandar et al (2002) concluded that the operationalization of customer satisfaction in banking sector is somewhat hazy, and it should be operationalized along the same dimensions that constitute service quality. The study was conducted by taking two types of hypotheses, one is about the existence of distinctiveness of service quality and customer satisfaction with respect to all the dimensions and the other one is concerned with the correlation between these two. The results showed that these two are different constructs which can be distinguishable from the customers’ point of view. It also showed a high correlation between these two constructs. In this context, the service providers should try to continuously improve both service quality and customer satisfaction to be remained in intense competition.

Janki (2002) analyzed the effect of technology on employees’ productivity and efficiency. It was observed that in India, particularly, public sector banks would need to use technology to improve operating efficiency and customer services.

Gain and Bhatt (2003) conducted a survey on banks in India in the area of customer expectations and perceptions in relation to service quality dimensions. The study gave the idea that the service quality of foreign banks figures high while as the service quality of Indian banks is comparatively low. Each bank has to match the expected service and the perceived service to each other so that customer satisfaction is achieved.
Kotler (2003)\textsuperscript{74} revealed that Marketing came into banks in the late 1950s, not in the form of marketing concept, but in the form of advertising and promotion.

Kotler (2003)\textsuperscript{75} in his article on mega-marketing, said, “Successful marketing is increasingly becoming a political exercise.”

Madhumathi R and Kumar Lakshmi (2003)\textsuperscript{76} in their research study “Multifactor Evaluation and Forecasting of Bank Performance in India” studied the performance of 18 banks in terms of financial ratios published by RBI for the period of 2000-2002 and concluded that, most of the public sector banks although having wider access to customers, should go for investment in IT based infrastructure. All the private sector and foreign banks, although putting more emphasis in customer focus and quality, should spread their service branches geographically.

Mallya Prita D. (2003)\textsuperscript{77} conducted a study on branch performance measurement system and found that around eighty percent of the banks studied were implementing the standardization and comparison concept in their performance measurement system. Most of the banks are giving more importance to the routine process component of the service. Public sector banks need to redefine the customer services parameter in order to compete with the new private sector banks.

Bhat and Gani (2003)\textsuperscript{78} compared the customers’ expectations & perceptions regarding service quality in public sector, private sector and foreign banks. They found foreign banks providing better quality services than Indian banks as they were backed by state of art technologies. Indian banks were behind as far as the physical facilities and up-to-date equipment were concerned. Only PNB and J&K Bank were providing the service quality which was somewhat near to the service quality provided by foreign banks to the customers.

George and Hegde (2004)\textsuperscript{79} put much more emphasis on employee- customer contact in Banks, particularly those in the frontline. According to the researchers, human capital is among the most major drivers of service performance. Employee satisfaction indirectly affects the customers’ value perception about the overall quality of the product and the reliability of the service provider, thus giving clues to future transaction behaviour as well as relationship building.

Krishnaveni R. and Divya Prabha D. (2004)\textsuperscript{80} conducted a survey among corporate customers of banks to know the perceptions of clients about banks’ service quality. The six dimensions of the service quality taken for the study were: competence, convenience, customer- oriented, promptness of service, modernization
and communication. The results revealed that the service quality still has to be improved and customers expect more monetary concessions in service charges. Customers would feel happier if any improvement in the service is made.

**Liang et al (2004)**\(^8^1\) argued that the service quality attributes are of two types one is product related, and the other one non-product related. These two types of attributes may create the perception of functional benefits, symbolic benefits and experiential benefits among customers. The empirical research shows that there is no positive association between experiential benefits and customer satisfaction. But, the results of the study strongly highlighted the fact that customer satisfaction positively affects customers’ trust and commitment on service provider, which in turn affects customers’ behavioural loyalty. There are many effects on customer satisfaction and repurchase intentions.

**Sachdev (2004)**\(^8^2\) observed that because of increasing competition in Indian banking industry, customers now have a choice among various service providers by making a trade-off between relationship and economics, trust and products, or service and efficiency.

**Sharma et (2004)**\(^8^3\) in their studies found that in the regional rural banks, customer satisfaction refers to the customer judgment on marketing of bank products/services in rural settings by comparing pre-purchase expectations with accumulated experience with the banks having maximum transactions. The customers having low income residing in rural areas are showing “just satisfactory” attitude towards all the rural banking services, whereas those having higher income show “above average”. In both the cases the level of satisfaction goes in descending order concerning to 4p’s of marketing mix, viz. product, place, price and promotion respectively. The study suggests five steps of strategic action for rural banks, namely identification, measurement, creation, maintenance and monitoring customer satisfaction by keeping higher level of rating in measurement scale.

**Arora (2005)**\(^8^4\) analysed the factors influencing customer satisfaction in public sector, private sector and foreign banks in northern India. He found the significant difference in satisfaction level of customers in each group of banks regarding routine operation. Situational and interactive factors and foreign banks were the leaders in mechanization and automation. Private and foreign bank customers were highly satisfied with staff factor whereas public sector bank customers were less satisfied.
Joshia and Koshi (2005)\textsuperscript{85} in their study evaluated & compared the service quality in old & new generation banks in Karnataka. They found that new generation banks customers were satisfied on reliability, empathy and price and for rest of the dimensions, negative gap between expectations and perceptions was 6-7 times smaller than old banks and hence new generation banks were performing better than old generation banks.

Raul and Ahmad (2005)\textsuperscript{86} in their study investigated the customer services in public sector banks in three districts of Assam. They found that customers were dissatisfied with management, technology and interactive factors and high service charges. Communication gap was the root cause of poor service quality. There was a wide gap in rendering services in urban and rural areas.

Debashish and Mishra (2005)\textsuperscript{87} analyzed & measured the customer satisfaction in branch services provided by nationalized banks in northern India. They found the customer satisfaction to be strongly influenced by computerization in banks, accuracy in transactions, attitude of staff and availability of staff at respective bank counter. The least impacting factor was promotion and highest impacting factors were awareness of customers regarding bank charges, banks innovativeness in new services and efficiency, role of staff in rectifying errors quickly.

Dhanajayan (2005)\textsuperscript{88} observed that the growing demand for service excellence gives an opportunity to service providers to emerge as leaders in their chosen field. ICICI bank has emerged as the leader in new-age banking, despite competition from the old and established banks, foreign banks, and the emerging new banks in the private sector. This is due to their standard in banking service along with a large distribution network achieved in short time, and impeccable delivery at all their touch points.

Uppal (2006)\textsuperscript{89} in his book titled Indian Banking Industry and Information Technology explored the bank customers’ satisfaction levels regarding the use of information technology in banking services provided by banks in Punjab. It was concluded that due to the adaptation of information technology, the efficiency of the banks had increased and had definitely affected the productivity and profitability of these banks.

Sharma and Sharma (2006)\textsuperscript{90} in their study measured the customers delight in urban consumer banking. They found that the customers were satisfied with loan facilities, bank environment, routine work procedures, location, interest rates and
deposit schemes of the banks and dissatisfied with loan formalities and promotion through media. Seventy three percent of respondents had shown average level of customer satisfaction on attitude of staff.

**Sharma S., et al. (2007)** in their study examined & compared the perception of customers regarding service quality of public & private sector banks. They found that service quality was positively associated with customers’ satisfaction and there was significant difference in the quality of services provided by selected banks. Banks located in small cities and towns were lagging behind their counterparts in big and metropolitan cities.

**P K Gupta (2008)** in his study examined consumer’s behavior with respect to internet banking vis-à-vis conventional banking. He found internet banking to be easier and speedier than conventional banking and trust was found as most important factor followed by accuracy and confidentiality. But on safety, the rating in case of conventional banking system was found to rise with the movement to higher income levels.

**Texak and Kaur (2009)** in their study compared customer satisfaction in public and private sector banks in India. They found the customers of public sector banks to be more satisfied with the traditional banking services such as ATM, demand draft and cheque book facility and bank accounts as compared to customers of private sector banks whereas private bank customers were more satisfied with counter services such as cash deposits, cash payment, issue of drafts, cheque payment and cheque deposit. Public sector banks provided better services to customers than private sector banks.

**Kee and Taap (2009)** in their study “Determining the Relative Importance of Critical Factors in Delivering Service Quality of Banks: An Application of Dominance Analysis in SERVQUAL Modal” have attempted to find out relative importance of different dimensions of service quality in the minds of the customers of commercial banks. The researchers have concluded that reliability is most sought in banking services while tangibility has smallest important in the minds of customers. The authors have further argued that gap in service quality in commercial banks is largely due to poor performance of the service provider on the reliability front.

**Khan, et al. (2009)** in their study evaluated the service quality of internet banking services from the customers point of view in India. They found customers to be satisfied with reliability but dissatisfied with user’s friendliness. Two dimensions,
i.e. ‘privacy/security’ and ‘fulfillment’ were not found to be significantly related with overall service quality. High percentage of young generation having computer literacy showed that internet banking was going to be very crucial in India.

T. Usha Priva (2009)\textsuperscript{96} in her research paper, “The Influence of Employee’s Attitude on CRM Strategies in Banks” found that there is a positive & significant relationship between employee attitude and the effectiveness of customer relationship management strategies in banks. She also concluded that the challenges faced by the banks and their customers are many but the solution lies in de-mystifying complex financial relationships. The population of this research consisted of selected branches of Commercial banks which operated in the city of Chennai.

Vidhyaa M. J. (2009)\textsuperscript{97} study to find out the customers satisfaction and preference among ICICI and SBI Banks. The target population in this research referred to the bank customers who were having an account in ICICI and SBI banks due to the convenience in collecting the data. Information collected from respondent was through questionnaire. It was found that the respondents chosen the SBI bank because the bank provided more ATM facility and good customer service. The reasons for chosen ICICI bank stated by the respondents were good customer service, efficient complaint handling and more reliable to the customers. It has been realized that there is no significant relationship between the occupation of the respondents and the type of service they preferred the most. It suggested that the banks can post demo of all the services in their bank website so that the customer get knowledge and be aware about the services.

Dave Kartik (2009)\textsuperscript{98} observed that banks put into practice several relationship marketing strategies which serve to enhance the service quality of the banks. He suggested that relationship pricing strategies encourage customers to have multiple accounts and services with the bank. Customers of ICICI and SBI banks also feel a sense of pride as, when they are given preference and personal attention; their special needs are acknowledged duly in time and also provided prompt services.

Kapoor Neha (2009)\textsuperscript{99} found that the respondents were more satisfied from the private sector banks due to their better services provided by them in terms of speedy transactions, fully computerized facilities, more working hours, good investment advisory services, efficient and co-operative staff and better approach to Customer Relationship Management. 95% respondents favoured that private banks are providing better services than nationalized banks. It suggested that the bank staff
should be co-operative, friendly and must be capable of understanding the problems of customers

**Sudesh & Chetan Mohan (2010)** feel that banks must adapt the electronic age. Customers demand it, Economics drive it and banks must exploit it.

**Rajinder Singh, Kiran and Ms. Aditi (2010)** in their study, “Performance of Private Sector Banks in India- A case study of ICICI and HDFC Banks” brought out that HDFC has edge over the counterpart in terms of capital adequacy, asset quality and earning quality and ICICI bank has registered an edge over HDFC in terms of management efficiency and liquidity position.

**Richard Nyangosi (2010)** study indicated that the factors influencing ATM banking adoption banks consider customer benefits like convenience, non-complexity and customer’ dynamic demands before adaptation of ATM banking.

**Shamsher Singh (2010)** observed that the internet banking services provided by private sector banks have been more customer-friendly as compared to public sector banks. It was suggested that the banks should increase the necessary awareness and convert the non-users to the user category. This will reduce the cost of banking transaction & provide comfort and faster customer access technique to their accounts for multiple purposes.

**Som Aditya Juyal and Sameekisha Uniyal (2010)** in their study focused on stress related issues among HDFC, ICICI, PNB and SBI Banks across mid and low hierarchies and genders. The population selected for this particular study was employees of PNB & SBI (Public Sector Banks) and HDFC & ICICI (Private Sector Banks) from Dehradun. Working conditions are assumed to be comparatively unfavourable at private banks than public banks. The same was comprehended earlier but here the differences are indicatively significant among SBI & PNB and HDFC & ICICI Banks. Also, executives at HDFC and PNB find it difficult to express themselves to their seniors and the difference it has is somewhat significant to what executives feel at SBI & ICICI Banks.

**M. Selvakumar & E.L.Ramar (2010)** in their article, “Customer Relationship Management in Banking Sector” concluded that the banks should provide the service at the right time, the use of innovative method creation of a large customer base, installation of a simple and customer friendly system, and welcoming customers complaints to ensure a better life-long relationship with the customer.
Almost all studies reviewed above highlight that significant studies have been made in various parts of the world on the pivotal role of various aspects of marketing of financial services. However, there is a dearth of research studies conducted to evaluate the marketing strategies of financial services by commercial banks, especially in the context of financial sector reforms, which has brought paradigm shift in the way financial services are marketed by commercial banks.
References


76. Madhumathi R and Kumar Lakshmi (2003-04); “Multifactor Evaluation and Forecasting of Bank Performance in India”, Prajnan; Vol. xxxii; No. 4; pp.317-331.


81. Liang Chiung Ju and Wang Wen-Hung (2004); “Attributes, Benefits, Customer Satisfaction and Behavioural Loyalty- An Integrative Research of


99. Neha Kapoor, “Comparative Study between Private Sector Banks and Public Sector Banks”.


