REVIEW OF LITERATURE ON BANKING SERVICES

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Abstract

Banking services sector of India is experiencing a prolific growth in the development and distribution of innovative and quality services or products. There is a growing realization that the key for developing a sustainable competitive advantage is to become customer driven. All sectors of Indian banks are combining their resources and marketing strategies to gain minds of new customers and to create a loyal customer group. For this, they are adopting differentiation in their services by integrating innovation in nature of service, technology, quality etc.

Keywords- prolific growth, competitive advantage, marketing strategies, loyal customer group,
Introduction

Customer service is an aspect of great significance and importance in the banking industry. In the area of customer service, expectations and demands of the customers generally rise at a much faster pace than banks are equipped to deal with. With years, banks are adding services to their customers. The Indian banking industry is passing through a phase of customers market. The customers have more choices in choosing their banks. A competition has been established within the banks operating in India.

A number of studies have been conducted in India and abroad on various aspects of banking especially retail banking. Some worthwhile studies relating to the banking sector are reviewed here.

Bhattacharya (1997) he has studied the impact of the limited liberalization initiated before the deregulations of the 90’s on the performance of the different categories of banks. His study covers 70 banks in the period 1986-91. He has constructed one grand frontier for the entire period and measured technical efficiency among the three categories with foreign and private banks having much lower efficiencies. The main results accord with the general perception that in the nationalized era, public sector banks were successful in achieving their principle objectives of deposit and loan expansion.

Gaganjot Singh (1998) in his study “New innovations in banking industry – a study of new private sector banks” views that the new private sector banks in India are using better technology and are offering better services to the customers. The new private banks have emerged as a model to the banking industry in terms of service levels, ambience, technology etc. As the public sector banks have already established a huge customer base, they become complacent and are slow to become customer friendly.
They are also less innovative in the use of technology-assisted customer service. Because of their huge customer base they feel that they can withstand competitions from new generation banks.

**Anthony T. Allred and H. Lon Addams, (2000)** in their article, indicated that neither banks nor credit unions do a good job of surveying customer needs or retaining customers. Other results indicate that fifty per cent of total respondents surveyed reported that they had stopped using a financial service provider because of poor service performance. The vast majority of that group reported that their decision was made because a bank failed to provide adequate service.

**Mini Joseph’s (2001)** view is that new generation banks have created a spirit of competition in the banking industry by fully utilizing the facilities and amenities available from technology and computerization, and by accepting customer satisfaction as the core aspect. For preventing the erosion in the market share of old private sector banks and public sector banks, they are also providing quality service now in a competitive spirit.

**P. D. Jeromi (2002)** who studied “The trends and issues of bank credit in Kerala” finds that the absolute rate of growth of credit is reasonably good. But in relation to deposits, per capita credit, credit per account, disbursement by all India Financial Institutions the level of credit is lower. He also observes that more attention should be given to mobilization of deposits than to expansion of credit.

**Sujit Chakravarti (2003)** says credit cards provide benefits to consumers and merchants not provided by other payment instruments as evidenced by their explosive growth in the number and value of transactions over the last 20 years. Recently, credit card networks have come under scrutiny from regulators and antitrust authorities around the world. The costs and benefits of credit cards to network participants are discussed.
Focusing on interrelated bilateral transactions, several theoretical models have been constructed to study the implications of several business practices of credit card networks. The results and implications of these economic models along with future research topics are discussed.

**Singh S. (2004)** empirically studies the appraisal of customer services of PSBs in terms of level of customer service and satisfaction determined by brand, location and design, variety of services, rates and changes, systems and procedures etc. The study concludes that staff behavior is very polite and services are provided even in the late hours. Study reveals that 62 percent respondents answer that immediate credit is not given for outstation cheques, 93 percent feel that they do not hold periodical meetings and services are not provided according to the given schedules. It concludes that services of private sector banks are better than the services of public sector banks.

**Velouston and Cleopatra (2004)** in their study have analysed the relative role of certain drivers of bank loyalty. Their study shows the links between image, perceived quality satisfaction, commitment and loyalty in Greek retail banking. The result of the study is that the image has a positive impact on perceived quality and satisfaction. The key factor that leads to loyalty is the personalisation in providing services to customers which help to increase customer satisfaction.

**Ramola (2005)** in his article states that Indian banking industry can reach international level only through the growth of retail banking. For the growth of retail banking, innovative products which satisfy the needs of the individuals are required. Such products can be developed through market research. Besides, new regulations are required to reduce NPA in retail sector.

**Rudra Sen Sarma (2005)** makes a study on “The cost and profit efficiency of Indian banks during 1986-2003”. During this period the cost efficiency of the banks improved
but the profit efficiency decreased. Compared to foreign banks, domestic banks are found to be more efficient in terms of cost and profit.

**Vanniarajan. T. and Vikkraman P. (2006)** in their article, focused the link between customers’ satisfaction and organizational performance. The study identified the positive impact of customer satisfaction on service quality of banks resulting in its net profit. The significant impact on net profit was created by the customers’ satisfaction on the service quality factors, namely, Empathy, Assurance and Tangibles. The study suggested that the suitable strategies to increase the profit among the banks were creating, maintaining and enhancing appropriate service quality to the customers.

The focus of **Dhandapani Alagiri’s (2007)** article “Retail banking: challenges” is on the retail banking in India with increased consumer spending and increased challenges in the form of competition and technology up-gradation. He concludes that the most important issues for the new generation customers are product innovation and competitive packaging services. Retail banking increased the uses of the mobile phones and e-banking facilities for quick service. As a result the security and confidentiality have become very difficult to maintain. This has become a major problem for the banks in India. Another result of the study is that credit delivery mechanism has been improved considerably with the advent of technological advances.

**Molina, Martin-Consuegra and Esteban (2007)** have made a study on “The impact of relational benefits on customer satisfaction in Spanish retail banking”. It is an empirical study using a sample of customers regarding the relationship between relational benefits and customer satisfaction. Their study shows that confidence benefits have a direct, positive effect on the satisfaction level of customers with their bank.

**Uppal R.K (2008)** stated that financial sector reforms in India, of which banking sector reforms constituted an integral part, stressed liberalisation of markets, privatisation of
ownership and globalisation of the economy. Retail banking is the complete spectrum of the consumer’s evolving needs and requirements including payment of utility bills, electricity, telephone mobile phone bills insurance premiums on due dated, remittance of funds, demating of shares, bonds, debentures and mutual funds, payment of credit cards bills, filing of income tax returns and payment of income tax returns and banassurance etc.

Kumar. N. and Rama (2008) analysed that retail banking is the innovation of 21st century. India has experience a rapid growth in retail banking. Retail banking is a banking service that is geared primarily towards individual customers. It focuses strictly on consumer markets. Retail banking is a mass-market banking where individual customers use local branches of larger commercial banks. The services offered by retail banking includes saving and checking accounts, mortgages, personal loans, debit cards, credit cards etc. Its take care of the diverse banking products and services to individuals customers. It provides banking products and services to individuals. Retail banking contains features like multiple products, channels and customer groups. Most of the Indian banks have been retail banks in their business composition. Retail banking in India is growing and the same expected in future.

Kanning and Bergmann (2009) studied the “Factors affecting customer satisfaction in the German retail banking sector”. By applying the field study method they identified the factors affecting customer satisfaction. They identify Performance of banks and fulfilment of customer expectations as the major factors which affect customer satisfaction.

Adelowo Solomon Adepoju, Mohammed Enagi Alhassan, (2010) says that over time, consumers have come to depend on and trust the Automatic Teller Machine (ATM) to conveniently meet their banking needs. But in recent time there have been a proliferation
of ATM frauds in the country even and across the globe. Managing the risk associated with ATM fraud as well as diminishing its impact is an important issue that face financial institutions as fraud techniques have become more advanced with increased occurrences. The ATM is only one of many Electronic Funds Transfer (EFT) devices that are vulnerable to fraud attacks. This paper carried out an empirical research to analyse the cases of ATM usage and fraud occurrences within some banks in Minna. The research identifies the common ATM fraud, how, where and when these frauds are perpetrated and then proffer security recommendation that should be adhered to by both the banks as financial institutions and the ATM users in order to eliminate or reduce it to the barest minimum.

Revathy (2012) in her article views that retail banking has greater scope of generating profit than the traditional banking. Banks have identified this and are adopting a different approach in designing the retail banking products and services to hold the market share.

Gokilamani and Natarajan (2014) in their study opined that customers of Indian commercial banks are positively responding to retail banking. It is important for banks to focus on service quality for strengthening their competitive edge and to allocate the limited resources to serve the personal banking division. They further views that the success of a retail bank will depend on product innovation, technological developments and strategies to retain the retail customers.

Jeffrey Ejarrete (2015) says that the growth in commercial and banking services online will grow as long as the hardware producers innovate with new faster and easy to use products. The pitfalls include attacks by savage interventionists who attempt to steal information and prevent end-users from employing the internet for purposes with good intentions. A challenge is made to software and hardware producers to use modern
methods and techniques to predict where problems exist in internet banking and commerce. Serious solutions are necessary.

**Nisha Sharma and Rupinderdeep Kaur, (2016)** in this paper discussed that the m-banking is fast growing with its multitude features offered with mobile apps and internet banking. Indian Banking Association is urged to heavily invest in technologies that can evolve and protect against future threats, as well as tackle current pressures from malware and social engineering.

**John Manning** (2018) in his article says that the ongoing normalisation of mobile banking through further security strengthening and improved customer convenience; and the greater adoption of biometrics for identity-authentication purposes including face, voice, fingerprint and behavioural components. As such, banking in 2018 is likely to be characterised by innovation and convenience, which ultimately puts the customer front and centre. As technologies continue to mature, therefore, this year looks set to be an exciting period for global banking.

**Amit Shankar, Charles Jebarajakirthy** (2019) in their study opined that providing high-quality e-banking services is considered a basic strategy for attracting and retaining customers with electronic-banking platforms. The purpose of this paper is to empirically investigate a comprehensive moderated mediated mechanism for enhancing customer loyalty toward e-banking platforms via e-banking service quality (EBSQ) practices. Reliability, website design, privacy and security and customer service and support are the dimensions of EBSQ.
REFERENCE


