INDIAN BANKING SECTOR IN GLOBALIZED ERA: A FIGHT FOR SURVIVAL

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Abstract : In a service industry like banking, the quality of customer service acquires crucial significance in the context of sustained business growth. In the case of a plant/factory engaged in the production of tangible goods, production of finished goods and consumption by the ultimate buyer takes place with a time lag. Hence, 'after sale services' take care of customer service in such type of industries. But in a service industry like banking, the production and consumption of services takes place simultaneously. Hence, the quality of services rendered by a bank has a significant bearing on the psyche of the customers. The relationship between a bank and its customer is not a one-time, transitory relationship, but a relatively permanent and enduring one to these inherent characteristics of the banking industry, a prompt and efficient customer service is very important for the success of the industry. With the nationalization of 14 major banks in July 1969, banks were now viewed catalytic agents of growth of the hitherto neglected and backward sectors. The era of 'class banking' gave way to an era of 'mass banking'. The much wanted objectives of nationalization in achieving balanced growth and social justice in the economy have been laudable but not without a price.

Key Words: Banking Sector, Globalization, Survival, Challenges, Competition.

Introduction

As a sequel to market diversification and deregulation as a part of financial sector reforms, the banking industry has been exposed to a fiercely competitive environment epitomized by the emergence of a 'buyers market'. The gradual entry of private and foreign banks into Indian banking industry has transformed the hitherto protected and regulated banking environment to a liberalized and highly competitive one. In this changed banking scenario, the importance and significance of the customers has increased manifold. The dictum bank exists because of its customers' has become more pronounced and relevant in the present context. Banks have to devise suitable systems and mechanisms to satisfy the needs and expectations of various segments of customers for their survival.

Against this backdrop, this above matter attempts to introspect about the past, makes an assessment of the present and outlines the strategy for the future in the context of customer service in banks. The geographical spread and expansion of bank branches and the exponential rise in the number of various types of customers which accompanied it led to a quantum jump in the volume of workload at branches. Banks were not prepared to cope with the sudden rise in the number of customers. The limited infrastructure and manpower were inadequate to serve a large clientele, thereby aggravating the problem further.

The coverage and reach of banks were confined to limited pockets and selected customers. Banks catered to the needs of the industry, big business houses, etc. Since a small number of customers were serviced by a limited number of branches, the standard of customer service was more or less satisfactory. Banks at their own had never viewed 'customer service' as a problem. Hence, the issue did not attract much

attention and concern at any level.

1.2 Statement of Problem:
Another important aspect, which contributed significantly to the customers' dissatisfaction with the banking services, was the rising expectations of the customers. With the frontiers of knowledge and level of awareness of the customers expanding over the years, their expectations from the banks also rose at a faster pace. The efficient and personalized service rendered by some foreign banks has had a demonstration effect on the customers. Customers expected the same quality of services from Indian banks. The process of 'globalization' also altered the perceptions of the customers about speed, efficiency and quality of service. The demands and aspiration of the customers, Hence, deterioration in the quality of customer service is an offshoot of the post-nationalization expansionary phase of Indian banking.

1.3 Objectives of the Study:
1. To study the facts regarding customer orientation program started in Banks.
2. To study the facts about the challenges ahead for the banking industry.
3. To study the Income wise Satisfaction Level of Customers in Private & Nationalised Banks.

1.4 Data Collection:

The study is based on primary & secondary data. Primary data has been collected from persons having their savings account in different banks (including private & nationalized banks in Nanded city) by filling up well – structured questionnaire and through personal meeting with customers. Secondary data was collected from different brochures of different banks, websites of banks, magazines and journals.

Sampling Process:
It is not feasible to go for a population surveys due to this numerous consumers and their scattered location. Hence, marketers go for intelligent sampling. In this research, researcher surveyed 320 respondents who were having their savings account in different banks including private & nationalized banks in Nanded city. In this research stratified and convenience sampling method has been used for sampling procedure.

Table – 1
Account Holders from different banks

Particulars	No. of respondents	Percentage
Private Banks	160	50
Nationalized	160	50
Total	**320**	**100**

From the above table it is inferred that out of 320 respondents 160 (50%) having an account with private banks, 160 (50%) having an account with Nationalized bank. Analysis shows that respondents have accounts with private banks, nationalized banks when they compare with foreign banks.

Table - 2
Income wise Satisfaction Level of Customers for Premises/Ambience

Income Customer	Premises – Ambience				Total
	High Satisfied	Satisfied	Dissatisfied	Neutral	
Up to 1 Lac	02	12	02	------	16
1 Lac to 2 Lac	-----	14	02	06	22
2 Lac to 3 Lac	-----	32	12	08	52
3 Lac & above	06	136	66	22	230
Total	**08**	**194**	**82**	**36**	**320**

Source: Primary Data

Chi-Square Test	Value	DF	Asymp. Sig. (2 Sided)
Pearson	7.064	9	0.630

The Above Table signifies that, (37.5 %) have expected count less than 5. The minimum expected count is 0.40 by applying chi-square test of Karl Pearson on above computed value is 21.523, degree of freedom is 9 and given value/assumed value 2 (sided) is 0.011. As computed value is greater than assumed value null hypothesis is rejected. It may conclude that satisfaction level of premises/ambience is independent of different Income of Customer.

Table - 3
Income wise Satisfaction Level of Customers for Attitude of Staff

Income Customer	Premises – Ambience				Total
	High Satisfied	Satisfied	Dissatisfied	Neutral	
Up to 1 Lac	----	12	02	02	16
1 Lac to 2 Lac	-----	12	04	06	22
2 Lac to 3 Lac	-----	34	08	10	52
3 Lac & above	04	154	44	28	230
Total	**08**	**212**	**58**	**46**	**320**

Source: Primary Data

Chi-Square Test	Value	DF	Asymp. Sig. (2 Sided)
Pearson Chi – Square	7.064	9	0.630

The Above Table points out that, (50.0 %) have expected count less than 5. The minimum expected count is 0.20 by applying chi-square test of Karl Pearson on above computed value is 7.064, degree of freedom is 9 and given value/assumed value 2 (sided) is 0.630. As computed value is greater than assumed value null hypothesis is rejected. It may conclude that satisfaction level of Attitude / Behaviour of Staff is independent of different Income of Customer.

Table - 4
Income wise Satisfaction Level of Customers for Counter Services

Income Customer	Premises – Ambience				Total
	High Satisfied	Satisfied	Dissatisfied	Neutral	
Up to 1 Lac	----	12	02	02	16
1 Lac to 2 Lac	-----	14	----	08	22
2 Lac to 3 Lac	-----	34	12	06	52
3 Lac & above	04	130	76	20	230
Total	**04**	**190**	**90**	**36**	**320**

Source: Primary Data

Chi-Square Test	Value	DF	Asymp. Sig. (2 Sided)
Pearson **Chi – Square**	26.642	9	0.002

The Above Table shows that, (43.8 %) have expected count less than 5. The minimum expected count is 0.20 by applying chi-square test of Karl Pearson on above computed value is 18.428, degree of freedom is 9 and given value/assumed value 2 (sided) is 0.002. As computed value is greater than assumed value null hypothesis is rejected. It may conclude that satisfaction level of Counter Services is independent of different Income of Customer.

Table - 5
Income wise Satisfaction Level of Customers for ATM and Net Banking

Income Customer	Premises – Ambience				Total
	High Satisfied	Satisfied	Dissatisfied	Neutral	
Up to 1 Lac	----	12	02	02	16
1 Lac to 2 Lac	02	12	02	06	22
2 Lac to 3 Lac	-----	32	12	08	52
3 Lac & above	02	162	40	26	230
Total	04	218	56	42	320

Source: Primary Data

Chi-Square Test	Value	DF	Asymp. Sig. (2 Sided)
Pearson Chi – Square	19.341	9	0.022

The Above Table indicates that, (50.0 %) have expected count less than 5. The minimum expected count is 0.20 by applying chi-square test of Karl Pearson on above computed value is 19.341, degree of freedom is 9 and given value/assumed value 2 (sided) is 0.022. As computed value is greater than assumed value null hypothesis is rejected. It may conclude that satisfaction level of Functioning of ATM, Net Banking. is independent of different Income of Customer.

Table - 6
Income wise Satisfaction Level of Customers for Services of Marketing Representative

Income Customer	Premises – Ambience				Total
	High Satisfied	Satisfied	Dissatisfied	Neutral	
Up to 1 Lac	----	08	06	02	16
1 Lac to 2 Lac	----	10	04	08	22
2 Lac to 3 Lac	-----	22	24	06	52
3 Lac & above	02	106	100	22	230
Total	02	146	134	38	320

Source: Primary Data

Chi-Square Test	Value	DF	Asymp. Sig. (2 Sided)
Pearson Chi – Square	16.531	9	0.057

The Above Table indicates that, (37.5 %) have expected count less than 5. The minimum expected count is 0.10 by applying chi-square test of Karl Pearson on above computed value is 16.531, degree of freedom is 9 and given value/assumed value 2 (sided) is 0.057. As computed value is greater than assumed value null hypothesis is rejected. It may conclude that satisfaction level of Services Provided by Marketing Representative is independent of different Income of Customer.

Table - 7
Income wise Satisfaction Level of Customers for Product and Services

Income Customer	Premises – Ambience				Total
	High Satisfied	Satisfied	Dissatisfied	Neutral	
Up to 1 Lac	----	08	06	02	16
1 Lac to 2 Lac	----	12	06	04	22
2 Lac to 3 Lac	-----	18	24	10	52
3 Lac & above	----	98	106	26	230
Total	----	136	142	42	320

Source: Primary Data

Chi-Square Test	Value	DF	Asymp. Sig. (2 Sided)
Pearson **Chi – Square**	6.025	6	0.420

The above table shows that (16.7 %) have expected count less than 5. The minimum expected count is 2.10 by applying chi-square test of Karl Pearson on above computed value is 6.025, degree of freedom is 6 and given value/assumed value 2 (sided) is 0.420. As computed value is greater than assumed value null hypothesis is rejected. It may conclude that satisfaction level of Product and Services is independent of different Income of Customer.

Table - 8
Income wise Satisfaction Level of Customers for Guidance Facility and Other Services

Income Customer	Premises – Ambience				Total
	High Satisfied	**Satisfied**	**Dissatisfied**	**Neutral**	
Up to 1 Lac	----	10	04	02	16
1 Lac to 2 Lac	----	08	02	12	22
2 Lac to 3 Lac	02	14	18	18	52
3 Lac & above	06	98	94	32	230
Total	**08**	**130**	**118**	**64**	**320**

Source: Primary Data

Chi-Square Test	Value	DF	Asymp. Sig. (2 Sided)
Pearson **Chi – Square**	35.623	9	0.000

The Above Table specifies that, (31.3 %) have expected count less than 5. The minimum expected count is 0.40 by applying chi-square test of Karl Pearson on above computed value is 35.623, degree of freedom is 9 and given value/assumed value 2 (sided) is 0.000. As computed value is greater than assumed value null hypothesis is rejected. It may conclude that satisfaction level of Guidance Facility and Other Services is independent of different Income of Customer.

Table - 9
**Income wise Satisfaction Level of Customers for Customer Orientation Programme**

Income Customer	Premises – Ambience				Total
	High Satisfied	**Satisfied**	**Dissatisfied**	**Neutral**	
Up to 1 Lac	02	12	–	02	16
1 Lac to 2 Lac	02	14	–	06	22
2 Lac to 3 Lac	02	34	04	12	52
3 Lac & above	16	156	32	26	230
Total	**22**	**216**	**36**	**46**	**320**

Source: Primary Data

Chi-Square Test	Value	DF	Asymp. Sig. (2 Sided)
Pearson **Chi – Square**	35.623	9	0.000

The Above Table indicates that, (43.8 %) have expected count less than 5. The minimum expected count is 1.10 by applying chi-square test of Karl Pearson on above computed value is 14.952, degree of freedom is 9 and given value/assumed value 2 (sided) is 0.092. As computed value is greater than assumed value null

hypothesis is rejected. It may conclude that satisfaction level of Customer Orientation Programme is independent of different Income of Customer.

Graph No. 5.4
Incomewise Satisfaction Level of Customers
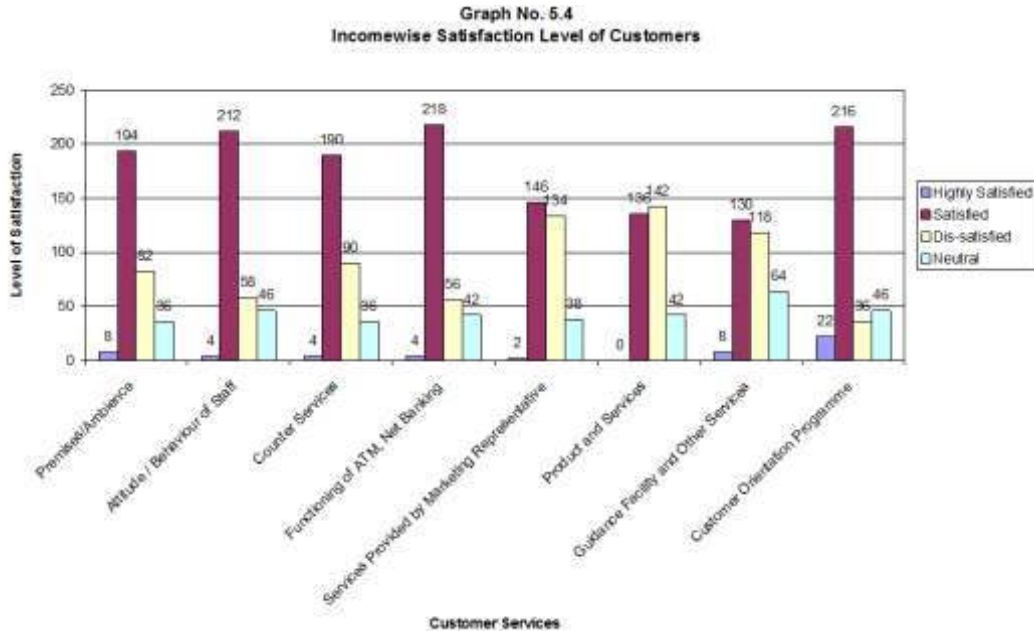
Findings

The bank should take initiative in changing above parameters as per the expectations of customers. A customer deals with people who work in the bank premises. He does business only with people. Every interaction with customer is an opportunity to make positive impact on him. The person dealing with the customer has therefore to create positive impressions that are memorable and help in building confidence. They have therefore to bear in mind what Confucius said "What you do not want done to yourself, do not do to others". Once we keep in mind the sayings of Confucius, it will automatically result in improvement in the services.

In the present scenario when competition is tough, the best way for survival is to be in constant touch with the customers and letting them know what bank can do for them. A banker has to be sincere and thoughtful to customers. Sincerity creates confidence. This is the most important reason for a customer to do business with the bank. Banks have to create such service environment that it becomes apparent to customers that doing business with the bank is easy and economically beneficial to them and it is totally stressed free.

PREMISES – AMBIENCE-customers are not highly satisfied.

In this point, customers are not so much touchy about forms / pamphlets, display of norms and brochures. Customers keenly observed and faced problem about space, sitting arrangement, timing of bank and location of bank and they expressed their opinion. It is found that, as DCB have customers of different age group, senior citizens and house wives with their kids have problem regarding space and sitting arrangement. In rush hours when an important transaction is needed by senior citizen and in that rush they does not find any comfortable sit for waiting.

ATITUDE / BEHAVIORS OF STAFF-customers are not highly satisfied.

In present era it is not enough to the bank to only satisfy customer's essential is that customers should be highly satisfied. As already we have discussed customers are of different age groups and some may be new to banking transactions and except full attention and co-operation by staff and personalized services. High age group also expect prompt and less time consuming transactions and the same is expected by ladies customers also. Here it is expected from bank employee to give full attention to customers and give importance to the valuable time of customers and give prompt services with smiling face. As all customers are of different income groups.

COUNTER SERVICE -customers are not highly satisfied.
Considering next point that is counter service it includes many of points which are given one by one first is withdrawal / deposit of cash, in this case by taking consideration different type of customer group in respect to age profession and income level.

Thirdly problem faced is about speed of conducting operations as discussed earlier. For some customers it is time bound and speedy operations are needed. Customers like high age group and ladies housewives are in need for prompt services. Delay and inaccuracy in putting though next is errors corrected transaction promptly. There may be some errors in formalities of transactions and operations and that must be corrected promptly other thing is staff must be professional. Customers are only satisfied with this point but to achieve highly satisfaction staff should be professional and personalized thing should not interfere with the banking operations and transactions.

FUNCTIONING OF ATM'S, NET BANKING- customers are not highly satisfied.
The ATM is a very successful and final form of electronic fund transfer system. The ATM's is the widely accepted means of electronics funds transfer device in industrial countries. Problems seen by data are ATM's are not in working conditions. The basic things for operations such as getting ATM cords in proper time limit are should be highly satisfied grade. Net banking facility is satisfied according to data collected but study aims for highly satisfaction.

SERVICE PROVIDED BY MARKETING REPRESENTATIVE- customers not highly satisfied.
It is found by data collected that door step service is not regular. Few customers are only satisfied and study aims to highly satisfied class. As comparative banks are giving prompt door step services for loans and others. Secondly after call for the prompt response customers are selecting only good remark which is not enough as other competitive banks may give excellent services. Third important aspect is that marketing representative should provide detail information about various schemes and products which is not highly satisfied.

PRODUCT AND SERVICES- customers are not highly satisfied.
Next important point and maximum dealing point is product and services. And as customers are covering different age groups, profession groups and income groups in that point of view it is more important as each group is having its own problems and queries regarding this point in this aspect the first point is checking services customers always prefers comparatively less charges for services for checking and verifications of signatures and etc. In comparison to other banks if, fees / service charges are less than it is preferred by customer. Lack of uniformity in bank charges is also one of the factors which affect on customer satisfaction.

On this point overall opinion of most of customer is dissatisfied and study aims to it should be highly satisfied.

GUIDANCE FACILITY AND OTHER SERVICES- customers are not highly satisfied.
Customers are not always well acquainted with all banking procedures and scheme which are beneficial to them and many a time they need help in various steps in transactions and other banking operations. Customer expect to bank acceptance of small denomination notes as the small income groups of customers are also include in their customer range. Also customer expect to exchange soiled and cut notes us it is only a way to exchange that used up currency again if the time deposit is matured bank should intimate that customer as these services are provided by other competitive banks. Staff and incharge of branch are expected to council customers and listen their difficulties carefully. As per data obtained overall opinion about this point is not highly satisfied.

CUSTOMER ORIENTATION PROGRAMME- customers are not highly satisfied.
Customer orientation programme is most important programme in this competitive era to look into inside and criticize about whole strategies, schemes, and facilities and other factors and as well to know what customer want and to serve customer in excellent manner to know what problems are faced by the customers and what are the valuable suggestions of the customer. But for these benefits it is needed that these programme should be conducted time to time and frequently and branch manager should conduct meets between customers and bankers and open discussions on the problems of customers and take initiative to overcome them suggestions during this programme are to be noted and as per it implementation in solving bank's problems should be there. Customers are highly satisfied in this point according to data collected.

Conclusion

Banking is certainly a different ball game now than in Globalized era. It is no longer all about the across the counter jobs which banking institutions professed. Very soon the Strategic Business Unit concept would catch up with the banks; wherein every single unit of a Bank would have to necessarily contribute to the profits of the parent or else face annihilation.

In this line, banks doling out their names for setting up units far and wide on a franchisee basis are very much a possibility. Transfer price mechanism, asset liability management etc. would be branch specific and would be taken care of by the units themselves in the very near future. There are enough pointers presently towards this. Each and every branch could be quoting its own rates of interests for deposits or borrowings, charges etc. subject to a particular ceiling of the head office/RBI, in order to pursue that kind of business alone which would be in its best interests possible; depending on the market segmentation and customer profile around. IT and Knowledge Management would ensure that banking in future would be more of a mind game. Everything would be customer driven and he will call the shots.

To conclude, banks could be financial intermediaries for anything that the customers might be wanting within the regulatory and other legal parameters define. Banking in that sense could be as imaginative as anybody's fertile imagination.

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