

**CUSTOMERS' SATISFACTION TOWARDS  
SERVICES RENDERED BY COMMERCIAL BANKS  
WITH PARTICULAR REFERENCE TO INDIAN BANK  
IN KANYAKUMARI DISTRICT**

**THESIS SUBMITTED TO  
MANONMANIAM SUNDARANAR UNIVERSITY  
IN PARTIAL FULFILMENT OF THE REQUIREMENTS  
FOR THE AWARD OF THE DEGREE OF**

**DOCTOR OF PHILOSOPHY IN COMMERCE**

*By*

**MARY PEARLY SUMATHI. S**

**(Reg. No. : 5490)**

*Under the Guidance of*

**Dr. C. EUGINE FRANCO**

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ST. XAVIER'S COLLEGE (AUTONOMOUS)  
PALAYAMKOTTAI - 627 002  
MANONMANIAM SUNDARANAR UNIVERSITY,  
TIRUNELVELI - 627 012,  
INDIA**

**MARCH 2015**

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**MARCH 2015**

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## **CERTIFICATE**

This thesis entitled **“CUSTOMERS’ SATISFACTION TOWARDS SERVICES RENDERED BY COMMERCIAL BANKS WITH PARTICULAR REFERENCE TO INDIAN BANK IN KANYAKUMARI DISTRICT”** submitted by **MARY PEARLY SUMATHI. S (Reg. No. : 5490)** for the award of the Degree of Doctor of Philosophy in Commerce, to Manonmaniam Sundaranar University, is a record of bonafide research work done by her and it has not been submitted for the award of any degree, diploma, associateship or fellowship of any other University/ Institution.

Place: Palayamkottai

Signature of the Guide

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## **DECLARATION**

I hereby declare that the thesis entitled **“CUSTOMERS’ SATISFACTION TOWARDS SERVICES RENDERED BY COMMERCIAL BANKS WITH PARTICULAR REFERENCE TO INDIAN BANK IN KANYAKUMARI DISTRICT”** submitted by me for the award of the Degree of Doctor of Philosophy in Commerce, is the result of my original and independent research work, carried out under the guidance of **Dr. C. EUGINE FRANCO**, Associate Professor and Head, P.G. and Research Department of Commerce, St. Xavier’s College (Autonomous), Palayamkottai and it has not been submitted for the award of any degree, diploma, associateship, fellowship of any other University or Institution.

Place: Nagercoil

Date:

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**MARY PEARLY SUMATHI. S**

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## **LIST OF ABBREVIATIONS**

A/c	-	Account
Agri	-	Agriculture
ANBC	-	Adjusted Net Bank Credit
ANOVA	-	Analysis of Variance
ATM	-	Automated Teller Machine
BC	-	Business Correspondent
BPL	-	Below Poverty Line
CBS	-	Core Banking Solutions
CCTV	-	Closed Circuit Television
Co. Ltd	-	Company Limited
CWC	-	Central Warehousing Corporations
DD	-	Demand Draft
ECS	-	Electronic Clearing Service
e-payment	-	Electronic Payment
Est	-	Established
FBC	-	Field Business Correspondent
FCNR	-	Foreign Currency Non-Resident Deposits
FD	-	Fixed Deposit
FI	-	Financial Institutions
FICCI	-	Federation of Indian Chambers of Commerce and Industry
FY	-	Financial Year
HUF	-	Hindu Undivided Family
i.e	-	That is
IB	-	Indian Bank
IBA	-	Indian Banks' Association
IBMBS	-	Indian Bank Merchant Banking Services
ICICI	-	Industrial Credit and Investment Corporation of India
ICT	-	Information and Communication Technology
IRCTC	-	Indian Railway Catering and Tourism Corporation Limited
IT	-	Information Technology

JLG	-	Joint Liability Group
LIC	-	Life Insurance Corporation of India
M/S	-	Messrs
Max	-	Maximum
MCA	-	Ministry of Corporate Affairs
MSME	-	Micro, Small and Medium Enterprises
NEFT	-	National Electronic Fund Transfer
NRE	-	Non Recurring Engineering
NRI	-	Non-Resident Indian
OCC	-	Open Cash Credit
OD	-	Over Draft
PIN	-	Personal Identification Number
POS	-	Point of Sale
PSU	-	Public Sector Undertakings
RBI	-	Reserve Bank of India
RD	-	Recurring Deposit
RIP	-	Reinvestment Plan
RTGS	-	Real-Time Gross Settlement
SB	-	Savings Bank
SBI	-	State Bank of India
SHGs	-	Self Help Groups
SME	-	Small and Medium Size Enterprises
Sq. Km	-	Square Kilometer
SWC	-	State Warehousing Corporations
TDS	-	Tax Deducted at Source
TNEB	-	Tamil Nadu Electricity Board
TQM	-	Total Quality Management
U/S	-	Under Section
VRD	-	Variable Recurring Deposit
Vol.	-	Volume

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## **INTRODUCTION AND DESIGN OF THE STUDY**

### **1.1 INTRODUCTION**

The earliest Indian bank was the Bank of Hindustan set up in 1770. Then in 19<sup>th</sup> century, the Presidency Banks (Bank of Calcutta in 1806, Bank of Bombay in 1840 and Bank of Madras in 1843) were set up under a charter. Private Banks were allowed in the year 1900. In 1921, these banks were amalgamated to form the Imperial bank of India. In 1935, the Reserve Bank of India (RBI) was constituted as the apex bank. Upto 1949, it was a private ownership bank and then with the passage of the Banking Regulations Act (1949), it came under Government control. State Bank of India came into existence and became the bank of the Government of India in 1955 with RBI taking control of the Imperial Bank of India. The State Bank of India, in turn took over the shares in the private banks floated in the erstwhile princely states. Thus, the first phase of nationalization of the banking sector took root in 1949 and culminated in the nationalization of fourteen banks in the year 1969.

The period of independence to the first nationalization period was marked by the consolidation of the banking sector. From 566 banks in 1951, the number came down to 86 in 1971, as weaker banks were merged with the healthier ones. The department of banking was set up under the Ministry of Finance. In 1971, priority sector norms were introduced and commercial banks were given five years to meet the norm of 33 or 1/3 per cent of credit. The lead bank scheme was formulated for making banks responsible for the credit need to specific districts. The twin structures of rural branches such as commercial banks and co-operative

banks however was not sufficient to meet the needs of the rural economy. Hence, Regional Rural Banks were promoted in 1975. For commercial banks also the accent was on branch expansion into the semi-urban and more importantly the rural areas.

Priority sector target was raised to 40 per cent for the commercial banks and the focus of lending changed to rural and agriculture lending with social banking becoming the norm in place of profitable commercial banking. Then in 1980, six more banks were brought into the nationalization fold. The measure bore fruit with rural branches increasing to more than 45 per cent of the total branch network in 1979 from 22.2 per cent in 1969. The priority sector lending increased from 15 per cent to 30.6 per cent during the same period.

In the year 1991, the liberalization wave did not leave the banking sector unchanged. Unprofitable branch expansion, non-performing priority sector leading and loan melas had left large gaps in the banks balance sheets. High regulatory requirements had also taken their toll and most banks were completely in the red. Capital was infused, operation restrictions were relaxed, competition was promoted, but most importantly the profit motive in banking system was brought in. The current structure of the banking system which has succeeded in the product of this external and internal change. For well over two decades, after the nationalization of 14 large banks in 1969, no new banks had been allowed to be set up in the private sector even though there has been and is still no legal barrier on the entry of new private sector banks. Progressively over this period, the public sector banks have expanded their branch network considerably and catered to the

socio-economic needs of large masses of the population, especially the weaker sections and those in the rural areas. While recognizing, the importance and role of public sector banks, there was increasing recognition of the need to introduce greater competition which can lead to higher productivity and efficiency of the banking system. Therefore a state has now reached when new private sector banks are allowed to be set up with a view to induce competition and market oriented system.<sup>1</sup>

### **Composition of banking system in India**

The system of commercial banking in India at the end of June 2001 consisted of 338 scheduled banks (including foreign banks) and four non-scheduled banks. Over the period from March 1990 to June 2003 the number of scheduled banks increased by 288 and non scheduled banks declined to four. Of the scheduled banks, 223 are in public sector and which account for about 80 per cent of the deposits of all scheduled banks. In the public sector banking system there are also 196 Regional Rural Banks. The remaining 27 banks (New Bank of India since merged with Punjab National Bank in September, 1993) are in public sector. These public sector banks transact all types of commercial banking business. The State Bank of India group (SBI and its 7 associates) is the biggest unit amongst the public sector banks.

### **Indian commercial banks**

The Indian commercial banks can be classified into two broad categories: (a) Public sector banks and (b) Private sector banks. The public sector commercial banks include the followings:

**(1) State Bank of India:** It is the biggest commercial bank in the country. It came into being on 1<sup>st</sup> July, 1955 under the State Bank of India Act, 1955. It was organized by nationalizing the Imperial Bank of India. It has a network of more than 7,900 branches throughout the country and about  $\frac{3}{4}$ <sup>th</sup> of the branches are situated in rural and semi-urban areas.

**(2) Subsidiaries of State Bank of India:** On the recommendations of the All India Rural Credit Committee, the Central Government nationalized the other State Bank functioning in different states and made them subsidiaries of the State Bank of India under the State Bank of India (Subsidiary) Act, 1959. At present, the State Bank of India has the following seven subsidiaries:

- a. State Bank of Bikaner
- b. State Bank of Hyderabad
- c. State Bank of Indore
- d. State Bank of Mysore
- e. State Bank of Patiala
- f. State Bank of Saurashtra
- g. State Bank of Travancore

**(3) Nationalized Commercial Banks:** Fourteen major commercial banks of the country were nationalized on July 19, 1969 by the Government of India. After a lapse of more than 10 years, six more commercial banks were nationalized on April 15, 1980. All the 20 banks operate as scheduled commercial banks under the

management of Government of India. The policies of these banks are framed by the Central Government and the Reserve Bank of India.

**(4) Private Sector Commercial Banks:** The private sector commercial banks include the followings:

**(a) Scheduled Commercial Banks:** The Scheduled commercial banks are included in the Second Schedule of the Reserve Bank of India Act. Such banks have to submit a weekly return about their financial affairs to the Reserve Bank.

**(b) Non-Scheduled Commercial Banks:** Their names do not appear in the Second Schedule of the Reserve Bank of India Act. The non-scheduled banks do not enjoy the certain privileges granted to the scheduled banks by the Reserve Bank of India Act.

**(5) Foreign Banks:** Like Indian commercial banks, foreign banks also undertake the usual banking business, but they specialize in foreign exchange transaction. Exchange banks are foreign in origin i.e., they have their head offices located outside India. At present there are nineteen exchange banks in India and these banks have a hold on India's foreign trade transactions as they finance about 60 per cent of India's foreign trade.<sup>2</sup>

### **Functions of commercial banks**

Just as fruit – bearing trees are known by the fruits they bear, commercial banks are known by the functions they perform. So, it is necessary to know the functions of commercial banks.

The functions of commercial banks are numerous. They are grouped under

- Principal, Primary, Basic or Fundamental Functions
- Subsidiary, Secondary, Supplementary or Ancillary Functions

### **Primary Functions**

The primary or principal functions of commercial banks are:

- 1 Receiving deposits
- 2 Lending funds
- 3 Investment of funds on securities
- 4 Creation of money

### **1. Receiving Deposits**

Deposits constitute the main source of funds for commercial banks. Commercial banks receive deposits from the public on various accounts. The main type of deposit accounts are:

- Current Accounts
- Savings Bank Accounts
- Fixed Deposit Accounts
- Recurring Deposit Accounts

### ***Current Accounts***

Current accounts form the most important type of bank accounts. They are generally, opened by trading and industrial concerns, public authorities, etc., which have frequent banking transactions involving huge amounts. They can be opened

with a minimum deposit of Rs.2000 or 3000. Current accounts are active or running accounts which are continuously in operation. In current accounts, customers can deposit any amount of money and any number of times. Similarly, they can withdraw from the current accounts any amount and as many times as they want, as long as they have funds to their credit. Deposits into the current accounts are made by filling in the pay-in-slips, and withdrawals from the current accounts are made by issuing cheques. Current deposits are repayable on demand. It is for this reason, they are also called demand deposits or demand liabilities. So, banks are required to keep the major portion of the current deposits in liquid form (i.e., in the form of cash or easily realizable assets).

### ***Savings Bank Accounts***

Savings bank accounts are opened by people with middle and low income who wish to save a part of their current incomes for their future needs and earn fair interest on their deposits. Savings bank accounts can be opened with a minimum deposit. In savings bank accounts, customers can deposit any amount of money any number of times. But, as these accounts are intended to promote the habit of saving among the depositors, there are restrictions on the numbers as well as the amount of withdrawals from these accounts. For instance, today, in India, only 150 withdrawals in year are allowed by most of the banks. Further, the total amount of withdrawals that can be made at any time is restricted to Rs.10,000 or 10 per cent of the credit balance in the customer's account, whichever is greater. As savings bank accounts are opened by customers with a view to get interest on their deposits, and as there is an opportunity for the banks to utilize the savings

bank deposits profitably on account of restrictions on withdrawals, a fair interest is offered by banks on savings bank deposits.

### ***Fixed Deposits Accounts***

Fixed deposit accounts also form one of the most important types of bank accounts. They are opened by small investors who do not want to invest their money in risky industrial securities but wish to deposit their money in banks and earn good and steady income. No introduction is necessary for opening the fixed deposit accounts, as they are not operated by cheques. In the case of fixed deposit accounts, fixed amounts are deposited by customers for fixed periods at a fixed rate of interest. The minimum amount that should be deposited in fixed deposit account is Rs.50. There is no limit on the maximum amount that can be deposited in to these accounts. The period of deposits, ordinarily, varies from three months to five years.

### ***Recurring Deposit Accounts or Cumulative Deposit Accounts***

Recurring deposit accounts are variants of, and innovation over, the savings bank accounts. They have become very popular in recent years. Recurring deposit accounts are meant for people who have regular monthly incomes. In the case of a recurring deposit, the depositor deposits a fixed sum of money every month for an agreed period and at the end of the specified period, he or she gets back the amount deposited together with the interest accrued thereon.



## **2. Lending Funds**

Lending funds constitutes the main business of commercial banks. The major portion of the funds of commercial banks is employed by way of advances, as advances form the chief source of profits for banks.

Banks lend funds to the public by way of:

- Loans
- Overdrafts
- Cash Credits
- Discounting of Bills

### ***Loans***

A loan is a financial arrangement under which an advance is granted by a bank to a borrower on a separate account called the loan account. When a loan is sanctioned to a borrower, the entire amount of loan is debited to the loan account of the borrower and is paid to the borrower at once in lump sum either in cash or by transfer to the credit of his current account, if any.

### ***Overdrafts***

An over draft is a financial arrangement under which a current account holder is permitted by the bank to overdraw his account, i.e., to draw more than the amount standing to his credit, up to an agreed limit.

### ***Cash Credits***

A cash credit is a financial arrangement under which a borrower is allowed an advance under a separate account called cash credit account upto a specified limit called the cash credit limit.

### ***Discounting of Bills of Exchange***

Discounting of a bill is an arrangement under which a bank takes a bill of exchange maturing within a short period of 60 days or 90 days from an approved customer and pays him or credits his current account immediately the present value of the bill (i.e., the face value of the bill minus the discount charge). Then, on the due date of the bill, the bank receives the face value of the bill from the acceptor of the bill.

### **3. Investments of Funds on Securities**

Commercial banks invest a considerable amount of their funds in Government and industrial securities.

### **4. Creation of Money or Creation of Credit**

Commercial banks do something more than borrow and lend money. i.e. they manufacture or create money. As they manufacture money they are called manufacturers of money. So R. Sayers said that “banks are not merely purveyors of money, but also, in an important sense, manufacturers of money”

### **Subsidiary or Secondary Functions**

Apart from the main functions of accepting deposits and granting advances, a banker also performs a number of other functions. Such services are called the

subsidiary functions or secondary, supplementary or ancillary services. By performing the subsidiary services, a banker will be able to earn the goodwill of the customers and attract fresh customers. The subsidiary services of a banker may be classified into two classes, viz., (1) Agency Services and (2) Miscellaneous or General Utility Services.

### ***Agency Services***

The services rendered by a banker as an agent of his customers (i.e., for and on behalf of his customers) are called agency services. The important agency services rendered by a banker are collection of money on behalf of customers, making of payments on behalf of customers, purchase and sale of securities on behalf of customers, advising customers regarding stock exchange investments, arranging for remittance of funds on behalf of customers, acting as trustee, executor, administrator or attorney of customers, serving as correspondents and representatives of customers etc.

### ***Miscellaneous or General Utility Services***

Services rendered by a banker not only to his customers, but also to the general public are called general utility services.

### ***Safe Custody of Valuables***

A banker accepts precious jewels, wills, life insurance policies, title deeds to property, Government securities, shares and debentures, etc, for safe custody.

### ***Dealing in Foreign Exchange Business***

Today, commercial banks offer a number of services in respect of foreign exchange business. These services are export finance, import credit, deferred payment guarantee, forward contracts, issue of solvency certificates, letters of introduction, etc.

### ***Issuing of Travelers' Letters of Credit, Circular Notes and Travelers' Cheque***

A banker issues travelers' letters of credit, circular notes and travelers' cheques to the travelers and tourists. These instruments enable the traveler to get money in the places which they visit without carrying actual cash with them. They are a convenient and safe means of carrying funds for travel.

### ***Acting as a Referee***

A banker acts as a referee regarding the financial standing of his customers. If he is appointed as a referee by a customer, the banker will answer all trade enquires made about his customer by other businessmen.

### ***Collecting Information About Other Businessmen for Customers***

A banker often collects information about other businessmen through their fellow bankers and supplies that information to his customer.

### ***Collection of Statistics and Data***

Every modern banker collects statistics and data about banking, commerce, industry, agriculture, foreign trade, etc. and publishes them in its periodicals or magazines.

### ***New Lines of Activities of Commercial Banks***

Rendering of Merchant Banking Services, Underwriting of Shares and Debentures and Government Securities, Factoring Service, Lease Financing, Housing Finance, Issue of Credit and Debit Cards, Consultancy Services and Setting up of Mutual Funds are some of the new lines of activity of commercial banks.<sup>3</sup>

Thus a modern bank performs not only banking functions, but also those which are more in the nature of services undertaken with a view to increase its utility to the community. From a mere depository of surplus of cash it has gradually developed into an institution, by providing practically for every financial requirement of all sections of society. The modern bank has made itself indispensable not only as the custodian of deposits of surplus balances of the community, but also as a depository of financial advice and commercial information.<sup>4</sup>

Now-a-days banks are competently introducing new and latest services very frequently, thereby attracting customers towards the utilization of their services. While the quantity and quality of banking services increase the inconveniences associated with those services also increase and hence the present study. This study will also try to highlight those problems faced by the customers and their attitude towards the services rendered by those banks.<sup>5</sup>

Customers are the lifeblood for any business and banking industry is a highly service oriented business. When there is service concern, it always deals with the perceptual decision making of the customer. Hence, in this study the

researcher has tried out to figure out the reasons for the perception of the people residing in Kanyakumari district for choosing the banking service on the basis of cost, convenience, facility and general factors like modernization of the bank and promptness for attending to the customers.<sup>6</sup>

### **Ten Commandments of Customer Service**

The following are the Ten Commandments generally followed by all the public sector banks:

- To know the customers thoroughly
- To take actions based on the feedbacks
- To offer customers what is expected
- To learn from the customers' interactions
- To enquire why a customer stops business
- To remember to be loyal to the customers
- To measure up to the mission statement
- To solve the customers' problems instantly
- To borrow successful ideas to serve better
- To appreciate the customers' business truly

However, providing delighted service requires a totally different approach. In the present day competitive global environment, when the banking industry is poised to meet international standards of banking, the staff productivity and efficiency needs to reach up to the productivity levels of front runners in the

industry. Today, the customer is more cost conscious, more demanding and approached by more competitors with equal or better offers. It is challenging for the banks to satisfy them, retain them and create a loyal customer base. As a satisfied customer has multiplier effect on business growth of a bank, providing delightful experience to customers should be an inbuilt process in the bank. All these measures will be fruitful only if people are hired who are capable of and committed to providing passionate service to the customers.<sup>7</sup>

### **Factors Influencing Customer Satisfaction in Banking Sector**

Banking is a service that encapsulates all the characteristics of services directed towards the customers' money and its management.

Customer satisfaction is a judgement by the customer post purchase. The most popular view of customer satisfaction in academic is that customer satisfaction is the judgement borne out of the comparison of pre-purchase expectations with post purchase evaluation of the product or service experience. Customer satisfaction can result from any dimension (whether or not it is quality related) and its judgment may arise from non-quality issues (e.g. needs, equity perceptions of fairness) and requires experience with the service or provider.

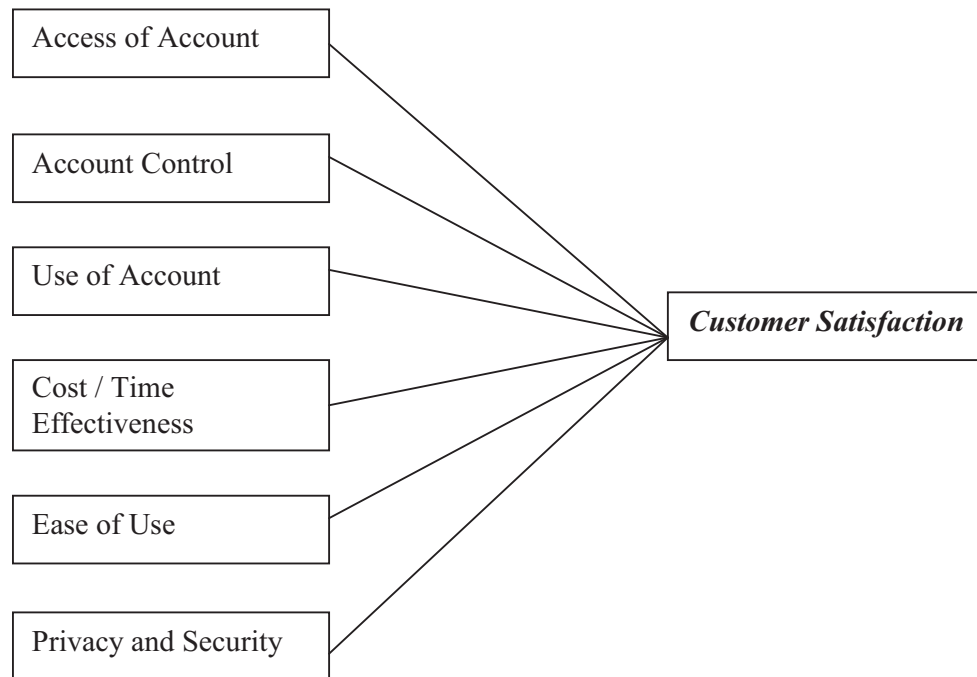
### **Concept of Customer Satisfaction**

Customer satisfaction is a measure of how products or services meet or have surpassed customer expectations. In a competitive market like the banking industry, it consists of various strategies aimed at keeping, meeting or exceeding customers' expectations. Customers' satisfaction is a collection of outcome of

perception, evaluation and psychological reactions to consumption experience with a product or service. In other words, it is a result of a cognitive and affective evaluation where some consumption standard is compared to the actually perceived performance. Thus if the performance perceived is less than that expected by the customers, the customers will be dissatisfied and where the perceived performance exceeds expectations, customers will be satisfied and this would lead to positive behaviours or outcome.

### **Model of Customer Satisfaction and its Determinants on Banking**

**Figure 1.1**



The above figure shows that access of an account, account control, use of account, cost/ time effectiveness, ease of use, privacy and security are the determinants on banking which leads to customer satisfaction.



## **Factors affecting the Customer Satisfaction**

The following are some of the factors which are affecting the customer satisfaction:

### ***1. Efficiency***

Speed of service (clearing, depositing enquiry, getting information, money transfer, response etc) immediate and quick transaction and checkout with minimal time.

### ***2. Security***

Trust, privacy, believability, truthfulness and security, building, customer confidence, freedom from danger about money losses, fraud, PIN, password theft, hacking etc.

### ***3. Responsiveness***

Problem handling, recovery of the problem, prompt service, timeliness, service, helping nature, employee curtsey, recovery of PIN password and money losses.

### ***4. Easiness***

Easy to use and functioning of ATM, mobile banking, internet banking, credit card, debit card etc,

### ***5. Convenience***

Customized services, anywhere and anytime banking, appropriate language support and time saving.

### ***6. Problem Handling***

It refers to recover the losses regarding computerized banking services.

### ***7. Contact***

Communication in the bank and from the bank to the customer or customer to bank, via e-mail, SMS, interactive website, postal communication, fax.

### ***8. Brand Perception***

Customers' overall perception according to promises given by bank for banking services.

### ***9. Perceived Value***

Consolidated perception from banking service in term of perceived quality and money expended for getting banking services.

## **Need for Measurement of Customer Satisfaction in Banks**

It is also an essential job of the banks to measure their customers' satisfaction to assess their performance. In banking sectors, banking institutions have been enriching the role of the customer. Customers are viewed as a group whose satisfaction with the banks must be incorporated in strategic planning efforts. Forward-looking banks are finding value in directly measuring and

tracking customer satisfaction as an important strategic success indicative. Evidence is growing that placing a high priority on customer satisfaction is serious to improved banking performance in banking sector.

With better understanding of customers' perceptions, banks can determine the actions required to meet the customers' needs. Banks can identify their own strengths and weaknesses where they stand in comparison to their competitors, plan their pathway for their future progress and improvement. Customer satisfaction measurement helps to promote an increased focus on customer needs, preferences and motivate improvements in the work place and processes used within and outside of the banks. Some time the banks are not able to identify the needs and preferences of customers and also to assess their level of satisfaction too. If the banks fail to identify it then it will create a communication gap between the banker and customer and it will lead to grievances too. The main cause of grievances of customer is dissatisfaction. So, the banks are liable to satisfy their customers. If there is any dissatisfaction among the customers then that should be resolved by the banks through their intensive grievance redressal plans and procedures.<sup>8</sup>

## **1.2 STATEMENT OF THE PROBLEM**

Now banks are accessible even to a common man and their activities extend to areas hitherto untouched. Apart from their traditional business oriented functions, they have come out to fulfill national responsibilities also. Banks cater to the needs of agriculturists, industrialists, traders and all the other sections of the society. Thus, they accelerate the economic growth of the country and steer the

wheels of the economy towards the goal of 'self reliance' in all fields. It naturally prompts the researcher to know more about the structure, functioning services, targets and achievements of the banks and the various other general utility activities connected with it.

Technology has now brought in E-banking, which is gradually replacing the traditional banking. The customers are able to choose their banker from a number of banks offering wide range of services and delivering quality service. The commercial banks in India are now becoming more market oriented and customer friendly. Efforts are being taken to improve their competitiveness through enhanced service quality, which is vital for keeping their customers well contented and satisfied. Satisfied customers are central to optimal performance and financial returns. In many places in the world, banking organizations have been elevating the role of the customer to that of a key stakeholder over the past twenty years. Customers are viewed as a group whose satisfaction with the enterprise must be incorporated in strategic planning efforts. Forward looking banking companies are finding value in directly measuring and tracking customer satisfaction as an important strategic success indicator. Evidence is mounting on placing a high priority on customer satisfaction which is critical to improved organizational performance in a global market scenario. With better understanding of customers' perception, companies can determine the actions required to meet their customers' needs. They can identify their own strengths and weaknesses, where they stand in comparison to their competitors and they can chart out path for future progress and improvement.

It is now a fact that consumers of all products and services tend to become more demanding due to the current market, which is becoming more competitive. As a result, there is a continuous increase in customer expectations and customers' successive demands within the improvement of the quality of service. Thus, banks as service organizations should always be able to meet the needs and demands of those sophisticated customers effectively and efficiently in order to retain them. Eventually, one of the strategies that would enhance customer loyalty is through service quality and it has been related to success in service organizations. Service quality is a significant indicator to differentiate an organization among the rest of the competitors. The emergence of service quality and its assessment has attracted the attention of numerous researchers in the past two decades or so. In this sense, there are two main lines of thoughts on measuring service an American and European perspective. Brady and Cronin (2001) suggest that the researchers generally adopt one of the two conceptualizations in their work. The focus on functional quality attributes is referred to as the American perspective of service quality while the European perspective suggests that service quality considers two more components which include functional and technical.<sup>9</sup>

#### **1.2.1. Technology Applications**

Technology enables the financial institutions to go where the customer is, instead of the other way. Technology plays an important role in reducing operating cost of providing banking services, particularly in the rural areas and to low income groups. The technology, if blended appropriately with the right business model and policy, holds the key to extending affordable, viable and

sustainable access to finance for the population at large. The recent developments in banking technology and expansion of telecommunication network in the hinterlands of the country have provided a perfect launch pad for extending banking outposts to remote locations without having to open bank branches. Some successfully demonstrated technology and create the required banking footprints to reach the un-banked areas for extending banking services similar to those dispensed from branches.

Use of technology can significantly reduce the cost of extending financial services. There are a number of cases where banks have expanded the coverage of banking services to remote and un-banked areas with affordable infrastructure, while keeping operating costs low with the use of appropriate technology. This will allow branches in banking and establishment of new partnerships between financial service providers and a range of other services providers, that was not feasible before, to provide services to customers in remote areas and low population density areas.

There are three broad types of technologies that have been identified to drive the growth of financial services, those are (a) new information and communication technology, primarily low cost cell phones (b) ATMs and other Point Of Sale (POS) devices and (c) smart plastic cards. Banks in India have initiated pilot projects utilizing smart cards and mobile technology to increase their outreach. Biometric methods for uniquely identifying customers are also being

increasingly adopted. The appropriate technology combined with an effective use of banking correspondents have the potential of creating a banking outposts.

In Philippines, two cell phone companies (Smart Communications and Globe Telecom) offer innovative cell phone based facilities, also called electronic wallet, to transfer money, pay bills, and make payments for purchases from stores, among other things, called SMART Money and G-Cash, respectively. In South Africa, banking institutions together with mobile phone companies have started expanding access to financial services targeting low income customers with interest-bearing bank account accessible through mobile phones and debit cards with which they can make purchases at retail outlets and deposit or withdraw money at ATMs. Customers can use their mobile phone to make person-to-person payment and transfer money.

There are pilot projects in use of IT for extending the banking outreach for the 'excluded.' These projects are premised on technology, which uses hand-held devices and connectivity with host computers through General Packet Radio Services (GPRS), Global System for Mobile Communications (GSM), Code Division Multiple Access (CDMA) and landline networks. The devices come in several forms like Simple Inexpensive Multi-Lingual Computers (Simputers), personal digital assistants, programmed mobiles, etc. There are rural biometric ATMs which have been introduced by banks are found to be popular among rural masses. Some major banks are also introducing low cost rural ATMs for cash dispensing and other services.<sup>10</sup>

### **1.2.2. Branding Strategy by Banks**

As a strategy for implementation, a bank has to address clear dimensions of branding-exoteric and esoteric. The exoteric aspect of branding involves christening the product and communicating it to the target market. The bank in question tries to grab the mind-space of its existing and potential customers – it makes serious attempts and uses more than one medium of communication highlighting the brand hoping to leave a durable impression in their mind. The purpose is to ensure that they recall the brand as and when the occasion to buy the product arises. Clearly, advertisement plays a key role at this stage.

A good brand name makes the use of communication easier. Therefore, while choosing it, reasonable care must be taken. The name should depict an image of the product, be distinctive and yet easy to remember, recall and pronounce. Another important consideration involved in branding is to decide whether to go for individual or umbrella branding. Banks in India have been using both.

An individual brand stands on its own merit – Suvidha of Citi Bank is a good example. In the latter case, the brand name is expressly tied to the concerned bank's name or image – its pedigree can be easily made out. The new brand receives the initial protection and future succor from the institutional umbrella. Dena Mortgage, a loan product against immovable property, is an example on the point clearly showing that it is from the house of Dena Bank. Table 1.1 shows the list of 22 product brands of both types from same number of banks.



**TABLE 1.1**  
**Products and their branding by various banks**

<b>Bank</b>	<b>Product</b>	<b>Brand Name</b>
ABN AMRO	Feature rich SB account	Savings Advantage
Allahabad Bank	Fixed Deposit (in units)	Flexi fix
Andra Bank	Vehicle loan for women	Vanita Vahan
Bank of Baroda	International online money Transfer	Baroda remit express
Bank of India	Loan against IPO	Star IPO
Bank of Maharashtra	A bouquet of services for NRI customers	Maha Bharti
Canara Bank	Reinvestment deposit	Kamathenu Deposit
City Bank	SB account with credit line	City Bank ready cash
Corporation Bank	Flexible Home Loan	Corp Flexi Home Loan
Dena Bank	Term deposit with tax benefit under section 80C of IT Act.	Dena Maha Tax Bachat Yojana
HDFC Bank	Payment of utility bill through multiple channels	Bill pay
ICICI Bank	Bank account for students	Bank@campus
IDBI Bank	Combo of investment and insurance cover	Wealthsurance
Indian Bank	RD account linked with home loan	Home savings scheme
Indian Overseas Bank	Flexible RD account	Easy deposit
Karnataka Bank	Educational Loan	Vidyanidhi
Kotak Mahindra Bank	2 ways sweep facilities between SB and FD accounts	Kotak 2 way Sweep
Lakshmi Vilas Bank	Vehicle loan to owner – cultivating farmers	Lakshmi Agribike
Standard Chartered	Value added current account	Business Plus
State Bank of India	SB or CA with term deposit and in – build OD facility	Multi Option Deposit
Syndicate Bank	Feature rich SB account	Synd Super Premium Savings Bank
UCO Bank	Working capital loan to traders	UCO Trader Scheme
Union Bank	Loan against rent receivables	Union Rent
United Bank of India	Phone banking	United Telebanking

**Source:** The Indian Banker Vol. IV NO.6 – June 2009.

The brands like 'Vanita Vahan' (Andra Bank), 'Business Plus' (Standard Chartered), 'Bank@campus' (ICICI Bank) etc belong to the first category whereas Cent Kalyan Central Bank, 'Lakshmi Agribike' (Lakshmi Vilas Bank) and a number of other use of the corporate umbrella to communicate to the target market. A study of branding by banks in India in recent years shows that the umbrella branding has been growing in popularity, particularly with the public sector banks. This may be partly due to the fact that building individual brands is highly expensive and difficult to sustain unless the products have strong and unique appeal. Umbrella brands are comparatively safer and easier. One must recognize the fact that branding irrespective of its type – often poses challenges when it come to financial services.

Dawn Burton observes complexities in branding of financial services because of their intangibility and these being in a constant state of flux. He attributes the 'flux' to the needs for substantial changes that must be effected in them in response to legislative changes, interest rate fluctuations and other fiscal reason. Another important difficulty for banks is the potent risk that the financial products can be quickly imitated by competitors leaving less scope for a branding bank to lay claim to any novelty or unique selling proposition (USP) in product or service over sufficiently long time to justify the expenses involved in brand building. Proliferation of a product blurs individual brands. For example, where the 'two-ways swipe facility between saving and fixed deposit account' was introduced for the first time, it was a novelty and the early few brands brought good business. But sooner than later many banks rushed in. Today it is being

marketed under different brands and the law of diminishing utility is in clear evidence.<sup>11</sup>

Today, there are in existence a large number of private commercial banks and foreign banks. These banks render their valuable services in Kanyakumari District. This has caused stiff competition among commercial banks and such banks, find it too difficult to attract new customers, retain the existing customers and satisfying the customers. Indian Bank has the Apex place, since it is the pioneer in introducing Self Help Groups and Financial Inclusion project in the country. In this district also the bank had lent more than 8 crores to the Self Help Groups. And among the 18 branches, 5 branches namely Chenbagaramanputhur, Enayamputhenthurai, Kurumbani, Muttom and Thoothoor are in rural area only. This motivated the researcher to select Indian Bank in this district for the study. It is in this back drop, this study has been undertaken to assess the perception of customers and their degree of satisfaction, towards the services rendered by Indian Bank in Kanyakumari district as the researcher hails from the study area.

### **1.3 REVIEW OF RELATED STUDIES**

Research problem can be identified only if effective review of previous studies is made. Many researchers have undertaken studies on banking services and related topics. Research on banking is a vast area and has a broad scope. Academicians and research scholars have been contributing to the research on banking services and customers satisfaction. The banking sector has witnessed a paradigm shift due to the liberalization, privatization and globalization. The

following are the important studies, which are relevant to be mentioned in the context of the present study.

**Robert Raja Singh (2014)** in his study entitled “A Comparative Study on Customer Benefits with Special Reference to Public and Private Sector Banks in Kanyakumari District” has stated that the challenge of each bank is to work towards ensuring that customers prefer its products and services to those of other competing banks. The key to develop and nurture a close relationship with customers is the appreciation of their needs and preferences and fulfillment of their requirements. Employment of information technology to appropriately analyze and understand the needs of existing customers better, to ensure that customers get their benefits and to explore the possibility of cross-selling products to gain a competitive advantage is the other issue drawing their attention. Thus, in this current competitive scenario, both private and public sector banks are to survive on competition, succeed and make profit. There is hardly any other option but to identify customers’ needs and benefits and find ways and means to serve their needs and provide them with benefits. Thus, bankers are bound to attract customers by providing to them a spectrum of services like, online banking, ATM banking and tele banking. Banks can enhance customer service by leveraging on technology, maintaining efficient service delivery standards and business process.<sup>12</sup>

**Shailesh Jaysukhbhai Limbad (2013)** in his study entitled “The Customers’ Perception towards Banking Services: A Research Report on Indian Public Sector Banks” represents the result of a survey among the customers in the

Bardoli region of two public sector banks. Study proved that the State Bank of India's customers are more satisfied ( $82.55 > 81.79$ ) than Bank of India's customers. There were parameters are found out which are more important to increasing the satisfaction rate. The results of this study provide very important information in formulating competitive marketing strategies. It shows the critical points where the limited resources of the banks should be allocated to improve satisfaction and loyalty and provides information about the weaknesses and strengths of the banks from the eyes of its customers.<sup>13</sup>

**Kalagarsamy and Wilson (2013)** in their study "A Study on Customer Behavior Towards Banking Services with special Reference to Public Sector Banks in Sivagangai District" discussed customer is the king in the present day banking. Since the banks are providing tailor made services to the changing ultra modern customer to face their stiff competition from the rival banks. Today the customer services preference keep on changing at a rapid speed and their demands. For the banking sector challenging and tough job for the bankers in retaining the existing customer base and winning new customer. The aim of the bankers is to make the customers comfortably and happy to achieve their targets. To achieve the highly challenging task of customers satisfaction bankers turning to technology for help. Bankers are not only satisfying the customer but should also trigger to attitude of the customers towards the bank. Each bank follow different procedure it is very difficult to follow the customers. Even though the customer is well educated some time high technology banking services hesitate the customer for the transaction. For the effective banking transaction the banks should have good communication, soft skill must need. At every level of delaying with the bank the

customer the bank management need to educate the employees for the banking activities and process. Universal banking procedure can help the customer for the better transaction.<sup>14</sup>

**Ravi and Kundan Basavaraj (2013)** in their study “Customers Preference and Satisfaction towards Banking Services with Special Reference to Shivamogga District in Karnataka” concluded that the customers’ preference and satisfaction levels for two basic services offered by private and public bank in Shivamogga district. Business and vehicle loans are fast moving than other services and overall satisfaction resulted at 50 percent. Further, overall satisfaction on bank deposit schemes resulted positively while other services of banking still need to be given attention by focusing on customer issues. New innovative schemes, strategies to cater to non users other services have to be adopted. A study or future research is recommended on all verticals of banking services. In value added services customer preference for net banking was least ranked and if the bankers with to increase net banking traffic, bankers should take maximum efforts to educate the customers by offering on line training instead of handing out instruction manuals. Finally, if they want to sustain customers on a long term basis, bankers should work towards 100 percent customer satisfaction that automatically fosters customer delight.<sup>15</sup>

**Amudha Ramachandran and Vijayabanu Chidambaram (2012)** revealed in their study “A review of customer satisfaction towards service quality of banking sector” that the quality of the products or the quality of customer service determines the degree of customer satisfaction. The customer satisfaction

not only means, satisfying the customers but also customer retention in case of service failure. The organization should solve the complaints through various service recovery strategies. It is mandatory to identify the impact of service failure and customer feedback for the survival, success and prosperity of an organization. The real victory of an organization is based on the degree of loyalty of the customers.<sup>16</sup>

**Jindal Priya (2012)** in her study entitled “Customer Satisfaction towards Financial Service Quality on Indian Banking Sector” has concluded that customer satisfaction is a key of profitability and it implies the retention of the customers for the long term which is better than attracting the new customer. Now a days banks have realized that cost of attraction a new customer is much more than retaining existing customers. So banks are emphasizing more upon customer satisfaction. These days customers demand for top quality services and products served with minimum wait time. On seeing today’s age of banking revolution, in terms of financial services provided by banks should satisfy the customers.<sup>17</sup>

**Julias Ceasar and Vetrichelvi (2012)** in their study entitled “Role of Banks in Financial Inclusion” has analyzed most of the excluded consumers are not aware of the bank’s products, which are beneficial for them. Hence, banks should take necessary measures to enrich the financial inclusion to achieve the aim of 11<sup>th</sup> plan of Inclusive Growth.<sup>18</sup>

**Nakanjakko Lydia (2012)** in her study entitled “Electronic Banking and Customer Satisfaction Case Study: Centenary Bank – Nateete Branch” revealed that electronic banking has satisfied most of the people’s banking needs, most bank

clients enjoy using e-Banking, this results into a high level of satisfaction. The few break downs in ATM machines and the long queues lowers the level of satisfaction. Findings revealed that there is a weak positive relationship between electronic banking and customer satisfaction. The Pearson's correlation between electronic Banking and customer satisfaction stood at 38.8% which is a weak direct relationship between the two variables. It is therefore true to say that electronic Banking has a significant effect on customer satisfaction.<sup>19</sup>

**Santhiyavalli (2011)** in her study entitled “Customer's perception of service quality of State Bank of India - A Factor Analysis” has concluded that the factor analysis clearly indicates that among five dimensions ‘Reliability’, ‘Responsiveness’, ‘Empathy’ and ‘Tangibility’ are the major factors responsible for customer satisfaction which stood at 90 percent regarding the services provided by State Bank of India. Thus based on the percent level of customer satisfaction, the State Bank of India has scope to improve the quality of the services rendered to its customers to ensure their loyalty’.<sup>20</sup>

**Damodar Suar (2010)** in his study entitled “Customer Satisfaction in Indian Commercial banks through Total Quality Management Approach” examines whether soft and hard aspects of quality management practices determine service quality and customer satisfaction. Data were collected from a branch manager and a valued customer from each of the 315 scheduled commercial bank branches in Orissa (India). A conceptual model depicting the relationship was tested applying structural equation modelling. Results reveal that transformational leadership, workplace spirituality and service climate, depicting the soft aspects of



quality management practices, do increase employees' job satisfaction and affective commitment. Employees' job satisfaction and affective commitment have a positive influence on human aspects of service quality, which in turn increases customer satisfaction. Management information system and physical evidence depicting hard aspects of quality management practices enhance service quality and the latter furthers customer satisfaction. Applying the hard and soft aspects of quality management practices in a synergistic manner, organizations can deliver high service quality and achieve customer satisfaction.<sup>21</sup>

**Swaminathan and Ananth (2010)** in their study entitled “Customers Satisfaction on e-banking: A study with Special Reference to Mayiladuthurai” has concluded that the customers satisfaction is the major factor contributing to the success of service sectors e-banking has become a major facility sort after by the existing and potential customers. The bank has to increase the awareness about e-banking technology, so that customers can get better service. The sufficient services available may be improved to give better customer satisfaction leading to retention of existing customers and attracting new customers. All the service sectors depend on customers and their satisfaction and the banks are no exception.<sup>22</sup>

**Deepti Kanojia and Yadav (2009)** conducted a study on “Customer Satisfaction towards Commercial Banks, A Case study of Punjab National Bank”. Their study revealed that in the emerging competitive environment and IT era, with little or no distinction in the product offerings, it is the speed of rendering service that sets apart one bank from another. Prompt service is equated with quality

service. Time is a major factor which affects the quality and reputation of the bank. E-banks are providing quick service and that is why they are becoming more popular. Hence it is very essential that the bank should put in place the right kind of systems to further cut down on service time and render instantaneous services to the customer. Only such banks will tend to survive in the rat race for market shares in the days to come.<sup>23</sup>

**Pooja Mengi (2009)** in her study entitled “Customer Satisfaction with Service Quality: An Empirical Study of Public and Private Sector Banks” compares customers’ perceptions of service quality of public and private banks of Jammu. The service quality of both the banks has been measured using SERVQUAL (service quality) scale. SERVQUAL scale was used to determine different dimensions of service quality and chi-square analysis was used to understand the impact of SERVPERF (service performance) dimensions (tangibility, reliability, responsiveness, assurance and empathy) on customer satisfaction. It was found that customers of public sector banks are more satisfied with the service quality, than those of private sector banks.<sup>24</sup>

The study undertaken by **Ajitab Dash and Soumendra Kumar Patra (2008)** on “Service Quality and Customer Satisfaction: An Empirical Investigation on Public Sector Banks in Odisha” has concluded that, from the statistical analysis it is observed that there is a significant relation between customer satisfaction and dimensions of service quality in public sector commercial banks in Odisha. Furthermore it is also found that 100 percent change in tangibility aspects of a public sector bank leads to 37 percent change in customer satisfaction level.

Similarly 100 percent change in reliability aspects will lead to 2.5 per cent change in customer satisfaction level and finally 100 per cent change in assurance aspects leads to 1.8 percent change in customer satisfaction level'.<sup>25</sup>

**Shah Ankit (2007)** in his empirical research study entitled “Factors Influencing Online Banking Customer Satisfaction and their Importance in Improving Overall Retention Levels: An Indian Banking Perspective Information and Knowledge Management” mainly focuses on investigating the major factors that influence online customers' satisfaction with the overall service quality of their banks. This study also helps in assessing the power of these factors in the context of online (Internet) banking and would, therefore, help the bank management not only in improving the level of satisfaction but also strengthening the bond between the banks and their customers, thereby helping them to retain and/or expand their overall customer base.<sup>26</sup>

**Koushiki Choudhury (2007)** in his study entitled “Service Quality Dimensionality: A Study of the Indian Banking Sector” was to explore the dimensions of customer perceived service quality in the context of the Indian retail banking industry. A set of service quality parameters, drawn from customers' perceptions about service quality as well as the bank marketing and service quality literature were devised. These parameters have been used in the context of four of the largest banks in India to identify the underlying dimensions of service quality, using factor analysis. The study suggests that customers distinguish four dimensions of service quality in the case of the retail banking industry in India, namely, attitude, competence, tangibles and convenience. Identifying the

underlying dimensions of the service quality construct in the Indian retail banking industry is the first step in the definition and hence provision of quality service. The paper has drawn upon the findings of the service quality dimensions to contend the initiatives that bank managers can take to enhance their employees' skills and attitudes and instill a customer-service culture.<sup>27</sup>

**Rahman Zillur (2006)** in his study entitled “Customer Strategy Management” explores and tests the relationship between experience and loyalty. For this purpose, a modified ‘loyalty acid test’ is used. The study concludes that, on average, a majority of customers are satisfied with the present functioning of the bank but would definitely be delighted if the bank changed its interface with the customers to become more cognitive (intelligent), emotional, physically pleasing and well connected.<sup>28</sup>

**Irwin Brown (2005)** in his study entitled “Cultural Values of Managers from Different Ethnic Groups in South Africa”, it was found that groups differed mainly on the dimension of uncertainty avoidance. In this study therefore it was posited that those groups with higher scores for uncertainty avoidance would react more strongly to perceive security threats given the uncertainty that this created, and would therefore be less satisfied with security than those lower in uncertainty avoidance. In order to investigate this proposition, data gathered from a survey of postgraduate and MBA students at two leading business schools in South Africa was analysed. Respondents were surveyed as to their banking habits, cultural values and satisfaction with Internet banking. The findings confirm the above

proposition as those groups with higher uncertainty avoidance were less satisfied with security than those groups with lower uncertainty avoidance.<sup>29</sup>

**Babu George and Purva Hegde (2004)** in their article entitled “Employees Attitude Towards Customers and Customer Care Challenges in Banks” studied the delicate aspect of employees' attitudes, their satisfaction and motivation, which are posited as prerequisites for customer satisfaction, which is, again, *sine qua non* for the competitive sustenance of the organization. It argues that sustainable advantage is possible only through people and any normative proposal to rework the “apprehension” traditionally attached to complaints should begin with a radical shift away from perceiving service production and consumption as isolated systems to an altogether new conception of the product as symbolic of a network relationship defined among the stakeholders and co-evolved in an environment whose parameters are potentially altered through recurrent inter-party negotiations involved in the contract. Everything, including the formation of appropriate policies and training for the frontline personnel to cope up with the “irate” customers, should be properly informed from this perspective, it advocates.<sup>30</sup>

**Durgesh Pattanayak (2001)** in his study entitled “Effect of TQM on Customer Satisfaction in Indian Banking Industry: A Literature Review” concluded that the customers are an important aspect of the bank and loyal consumers can add value to the profitability of banks. TQM can improve performance of a bank by lowering costs, increasing revenues, delighting customers, and empowering employees (Juran, 2001). Also customer satisfaction is important for banking industry. And implementation of TQM in banking industry helps improving

customer satisfaction. So, using TQM banks can be benefited by satisfying consumers.<sup>31</sup>

**Kazi Omar Siddiqi (2001)** in his study entitled “Customers’ Loyalty in the Retail Banking Settings in Bangladesh” shows that all the service quality attributes are positively related to customer satisfaction and customer satisfaction is positively related to customer loyalty in the retail banking settings in Bangladesh. Empathy demonstrates the highest positive correlation with customer satisfaction and tangibility shows the least positive correlation with customer satisfaction. This study suggests that SERVQUAL [service quality model] is a suitable instrument for measuring the bank service quality in the Bangladeshi context. Therefore, bank managers can use this instrument to assess the bank service quality in Bangladesh.<sup>32</sup>

**Balamurugan and Nehru (2000)** in their study titled “Product Innovation in Banking Industry” has explained the way banks have diversified their operations from global banking to off-balance sheet banking. A recent popular opinion is that the contribution of banks to the economy will diminish significantly or that banks will even disappear by early in the twenty-first century if they are not competent to global standard. The increased volatility in recent years suggest a torrid pace of development. Such contextual changes received an impetus through innovation. Now we have a lot about innovation over the past year. This article will touch the need of innovation particularly in banking sector and also the Innovative products which are launched, because most studies show that banking sector under performs compared to other sectors.<sup>33</sup>

**Eapen Varghese (2000)** in his thesis entitled “Marketing of Banking Service” stressed that a good reward scheme like medals or certificates should be introduced to motivate employees. According to him only motivated employees can render effective customer service.<sup>34</sup>

**Koter (2000)** in his study entitled, “CRM Failure and the Seven Deadly Sins” proved that service providers must do their best to identify the expectations of their target customers with respect to each specific service. They are required to formulate their market – oriented plans and programmes. The more scientific and condition – oriented is the service mix, the better refined are the services because of the intangibility of services and the crucial role that frontline employees play in service delivery.<sup>35</sup>

**Bedi and Monica (1999)** in their study entitled “Customer Satisfaction and Behavioural Intentions Across Public and Private Banks in India” attempted to investigate the relationship between service quality, overall customer satisfaction and behavioral intentions across public and private banks in India. The findings indicated that service quality is a significant determinant of customer satisfaction in Indian banking industry irrespective of public and private sector banks. However, different dimensions of service quality were found to be statistically significant across public and private banks. Customer satisfaction was found to be strongly associated with propensity to recommend. The study will help banks to redefine their corporate image to one that is customer-focused and driven by service quality.<sup>36</sup>

**East (1997)** in this study entitled, “Customer Behaviors, Advances and Applications in Marketing” found that the quality of service in retail banking may comprise two basic dimension – core and relational. In addition, items that reflect various features of the services offered are appropriate in the retail-banking sector of particular interest were the finding that three items did not load on any factor and suggests that some aspects of service offering that contribute to customer satisfaction are one dimensional.<sup>37</sup>

In a study entitled “Customer Service in Banks” **Doreswamy (1997)** explained that customer service in banks would be improved by the four dimensions customer education, customer survey, customer contact programmes and empowering employees.<sup>38</sup>

**McCormic and Soren (1996)** in their study entitled, “Relationship Marketing, the importance of Customer Perceived Service Quality in Retail Banking” argued that marketing excellence is the means by which the bank can increase its revenue. The new approach to marketing poses to senior managers a difficult and important task of rebuilding organizational cultures and skill sets.<sup>39</sup>

**Arend and Mark (1995)** in their study entitled “New Systems on Stress Customer Services in Banks”, asserted that retention of existing customers should be one of the most important objectives of the overall marketing strategy. The longer the customer is retained, the greater the opportunity of recovering relationship cost and relationship revenue resulting in better profitability.<sup>40</sup>



**Chidambaram (1994)** in his study entitled “Importance of Marketing” highlights the reasons for the growing importance of bank marketing. According to him, competition can be overcome by adopting measures like courteous service to customers, proper selection of personnel and their periodical training, flexible working hours for employees, better treatment to small borrowers, simple procedures for granting loans and advances and organizing customer meetings.<sup>41</sup>

**Pine (1993)** in his study entitled “Building Customer Relationships that Lasts” has suggested that in view of consumers increasingly demanding customization and service bundling, the capacity to learn is critical. Employees need to integrate new products and sales information into their existing knowledge to explain these changes to customers.<sup>42</sup>

**Feighbourn (1991)** in his study entitled “The Behavioral Consequences of Service Quality” revealed that service quality is a customer determination based on the customer’s actual experience with the service, measured against his or her requirement, stated or unstated, operational or subjective conscious or merely sensed.<sup>43</sup>

**Biswa N. Battacharya (1991)** in his study entitled “Marketing Management and Innovation in the Light of Liberalisation” concluded as follows: To succeed in a liberalized and deregulated market scenario bankers have to stress the maxim of marketing, ‘customer first’ Marketing Management process should not be confined to the marketing function, but should cover the entire organization and strategy must combine the various structures and functions of an organization to give satisfaction to the customer on an ongoing basis. ‘Cross Culture Marketing’

will require the indication of skills and infusion of marketing knowledge through training and development. Since only satisfied employees can give satisfactory customer service, strategic human resource management will be very important.<sup>44</sup>

**Lee and Marlowe (1990)** in this study entitled “How Consumers choose a Financial Institution for their Checking Account”, found that although most consumers value convenience as one of the most important decision – making criteria, their definitions of convenience vary from consumer to consumer. Another important finding of the study is that the people facing new financial needs start their search process at the institution where they have their checking accounts.<sup>45</sup>

**Petro (1990)** in his study entitled “Profitability, the 5<sup>th</sup> ‘P’ of Marketing” revealed some themes which represent a narrow functional marketing perspective while others offer a perspective that is broad and paradigmatic in approach and orientation. One example of a narrow perspective is to view CRM as database marketing emphasizing promotional aspects of marketing by leveraging customer database mainly in banks.<sup>46</sup>

“The Marketing Approach to Banking Services” a study undertaken by **Sreenivasan (1987)** has made an attempt to trace the present situation of the banking industry in rendering banking services to customers and to examine the customer needs and banking facilities in unbanked areas. He has given the following suggestions to improve the banking services.

- The bank should turn towards customer orientation.
- The banks should realize that each customer has a different need.
- The bank should establish rapport with the customers and in such a way that the personal services to meet customer needs shall be spontaneously forthcoming.<sup>47</sup>

**Ranade (1985)** in his study entitled “Marketing of Deposits and Allied Services to Non-Resident Customers” concluded that quick service is the major factor influencing an NRI in the selection of a bank.<sup>48</sup>

The study undertaken by **Marjoric Person (1965)** on “Marketing and Banking an Evaluation of Marketing Programme Development in Selected Commercial Banks” has examined the methodology of commercial banks in developing marketing programmes. The study has arrived at the following conclusion.

- The banks were unable to fix the object of their marketing activities, as they did not engage in research.
- They did not use market segment for banking services and therefore they were unable to determine their markets and
- The marketing programmes were ineffective in meeting the needs of customers. Therefore, he suggested fresh research to frame long range plans.<sup>49</sup>

#### **1.4 SCOPE OF THE STUDY**

This study was undertaken to cover the branches of the Indian Bank functioning in Kanyakumari District. The study was primarily undertaken from the view point of customers' satisfaction. The services of Indian Bank is studied to gain a better understanding of the banks' function and satisfaction of the customers. The study also analyses the services rendered by the Indian Bank and the level of satisfaction of the customers.

#### **1.5 OBJECTIVES OF THE STUDY**

The main objective of the study is to analyze the customers' satisfaction towards the services rendered by the Indian Bank in Kanyakumari District.

The other objectives are:

- a) To study the overview of Indian bank in general and marketing of its services in particular.
- b) To analyze the demographic profile of the sample respondents of the study area.
- c) To highlight the problems faced by the respondents in availing of banking services in the study area.
- d) To study the perception of the respondents on the selected services of Indian Bank.

- e) To examine the level of satisfaction of respondents in availing of selected banking services.
- f) To offer suitable suggestions for further improvement.

## **1.6 OPERATIONAL DEFINITION OF CONCEPTS**

### **Customers**

Individual persons who have accounts and have regular dealings with the Indian bank in the study area are considered to be customers for the purpose of the study. Companies, Corporations, Governments and Other Organizations have been excluded.

### **Bank Employees**

The employees of the banks include managers, officers and clerks who deal directly with the customers and render the banking services but the sub-staff are not included.

### **Hospitality**

Creating a good and favorable environment surroundings and atmosphere in banks by the generous treatment of customers.

### **Technology Aid**

Use of technological innovations in banking operations for the benefit of customers.

### **Section-wise Services**

Every bank is departmentalized. The reason for such departmentation is that the customers get more benefits and they are able to save time. Section-wise services make bankers' operations of the job easy.

### **New Services**

These are services which are new to the bankers and workers. Earnest efforts are taken in order to implement such new services like cheque transaction and cash deposit facilities at the ATM centers.

### **Promptness in Service**

Doing an action without delay. The bank employees are to be prompt in performing their duties and responsibilities.

### **Linkage Services**

A linkage service is one which is connected with a main service rendered by the bank.

### **Cost of Service**

Cost incurred in rendering a banking service to customers. It may be charges levied, processing fees, service on sms, ATM charges, cheque book charges, interest credited or debited and commission charged by the bankers.

### **Special Services**

Those services rendered by banks at special circumstances like loan mela, customer meet and the like. The very purpose of such an offer is to attract more customers and to promote banking business.

**Infrastructure Facilities**

The minimum facilities offered to the customers so as to render maximum hospitality to the customers during banking hours.

**Utility Services**

Those services other than the agency and main services. They include receiving of deeds, securities and other valuables for safe custody, dealing in foreign exchange, credit transfer, credit card, personal tax assistance, preparing income tax, sales tax and wealth tax returns.

**Cheque**

A written instrument signed by the depositor ordering the bank to pay a certain sum of money to a designated person or to his order.

**Bank Account**

Money deposited in a bank by a legal entity so that the depositor can draw from it as required. There are many and varied types of bank accounts. The main ones are saving bank account and current accounts.

**Credit Card**

A card issued by banks and other financial intuitions to enable card holders to attain goods and services without immediate payment. Payment is usually made monthly with interest charged on any unpaid balance deposit.

**Smart Card**

A smart card is a type of credit card with an embedded microchip, which stores certain monetary value. When a transaction is effected, using the smart

card, the value of that transaction is debited, and the balance comes down automatically, once the fixed monetary value comes down to nil, the balance is to be restored all over again to make the card operational as usual.

### **Overdraft**

An overdraft is a financial arrangement under which a current account holder is permitted by the banker to draw more than the amount standing to his credit upto an agreed or a specified limit. An overdraft is granted either against collateral securities or against the personal security of the borrower. In the case of an overdraft, interest is charged quarterly or half – yearly, and is calculated on the daily debit balances for the actual period of utilization.

### **ATM**

ATM Card (Automated Teller Machine) is a magnetic – striped bank card that was primarily introduced for the purpose of allowing the customers to withdraw their cash or money from their account without human intervention. As per the survey conducted, it was observed and expected that the total number of ATMs across the world would cross 2.5 million. The popularity of ATM card is a clear indication of people's preference for easy and fast way of cash withdrawal.

### **Bank Draft**

A cheque issued by a bank in its own name thus more acceptable to a payee than personal cheque.

### **Bank Statement**

The statement which is rendered usually monthly by a bank to a customer. It is an extract of the customer's accounts from the point of view of the bank and in



principle should disclose a balance equal and opposite to the shown in the customer's cash at bank account in his own ledger.

### **Credit**

The right hand side of an account, where decreases in assets and increases in liabilities and in owners equity are recorded. It can be credited to a regular account from which money may be withdrawn by means of cheques or credited to an account created for a special purpose from which withdrawals can be made in accordance with the deposit agreement.

### **Guarantee**

A promise by one person to make good any failure by a second person to meet financial obligations owed to a third person. The director of a private company may guarantee a bank loan made to their company and holding companies may guarantee the debts of subsidiaries.

### **E-banking**

Electronic banking or E-banking is a web-based service that enables a bank's customers to access their accounts. It allows the customer to log on to the bank's website with the help of a bank-issued identification and a personal identification number.

### **Safe Custody**

Bankers have provided a most useful service for their customers in holding property for safe keeping in their safes or strong rooms. This aspect of their activities falls within that branch of the law known as bailment. A contract of

bailment only arises when the property is lodged for a specific purpose, in this case safe custody.

### **1.7 FORMULATION OF HYPOTHESIS**

Based on the objectives of the study, the following hypothesis was framed and tested:

There is no significant difference between age, gender, literacy level, income level, type of occupation, marital status, place of residence, family size, number of accounts held, types of card availed by the respondents and the level of satisfaction of the respondents.

### **1.8 RESEARCH METHODOLOGY**

The methodology includes the research design, sampling design, geographical coverage, period of the study, field-work and collection of data, data processing and tools of analysis.

### **1.9 RESEARCH DESIGN**

The study requires the data to be collected from two different sources i.e. the primary source and the secondary source.

*Primary data:* Primary data were collected through a well structured interview schedule.

*Secondary data:* Secondary data were collected from various sources, like books, newspapers, magazines, journals, brochures, souvenirs and websites.

### 1.10 SAMPLING DESIGN

In this study proportionate stratified sampling is used. Stratified sampling is a form of random sampling, wherein the said universe is divided or stratified into groups which are mutually exclusive and include all the items of the universe. This method attempts to design a more efficient sample in terms of representativeness of the data. In a proportionate stratified sampling plan, the number of items drawn from each strata is proportional to the size of the strata.<sup>50</sup>

**TABLE 1.2**

**Samples Selected from the Branches of Indian Bank in Kanyakumari District**

S. No	Name of the Branch	No. of Account holders as on 31-03-2013	Samples Selected
1	Azhagappapuram	31000	47
2	Chenbagaramanputhur	7000	11
3	Colachel	21000	32
4	Edaicode	7000	11
5	Enayamputhanthurai	18000	27
6	Kaliyakavilai	33000	49
7	Kanyakumari	20000	30
8	Kurumbanai	6100	9
9	Marthandam	24000	36
10	Muttam	20500	30
11	Meenakshipuram	24000	36
12	Nagercoil	48000	72
13	Neyyoor	9000	13
14	Parvathipuram	4500	7
15	Thiruvattar	7000	11
16	Thoothur	6500	9
17	Thuckalay	13400	20
	Total	3,00,000	450

**Source:** Indian Bank Records

Here, the universe refers the customers of Indian Bank in the study area. Strata or group refers the 17 branches of Indian Bank functioning in Kanyakumari District.

Number of items drawn is 0.15 per cent from each branch.

**For instance**

$$31000 \times 0.15 \text{ per cent} = 47$$

$$7000 \times 0.15 \text{ per cent} = 11$$

Like this, from all the 17 branches, the researcher has selected 450 respondents. Since the Eraniel branch was started in August 2014, the sample respondents were not selected from that branch.

### **1.11 GEOGRAPHICAL COVERAGE**

Kanyakumari is the southern most district of Tamil Nadu. The district lies between  $77^{\circ} 15'$  and  $77^{\circ} 36'$  of the eastern longitudes and  $8^{\circ} 03'$  and  $8^{\circ} 35'$  of the northern Latitudes. The District is bound by Tirunelveli District on the north and the east. The south eastern boundary is the Gulf of Mannar. On the south and the south west, the boundaries are the Indian Ocean and the Arabian Sea. On the west and North West it is bound by Kerala. It is surrounded by majestic hills and the plains bordered by colourful sea-shores, fringed with coconut trees and paddy fields, here and there are few elevated patches of red cliffs with undulating valleys and plains between the mountainous terrain and the sea-coast, so closely interwoven with Temples and Churches and other edifices lies in the district, 'Kanyakumari'. The district name is spelled as 'Kanniyakumari' in official records which are in tune with the spoken name of the district in Tamil language. With an area of 1672 sq.km., it occupies 1.29 percent of the total extent of Tamil Nadu. It

ranks first in literacy among other districts in Tamil Nadu. The population of this district as per census 2011 is 18,63,174.<sup>51</sup> The Indian Bank renders its services in Kanyakumari District in 18 places namely Azhagappapuram, Chenbagaramanputhur, Colachel, Edaicode, Enayamputhenthurai, Kaliyakavilai, Eraniel, Kanyakumari, Kurumbanai, Marthandam, Muttom, Meenakshipuram, Nagercoil, Neyyoor, Parvathipuram, Thiruvattar, Thoothur and Thucklay.

### **1.12 PERIOD OF THE STUDY**

The primary data have been collected for a period of one year from April 2012 to March 2013. The secondary data required for the study were collected from the journals, books, souvenirs and Indian Bank website from the year 2004 – 2014.

### **1.13 FIELDWORK AND COLLECTION OF DATA**

The fieldwork for the study was conducted during the period April 2012 to March 2013. For the collection of primary data from the sample respondents, an interview schedule was framed. The customers were interviewed, it was quite informal and in a conversational style. The interview was administered to the respondents and the data were recorded in the interview schedule. After the completion of each interview, a checkup of the data was made to ensure completeness and accuracy.

### **1.14 DATA PROCESSING**

Interview schedule was structured by the researcher. The collection of data were done by using interview schedule. The data collected were mostly primary in nature. The missing data were collected immediately by referring to the customers

of the banks and afterwards the coding of data was completed. The coding was made with the help of a master table. The coded information was transcribed on transcription cards for further processing. Afterwards, classification tables were prepared for further analysis from transcription cards. The analysis of data was made with the help of computer. i.e. SPSS (Statistical Package for the Social Science).

### **1.15 TOOLS OF ANALYSIS**

Statistical tools such as ‘Chi-Square’ test, Analysis of Variance (ANOVA), ‘Garrett Ranking Technique’, ‘Index analysis’ and ‘F’ test were used in the study.

The various problems pertaining to safe custody, consultancy, operation of accounts, enquiry counter, ATM centre, ATM machine, jewel loan, personal/home loan and collection of cheques were analyzed by using ‘Garrett Ranking Technique’. Satisfaction level of the respondents on the services rendered by the Indian Bank was analyzed with the help of ‘Chi-Square test’. Variables like age, gender, literacy, income, occupation, marital status, place of residence, family size, number of accounts, types of card held were selected. ‘F’ Test was used to analyze the perception of the respondents on the services rendered by the Indian Bank. Among the various services offered, technology innovation services, provisions relating to car loan service, availability of physical facilities, ATM services, charges on financial services and safe custody deposits services were identified by the researcher to be more useful and vital in the sense that any deficiency in these services would cause many inconvenience and hence these were selected and analyzed in the present study. The factors like safety, tangibility, reliability,

responsiveness, transparency, service quality and location motivating the respondents were analyzed by using 'Factor analysis'. Service Index among the respondents was also analyzed with the help of 'Index Analysis'.

#### **1.16 LIMITATIONS**

Though every effort was made to make the report authentic in every sense, yet there are few factors which might have their influence on the final report.

- a. Some bias have occurred in analysis, due to lack of expert knowledge.
- b. Adequate efforts were made to incorporate all variables in the study, yet chances of some variables not appearing in the study are not ruled out.
- c. Respondents having only one account and more than one account are not separated.
- d. Only those services which are availed by many of the respondents are analyzed.
- e. The geographical area of the study was limited to Kanyakumari District and does not represent the whole state. This has become a constraint in generalizing the findings.
- f. The result is based on primary and secondary data that have their own limitations.
- g. The number of account holders is not cent per cent accurate since there is a possibility for inoperative accounts and inclusion of new accounts.

## **1.17 SCHEME OF THE REPORT**

The thesis is organized into seven chapters. The first chapter deals with the introduction and design of the study which consists of introduction, statement of the problem, review of related studies, scope of the study, objectives of the study, operational definition of concepts, methodology, construction of tools, sampling design, geographical coverage, period of the study, field work and collection of data, data processing, framework of analysis, limitations of the study and scheme of the report.

The second chapter deals with an overview of Indian Bank.

The third chapter analyses the demographic profile of the sample respondents of the Indian Bank and the problems faced by them in availing the services.

The fourth chapter focuses the satisfaction level of respondents on the services rendered by the Indian Bank.

The fifth chapter highlights the perception of respondents on the services rendered by the Indian Bank.

The sixth chapter analyses the selected factors motivating the respondents of Indian Bank.

The seventh chapter, summary of findings and suggestions, highlights the major findings, and provides variable suggestions for the better functioning of Indian Bank.



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## **AN OVERVIEW OF INDIAN BANK**

### **2.1 INTRODUCTION**

In the last quarter of 1906, Madras (now Chennai) was hit by the worst financial crisis the city was ever to suffer. Of the three best-known British commercial names in 19<sup>th</sup> century Madras, one was crashed; a second had to be resurrected by a distress sale; and the third had to be bailed out by a benevolent benefactor. Arbuthnot & Co, which failed, was considered the soundest of the three. Parry's (now EID Parry), may have been the earliest of them and Binny & Co.'s founders may have had the oldest associations with Madras, but it was Arbuthnot, established in 1810, that was the city's strongest commercial organisation in the 19th century. A key figure in the bankruptcy case for Arbuthnot's was the Madras lawyer, V. Krishnaswamy Iyer, went on to organise a group of Chettiars that founded Indian Bank. Annamalai and Ramaswami Chettiar founded Indian Bank (IB) on 5 March 1907, and it commenced its operations from 15 August 1907 with its head office in Parry's building, Parry's corner, Madras.

### **Post Independence of India**

After the war, in 1948, it reopened its branches in Colombo, Burma, Malaysia and Singapore. The Burmese Government nationalised all foreign banks, including Indian Bank's branch, in 1963. In the 1960s Indian Bank expanded domestically as it acquired Rayalaseema Bank (est. 1939), Mannargudi Bank (est. 1932), Bank of Alagapuri, Salem Bank (est. 1925), and Trichy United Bank (Trichy United was the result of the 1965 merger of Woraiyur Commercial Bank,

the Palakkarai Bank and the Tennur Bank.) These were all small banks with the result that all the acquisitions added only about 38 branches to IB's network. Trichy United had five branches and its acquisition in 1967 brought the number of IB branches upto 210.

Then on 19 July 1969 the Government of India nationalised 14 top banks, including Indian Bank. One consequence of the nationalisation was that the Malaysian branches of nationalised Indian banks were forbidden to continue to operate as branches of the parent. At the time, Indian Bank had three branches, Indian Overseas Bank, and United Commercial Bank had eight between them. In 1973 the three established United Asian Bank Berhad to amalgamate and take over their Malaysian operations.

### **Post Nationalisation**

In 1969 the Government of India nationalised Indian Bank, and thirteen other banks. In 1990, Indian Bank rescued Bank of Tanjore (Bank of Thanjavur; est. 1901), with its 157 branches, based in Tamil Nadu. A multi-crore scam was exposed in 1992, when then chairman M. Gopalakrishnan lent 13 billion to small corporates and exporters from the south, which the borrowers never repaid. Bank of Baroda bought out its partners in IUB International Finance in Hong Kong in 1998. Apparently this was a response to regulatory changes following Hong Kong's reversion to Chinese control. IUB became Bank of Baroda (Hong Kong), a restricted licence bank.<sup>1</sup>



## Bank Profile

Indian Bank, a premier bank, is owned by the Government of India. It was established on 15<sup>th</sup> August 1907 as part of the Swadeshi movement. It serves the nation with a team of over 19429 dedicated staff and its total business crossed Rs.4286633 crores as on 31.03.2014. It has domestic, overseas branches, extension counters, satellite offices, banking service centers, ATMs and ultra small branches.

**TABLE 2.1**  
**Indian Bank's Branch Network**

S. No.	Branch Network	2007	2008	2009	2010	2011	2012	2013	2014
1	Domestic Branches	1500	1541	1642	1756	1860	1955	2059	2089
2	Overseas Branches	2	2	2	2	3	3	3	3
3	Extension Counters	83	72	63	1	37	34	28	28
4	Satellite Offices	37	32	29	26	23	23	23	23
4	ATMs	516	600	755	1005	1128	1280	1322	1322
5	Banking Service Centers	5	7	13	20	39	65	52	52
6	Ultra Small Branches	7	12	24	31	41	50	1418	1418

**Source:** Financial Results FY 2007 to 2014

**Figure 2.1**  
**Indian Bank's Branch Network**

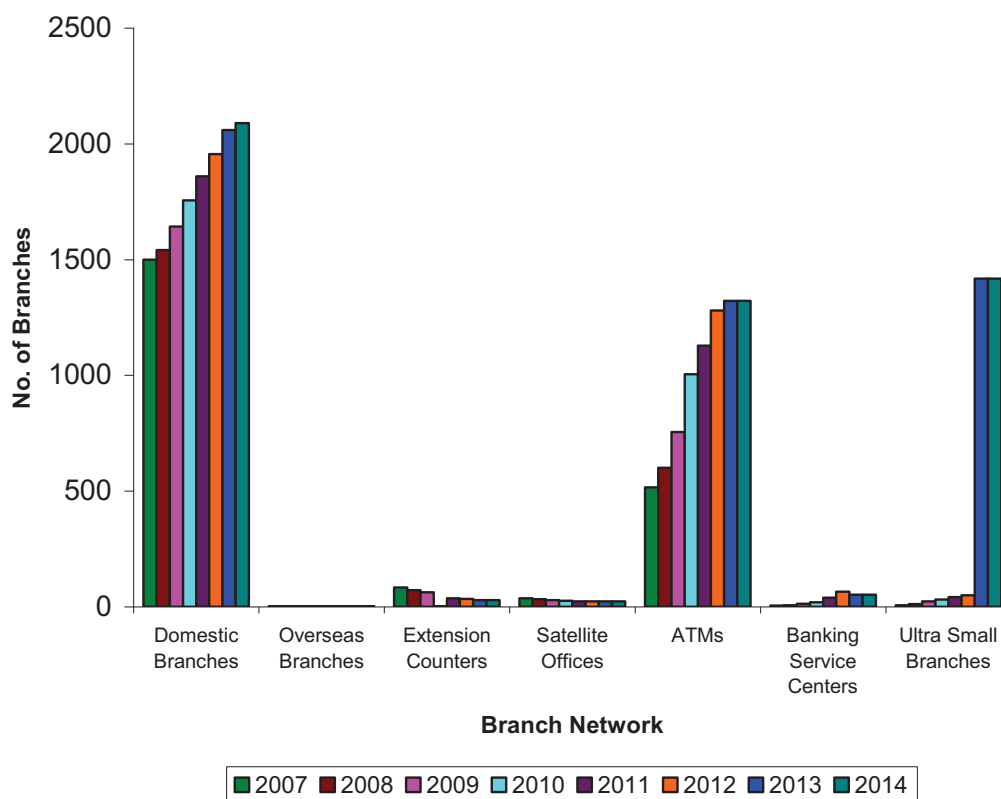


Figure 2.1 exhibits the increase in domestic and overseas branches, ATMs, banking service centers and ultra small branches. It is also observed from the table that there is a tremendous increase in the number of ATMs from 516 to 2123, banking service centers from 5 to 50 and ultra small branches from 7 to 1407 respectively within a period of eight years (i.e. from 2007 – 2014). This shows the progress and growth of Indian Bank's branch network.

### **Category wise Branch Network**

The Indian Bank renders its services in rural, semi-urban, urban and metro cities. According to the guidelines of RBI nationalized banks are directed to

render most of its services in rural area. The category wise function and classification of Indian Bank's Branch network for the past six years are given in Table 2.2.

**TABLE 2.2**  
**Category wise Branch Network**

S. No.	Categories	2009	2010	2011	2012	2013	2014
1	Rural	451	480	498	508	520	653
2	Semi urban	420	447	455	502	549	608
3	Urban	389	414	441	478	500	563
4	Metro	296	315	362	372	386	429
	Total	1556	1656	1756	1860	1955	2253

**Source:** Financial Year results from 2009 – 2014

**Figure 2.2**  
**Category wise Branch Network**

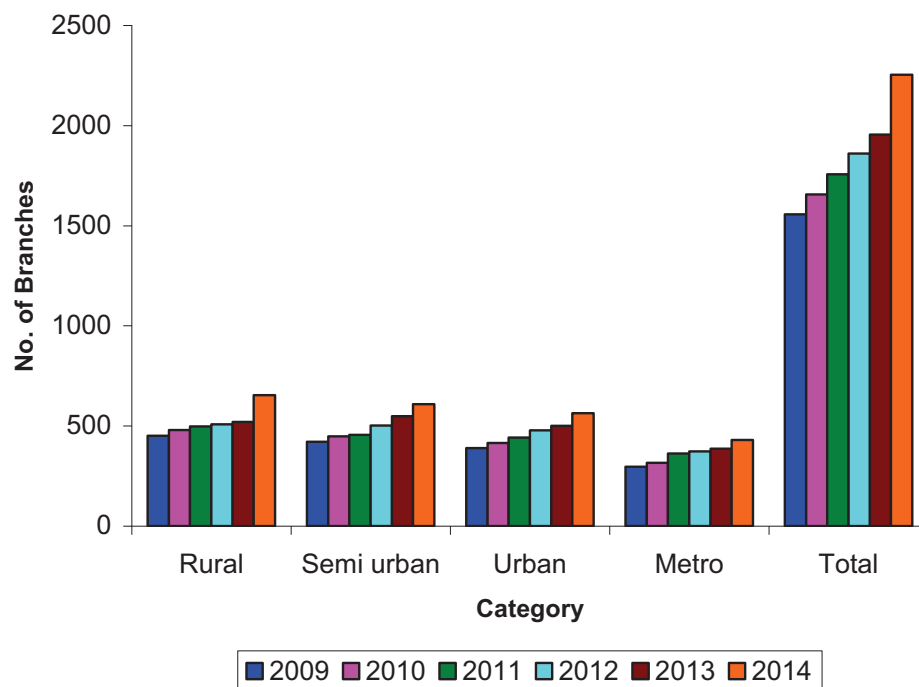


Figure 2.2 shows the area wise classification of banks in rural, semi urban, urban and metro area. The number of branches in all the area has been increasing. Now-a-days the RBI is insisting the authorities to open more branches in rural and semi urban area. Accordingly 29 per cent of the Indian Bank's branches render its services to the rural people.

### **International Network**

Overseas branches of Indian Bank are in Singapore, Colombo including a Foreign Currency Banking Unit at Colombo and Jaffna. It has 240 Overseas Correspondent Banks in 70 countries.

### **Financial Inclusion**

Special drive in urban and metro areas for opening accounts of migrant labour, street vendors and hawkers who are working within 500 metres of the branches in urban and metro areas and 24,499 accounts have been opened. In Tamil Nadu, under Social Security Scheme Old Age pension is being paid to about 2.11 lakh beneficiaries, in the villages covered under Financial Inclusion through Bank Accounts using Information and Communication Technology (ICT) based Smart Card enabled Business Correspondent (BC) Model. Bank in association with M/s. United India Insurance Company Limited is extending Micro Insurance products to the FI customers in the State of Tamil Nadu and Puducherry through our Field Business Correspondents (FBCs). Bank has implemented the ICT based BC model in Koyambedu market branch, Chennai, wherein a BC has been engaged in the market. 775 vegetable / fruit vendors have been enrolled and issued with smart cards and 1668 transactions amounting Rs. 9.02 lakh have been done by the

BC. Bank has established Urban Financial Literacy Centre in Chennai, Mumbai and New Delhi. Under Financial Inclusion Plan, Indian Bank has been allotted with 5013 villages with population above 2000, all these villages have been provided with banking services as on 31<sup>st</sup> March 2014. 1425 villages through Smart card based Business Correspondent (BC) Model, 53 villages through Brick and mortar branches /Banking Service Centres (BSCs) and 45 villages through Mobile Branch/Van.

### **Self Help Groups**

Indian Bank is the Pioneer in introducing micro finance to Self Help Groups as Financial Inclusion Project in the country. Subsequently the Bank has established 45 specialized exclusive Micro finance branches called "Microsate" across the country to cater the needs of urban poor through SHGs (Self Help Groups) / JLG (Joint Liability Group) concepts. During the year 2012-13 the Indian Bank has disbursed Rs. 1611.36 crore to 57224 SHGs and has linked one crore SHGs so far. The total credit outstanding under SHG portfolio as on 31.03.2013 is Rs. 2315.29 crores. The bank has established 45 MICROSATE branches (Specialized branches for Micro Finance) across the country. The details of number of SHGs, loan disbursed and its growth rate are given in Table 2.3.

**TABLE 2.3**  
**Lending to Self Help Groups**

S. No.	Period	No. of SHGs Financed During the Year	Amount of Credit Disbursed	Outstanding	YoY growth (%)	Number of new SHGs linked
1	2004 - 2005	35355	201	199	45.26	18616
2	2005 - 2006	53285	393	350	75.88	35168
3	2006 - 2007	61469	503	575	64.29	36163
4	2007 - 2008	75381	815	987	71.65	39879
5	2008 - 2009	90421	1054	1351	36.88	42626
6	2009 - 2010	112135	1459	1917	41.89	42626
7	2010 - 2011	79786	1663	2124	10.82	39893
8	2011 - 2012	72675	1882	2343	10.27	36337
9	2012 - 2013	57224	1611	2315	-----	32118
10	2013 - 2014	56322	1538	2027	-----	31254

**Source:** Performance of the Bank in 2004 – 2014

**Figure 2.3**  
**Lending to Self Help Groups**

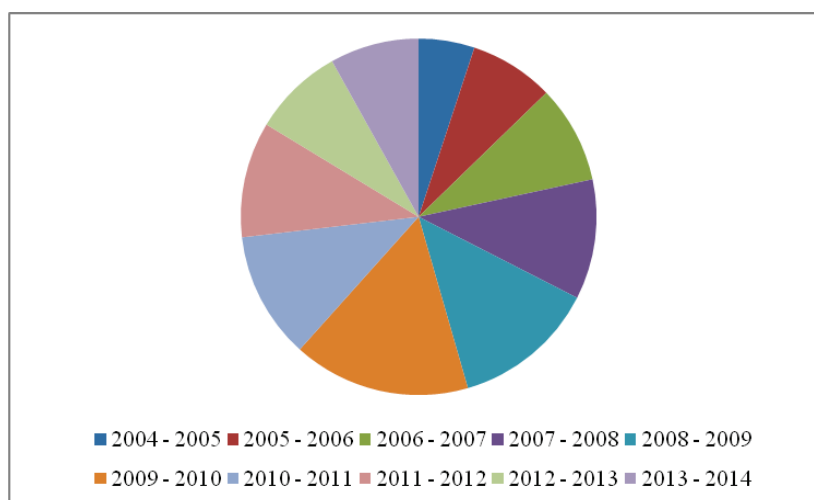


Figure 2.3 reveals the banking activity of the Indian Bank to Self Help Groups from 2004 – 2014. The lending policy of the bank to Self Help Groups is at the peak level in 2009 – 2010. Then there is a decreasing trend in the lending activity because of the non-repayment of loans by the members of Self Help Group. Self Help Group members also expect that whenever there is drought, flood, cyclone or depression, their loans will be waived by the Government.

### **Educational Loan**

- Educational loan-Non IBA Scheme implemented to help students pursuing courses under management quota and 3 year diploma courses.
- Central scheme to provide interest subsidy for the moratorium period of education loan availed by students from economically weaker section is being implemented.
- Interest concession of 0.50 per cent its applicable on Fresh Education Loan sanctioned to girl students.
- To support the national initiatives on skill development, IBA model loan scheme for vocational education and training.
- Web based online education system.
- Under this facility 198 students were sanctioned loan amounting to 568.75 lakhs.

The education loan sanctioned and the amount of loan outstanding for the past ten years is listed in Table 2.4.

**TABLE 2.4**  
**Education Loan**

S. No.	Period	Number of Students Financed Education Loan	Amount of Credit Disbursed (in crores)	Outstanding
1	2004 - 2005	2881	38.72	89.39
2	2005 - 2006	9552	119.25	161.66
3	2006 - 2007	24809	260.14	375.86
4	2007 - 2008	31141	352.25	692.36
5	2008 - 2009	44710	435.49	1149.33
6	2009 - 2010	66280	540.17	1695.90
7	2010 - 2011	96953	621.09	2810.70
8	2011 - 2012	93215	890	3222.00
9	2012 - 2013	74078	982	3650.00
10	2013 - 2014	80150	990	4560.00

**Source:** Performance of the Bank in 2004 to 2014

**Figure 2.4**  
**Education Loan**

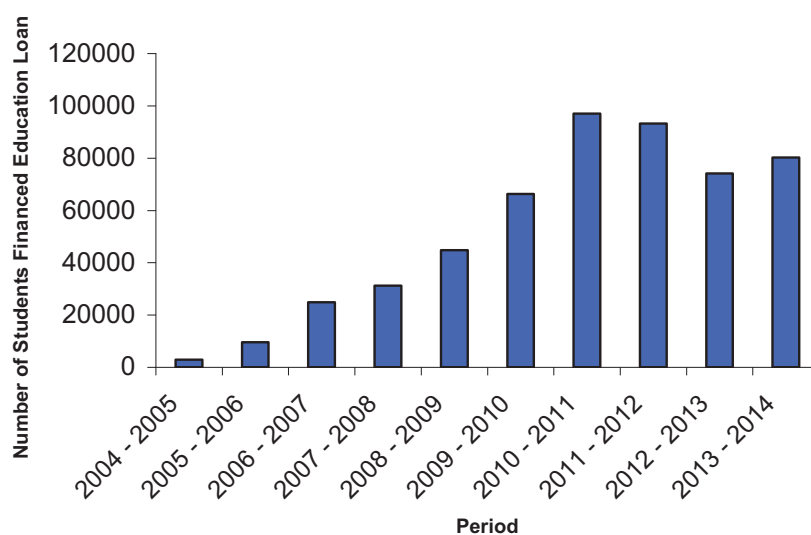




Figure 2.4 shows the need to promote technical and higher education of youths in the country, the bank has focused on educational loans which grew year by year. It also depicts that there is an increase in the education loan sanctioned and disbursed from 2004 – 2010. During the past three years there is a decreasing trend. It may be due to the fact that the recession crises that affected the information technology sector and the number of students opting technical courses have also decreased there after.

### **Latest Technologies**

The following are some of the important technologies introduced by the Indian bank:

- 100% Core Banking Solution(CBS) Branches
- 100% Business Computerisation
- 2121 Automated Teller Machines(ATM)
- 24 x 7 Service through more than 99242 ATMs under shared network
- Internet and Tele Banking services to all Core Banking customers
- e-Payment facility for Corporate customers
- Cash Management Services
- Depository Services
- Reuter Screen, Telerate, Reuter Monitors, Dealing System provided at Overseas Branch, Chennai
- I B Credit Card Launched
- I B Gold Coin
- I B Prepaid Cards Launched (GIFT Card, International Travel Card)

## IMAGE

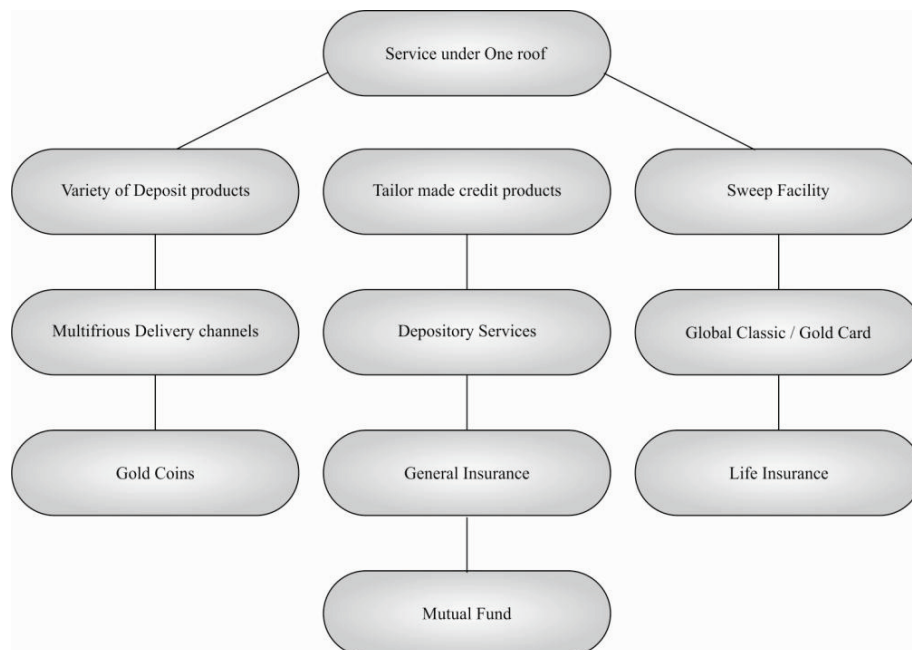
IMAGE which is the acronym for Indian Bank Management Academy for Growth and Excellence is the prestigious Training Academy of Indian Bank. The academy stands at a quiet and peaceful locality of MRC Nagar, Chennai. The Academy caters to the training needs of Indian Bank, its subsidiaries and other members of the banking fraternity<sup>2</sup>.

## 2.2 SERVICES

The Indian Bank renders a lot of services under one roof. The details are shown in the following figure.

**Figure 2.5**

**Services under one roof – Bank's mission**



Ind Net banking, Ind Mobile banking, Ind Phone banking, e-Payment of Indirect Taxes, MCA Payment, IndJet Remit (RTGS), NEFT, CMS Plus, Multicity Cheque Facility, Credit Cards, ATM/Debit Cards, IB Jeevan Kalyan, IB Varishtha, IB Chhatra, IB Arogyaraksha, e-Payment of Direct Taxes, New IB Jeevan Vidya, Money Gram, Janashree Bhima Yojan (launched in association with LIC), Universal Health Care (launched in association with UIIC Ltd), IB Grihajeevan - Group Insurance Scheme for Mortgage Borrowers, IB Home Suraksha - Group Insurance Scheme for Mortgage Borrowers, Xpress Money – Inward Remittance – Money Transfer Service Scheme and IB Yatra Suraksha.

### **Ind Net Banking**

Customers can use the internet to do their banking at home on their convenience. Customers having savings bank account, current account can avail Ind Net Banking. Customers can view their accounts, get the statement of account, transfer funds to his own accounts, transfer funds to other Indian Bank accounts, remit funds to anyone having account with any bank through RTGS/NEFT, know the cheque details through this service. Indian Bank offers net banking facility without any charge. At present the following payments like AP online, TNEB Payment, IRCTC (Rail ticket) Payment, IBMBS Payment, Income tax/TDS Payment, Service Tax Payment, Central Excise Payment and MCA 21 Payment can be made through net banking.

### **Ind Mobile Banking**

Customers can use their mobile phones to do their banking activities. They must have savings bank account, current account with the bank to use Ind Mobile

Banking. Customer can do the balance enquiry, view their last 3 transactions, enquire about the issued/deposited cheque status, get mobile alert if account is debited/ credited for minimum of Rs.5000, and if there is a cheque bounce in their account. The Bank offers this facility without any charge.

### **Ind Phone Banking**

Customers can call for enquiries anytime, anywhere through telephone. Customers having savings bank, current account with the bank can avail this facility. Customer can do the balance enquiry, have their account details, have the issued cheque status and the deposited cheque status through this facility. This facility is offered at free of cost.

### **e-Payment of Indirect Taxes**

Customers can pay taxes like excise duty and service tax through internet. Through on line customers having net banking facility can use this e payment of Indirect Taxes. In case of off line Assessors who want to pay their indirect taxes can use this facility.

### **MCA Payment**

Payments for MCA can be made online through internet banking service. Customers having net banking facility can avail this MCA Payment. In case of off line Corporate and other individuals who have to pay charges, fees to Registrar of Companies (ROC) for Ministry of Corporate Affairs can use this facility.

**IndJet Remit (RTGS)**

Customers can transfer their funds to any account in any bank branch through Real Time Gross Settlement (RTGS) in a fastest way (within hours). Any customer of a CBS branch can avail this service. For remittance of Rs.1 lakh and above customer is required to provide beneficiary's account number, name, address, bank and branch name. The beneficiary's bank account is credited on the same day within two hours of receiving credit by the other bank.

**National Electronic Fund Transfer (NEFT)**

Customers transfer funds to any account in any bank branch enabled for NEFT within a day. Any customer of a CBS branch for any amount can avail this facility. For non-customers NEFT is available against cash remittance up to Rs.50000/- Any amount can be remitted for this customer is required to provide beneficiary's account number, name, address, bank and branch name. The beneficiary's bank account is credited on the same day.

**CMS Plus**

This is a bundle of collection and payment services offered for clients. All corporates / PSUs (no turnover stipulation) and other entities with annual turnover of Rs.25 crores, having receivables from / payable to different locations, can avail this facility. The collection services are Local & Outstation cheques, cash, ECS debit, direct debit, Inward RTGS/NEFT, Cash, Cheques and Demand draft can be deposited into collection account at any CBS branch and the payment services are

Multicity cheques, RTGS/NEFT/Issuing of bulk DDs, ECS, Dividend Warrant, Interest warrant, Statutory payments like Government taxes, etc.

### **Multicity Cheque Facility**

Customers issue their cheques to beneficiaries all over India through this facility. Customers having savings bank, current account, OD/OCC accounts can avail this facility. Customers may withdraw cash either by self cheque or issue third party cash cheque up to Rs.50000/- per occasion. To avail this facility minimum balance should be maintained by the customers. In case of savings bank, monthly average balance is Rs.10000/- and current account monthly average balance is Rs.50000/-.

### **Credit Cards**

VISA cards are available in three variants, namely Gold, Classic and Bharat cards. Gold and Classic cards are offered to Indian Nationals and NRIs in the age group of 18-80 years. Bharat cards are for Indian Nationals in the age group of 25-60 years. Gold and Classic cards are Global cards and Bharat cards are called as domestic cards.

### **ATM/Debit Cards**

In Indian Bank, 24 hours Hi-powered, value-added ATM cum Debit cards are available. It is just the size of a visiting card, and is the passport to the facilities available with ATM and for shopping at merchant establishment. Savings bank and current account customers can avail this facility. It can be used in more than 30000 ATMs of various banks. The Maestro Debit Cards are used for

purchase of merchandize/services from commercial establishments/service organisations that display the "Mastercard", "Maestro" and "Cirrus" logo. There are 23 million POS terminals and 1 million ATMs globally that accept Maestro Debit Cards. In India, over 1,50,000 POS terminals and more than 15000 ATMs are available that accept Maestro Debit Cards. Round-the-clock cash withdrawals, 24 hours cash and cheque deposits request for a cheque book can also be made through ATM.

### **IB Jeevan Kalyan**

All accountholders are eligible for this service. The nature of this scheme is Term Assurance which covers life (Normal death /death due to accident). The account holder can pay the premium for first year on pro-rata basis depending on the month of entry.

<i>Age</i>	<i>Premium in (Rs.)</i>
18 - 35	180/-
36 - 45	288/-
46 - 55	720/-

Sum insured is Rs. 1 lakh and waiting period of this scheme is first 45 days (Not applicable for accident). By arrangement with LIC the bank offers this service to its account holders. Period of cover is one year. Tax benefit U/s 80 C is available to the scheme holders. Renewal premiums paid by debit to the account automatically until the account is revoked.

**IB Varishtha**

Term deposit customers aged between 56-64 years are eligible to avail this service. Nature of cover of the scheme is Term Assurance. The type of cover is Life Cover (Normal death / death due to accident). Premium of this scheme is Rs. 828/- p.a. (First year on pro-rata basis) and sum assured is Rs. 50000/- (Rs. 1 lakh if death due to accident). By arrangement with LIC the bank offers the scheme to its term deposit customers. Tax benefit U/s.80 C is available for this service. Renewal premiums paid by debit to the account automatic until revoked.

**IB Chhatra**

All accountholders are eligible to avail this service. Nature of cover of this scheme is Term Assurance. Type of cover of this scheme is Personal Accident Death Cover (Death Due to Accident only). 12-70 years old customers can avail this scheme. Coverage of this scheme offers 1 lakh Personal Accident Death Cover to its customers. The premium amount is Rs. 25/- p.a. and the sum assured is Rs. 1 lakh. By arrangement with United India Insurance Company Ltd., the bank offers this service to its customers. Period of cover is one year. The scheme holders are eligible for Tax Benefit U/s 80 C.

**IB Arogyaraksha**

Under this scheme there are three plans namely A, B and C. Customers aged from 35 years to 80 years may avail this plan.

Plan A - upto 35 years

Plan B - upto 65 years

Plan C - upto 80 years



Sum assured is Rs.0.50 lakh to Rs.10.00 lakh (Sum Assured at entry level restricted to Rs.3.00lakh for Plan C) enhancement by only one slab every year (Rs.0.50 lakh per year up to sum assured of Rs.5 lakhs and thereafter at Rs.1 lakh each year). Maximum cover is restricted to Rs.5 lakhs for Plan C. By arrangement with M/s. United India Insurance Co. Ltd., the bank offers this scheme. The scheme holders are eligible for Income Tax Benefit U/s 80 D.

### **New IB Jeevan Vidya**

All educational loan borrowers (Student) are eligible for this scheme. Age at entry is 16 – 50 years. Maximum age at exit is 60 years. Sum assured of this scheme is balance outstanding at the time of death or limit sanctioned whichever is less. Coverage of this scheme is upto Rs.15.00 lakh (for studies in India) and coverage upto Rs.25.00lakh (for studies abroad).

By arrangement with LIC of India the bank offers this scheme. Period of cover is minimum period of 3years and maximum of 12years (course period + repayment holiday + repayment period subject to maximum of 12 years). Cover ceases at the age of 60 years or on full adjustment of loan whichever is earlier. Income Tax rebate u/s 80C for the premium paid is available to the scheme holders.

### **Money Gram**

Money Gram is a new Internet based remittance product, being introduced in the bank to augment the facilities available to NRIs to remit money to India. Money Gram is one of the money transfer services offered by M/s. Money Gram International Inc. Under the arrangement, money transfers made at any overseas

agent location across the world become available at the destination location in India in the very next instant. The transfer is effected using a Software / Internet based technology. Unlike various types of remittances from abroad, the beneficiary under Money Gram will always be a resident.

### **Janashree Bhima Yojan**

This is launched in association with LIC to provide life coverage. Members of SHGs, Joint Liability Group (JLG), Rythu Mithra Group (RMG), Artisans, Farmers Club, Men groups and Youth Club are financed by Indian Bank, to customers aged 18-59 years and below the poverty line. The benefit of the scheme is that in the event of death of the members a sum of Rs.30,000 will become payable.

### **Universal Health Care**

This scheme is launched in association with UIIC Ltd. The purpose of the scheme is to provide health coverage for whom regular mediclaim policy is beyond reach. Members of SHGs, Joint Liability Group (JLG), Rythu Mithra Group, Artisans, Farmers Below Poverty Line (BPL) families, who have opened No frills account under FI in both rural and urban areas. Customers aged upto 65 years are eligible for this scheme. The benefit of the scheme is that on the death of the head of the family, nominee will be paid to a maximum of Rs.25,000/-.

**IB Grihajeevan**

It is a group insurance scheme for mortgage borrowers. Home loan borrowers availing loan from 01/10/2009 onwards are eligible for the scheme. Coverage of this scheme is minimum Rs.50,000/- and maximum Rs.50.00 lakhs by having arrangement with LIC of India, the bank offers this scheme. Period of cover is minimum 3 years and maximum 20 years. Income Tax rebate u/s 80C for the premium paid is available to the scheme holders.

**IB Home Suraksha**

Group Insurance Scheme for mortgage borrowers are eligible for this scheme. All new home loan borrowers, existing borrowers as on 30/09/2009, not covered so far are also eligible, within a period of 6 months. Coverage of this scheme is minimum Rs.1.00 lakh and maximum Rs.200 lakhs by making arrangement with Kotak Mahindra Old Mutual Life Insurance Ltd, the bank offers this scheme. Income Tax rebate u/s 80C for the premium paid is available for the scheme holders.

**Xpress Money Inward Remittance – Money Transfer Service Scheme**

“Xpress Money” service is offered in arrangement with M/s. UAE Exchange Financial Services Ltd for remitting money to India. The scheme is operative from 15.02.2006. The remittance facility is available to receive the money through all the branches.

**IB Yatra Suraksha**

All customers can avail this scheme. Minimum five persons and maximum 20 persons per group in the age group of 3 years to 70 years are eligible for this

scheme. Type of cover of this scheme is for domestic travel by road, rail and inland waterways (not Air). By arrangement with M/s. United India Insurance Company Ltd. the bank offers this scheme.

### **2.3 DEPOSITS**

The following are some of the deposit schemes offered by the Indian Bank:

#### **IB Smart Kid SB a/c**

This account is for the children of age 1 day to less than 18 years. Minimum amount of Rs.100 average monthly balance for non cheque book operated SB accounts and Rs.250 average monthly balance for cheque operated SB accounts. ATM / Debit card eligible for minors of age 10 years or more to those who maintain the prescribed minimum balance and subject to consent by parents / guardian for issue of ATM debit card. Transfer of funds from parents / guardians account to the children's account allowed at par.

#### **SB Platinum with Sweep Facility**

This facility is suitable for High Net worth Individual (HNIs) & Corporate Executives. Free remittance is available upto maximum 2 times a year totaling Rs.25,000/- and no charges for intra / inter city transactions.

#### **SB - Power Account for Achievers (PAFA)**

It is a savings bank account for young individuals who have regular employment or self-employed, professionals or business people. Minimum amount is Rs.5,000/- (monthly average). Free ATM cum International Debit Card and

Global Credit Card with no initial /annual charges and personalized cheque book are given to the account holders. No charges for Intra city transactions.

### **Savings Bank**

ECS/RTGS/NEFT facilities are available to the account holders. Two cheque books of 2x20 leaves free in a calendar year for cheque operated SB accounts are given to the account holders. No charges for intra city transactions. 50 withdrawals are permitted without cost, per half year. Minimum amount of Rs.250/- for non cheque operation and minimum balance of Rs.500/- for cheque operation.

### **Vikas Savings Khata**

It is a no frills savings bank account. A savings bank account meant for people who have been hitherto deprived of banking facility. No initial and minimum balance is required for this account. ATM cum Debit card is issued and 10 transactions per month is allowed at free of charges.

### **Current Account**

Minimum amount of quarterly average balance is Rs.5000. It is suitable for all type of customers. ECS/RTGS/NEFT facilities are also available. Free ATM card cum Debit card is issued to the account holders. No charges for Intra city transactions.

### **Premium Current A/c with Sweep Facility**

It is suitable for corporates, traders, businessmen, entrepreneurs and HNI's. For MOD (STD) deposits of 7 days to 14 days with minimum deposit amount will

be Rs.1 lakh (in multiples of Rs..1 lakh) for the period of minimum 15 days to 180 days.

### **Fixed Deposit**

A time deposit for a fixed period to earn interest with easy liquidity is available to the account holders. Minimum deposit amount is Rs.100/- and no maximum limit. The minimum period is 7 days and maximum period is normally 10 years. Loan, nomination and pre closure facilities are available to the account holders.

### **Re-investment Plan**

Minimum amount is Rs.100/- or in multiples of Rs.100/- and no maximum amount. Minimum period is 6 months and the maximum period is normally 10 years.

### **Facility Deposit**

A time deposit with built in over draft facility with a limit of 90 per cent of deposit amount is called Facility Deposit. Minimum deposit amount is Rs.10000/- and further in multiples of Rs.1000/-. The minimum period is one year and the maximum period is three years.

### **Special Scheme for Senior Citizens**

It is suitable for senior citizens with additional rate of interest and value additions. It offers free funds transfer upto Rs.5000 p.m or interest earned whichever is higher and automatic renewal facility for equal period. Joint accounts are also permitted but first named persons should be a senior citizens.

**Recurring Deposit**

A regular monthly savings grow into a large sum to meet the financial needs at the end of the agreed period. Minimum amount of monthly installment is Rs.5 and in multiples thereof. Minimum period is 6 months and in multiples of 3 months with a maximum of normally 10 years.

**Variable Recurring Deposit**

A recurring deposit scheme with the option of varying monthly installments is called the variable recurring deposit scheme. Minimum amount of initial deposit is Rs.25 or in multiples of Rs.25 upto a maximum of Rs. 1 lakh. Minimum period is 12 months and the maximum period is 120 months.

**IB Swarna Nidhi RD/IB Swarna Nidhi VRD**

A recurring deposit with the option to purchase gold coin of Indian Bank for the maturity value. Minimum amount is Rs.500/- in multiples of Rs.100/- for VRD and maximum is Rs.10 lakhs in a month. Minimum period is 6 months and maximum period is 24 months.

**IB Tax Saver Scheme**

In order to cater to the needs of depositors who want to avail tax benefit under section 80C of Income Tax Act 1961, this scheme is launched. Minimum amount is Rs.100 or in multiples of Rs.100. Minimum period is 5 years and maximum 10 years for individuals or HUF having PAN card can invest upto Rs.1,00,000/- in a financial year.

### **Capital Gains**

Under this scheme the tax payers can avail the benefit of exemption from capital gains only if the amount of capital gains or the net consideration is deposited in public sector banks on or before their due date of filing a return of income in accordance with the scheme. Minimum amount is same as that of ordinary SB account.

### **NRE FD/ RIP/ RD Accounts**

Accounts can be opened by remittances from abroad, deposit of foreign exchange brought into India, transfer from existing self NRE/FCNR accounts. Non-Resident Indians can appoint residents to operate their NRE accounts for local payments through a power of attorney. Benefits of the scheme are the maturity proceeds of deposits as well as interest earned are freely repatriable, loans are permitted against the deposits upto a maximum of Rs.100 lakhs, as per the RBI guidelines and nomination facility is available.

### **FCNR (B) Accounts**

Non-Resident Indians / Persons of Indian Origin can open the account. Benefits of this account are no exchange loss to the customers as interest and principal amounts are payable in the same currency in which it is deposited, Loan facility is available upto a maximum of Rs.100 lakhs as per the RBI guidelines and nomination facility is also available.



### **IB Tax Savings Certificate**

Individual or Hindu Undivided Family, having Permanent Account Number can open this deposit. The Joint holder type deposit receipt may be issued to two adults or jointly to an adult and a minor payable to either of the holders or to the survivor and provided that in the case of joint holder type deposit, the deduction from income under section 80C of the Income Tax Act 1961 shall be available only to the first holder of the deposit.

### **NRE SB Accounts**

Accounts can be opened by remittances from abroad, deposit of foreign exchange brought into India and transfer from existing self NRE/FCNR accounts. Benefits of the scheme are withdrawals for local payments or payments abroad in any convertible currency are allowed as per the RBI guidelines, standing instructions can be undertaken for periodic payments of insurance premia, school fees, etc. and funds from these accounts are freely repatriable<sup>4</sup>.

## **2.4 LOANS AND ADVANCES**

The prime principle of commercial banks is accepting deposits for the purpose of lending. The Indian Bank grants loan and advances for various purposes. The loans and advances offered by the Indian Bank is shown in Table 2.5.

**TABLE 2.5****Priority Sector Lending (in crores)**

Priority Sector	31.03.2013	31.03.2014	Y-0-Y Growth
Agriculture	17001	19047	12.04
Corporate & commercial	54944	65639	17.65
Public sector units	18196	22891	25.80
Non public sector units	36748	41748	13.61
Retail Loans	15439	17068	10.55
MSME	13746	16104	17.15
Overseas Credit	6026	7500	24.46
Total	107156	124359	16.05

**Source:** Financial results of the years 2013 - 2014.

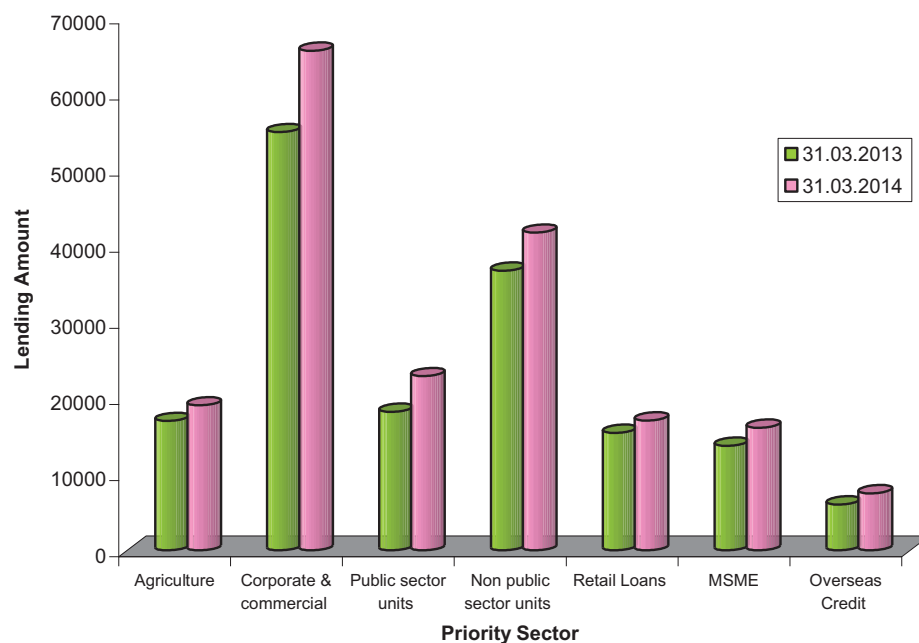
**Figure 2.6****Priority Sector Lending**

Figure 2.6 shows the Indian Bank's priority sector lending. First preference is given to agriculture and the MSME.

## Social Lending

Social Lending means, the lending policies of the Indian Bank to various sectors like agriculture, MSME, weaker sections, minority, women and ANBC. Social lending is one of the key variables to be studied and analysed. Social lending promotes social cultural and economic upliftment of backward priority sectors. Such type of lending is shown in Table 2.6.

**TABLE 2.6**  
**Social Lending Under Priority Sectors (in Crores)**

Particulars	Mar-13	Mar-14
Priority sector advances	36420.69	41156.84
Agriculture	17000.56	19047.49
Direct Agri	15828.37	18350.17
Indirect Agri	1172.19	697.32
Micro & small enterprises	11020.22	133222.29
Other priority sectors	8399.91	8787.06
Advances to weaker sections	9367.29	11109.58
Advance to minority	5471.42	6197.99
Advance to women	7419.33	8823.05
ANBC level	86511.72	101284.94

**Source:** Financial results of the years 2013 & 2014.

**Figure 2.7**  
**Social Lending Under Priority Sectors**

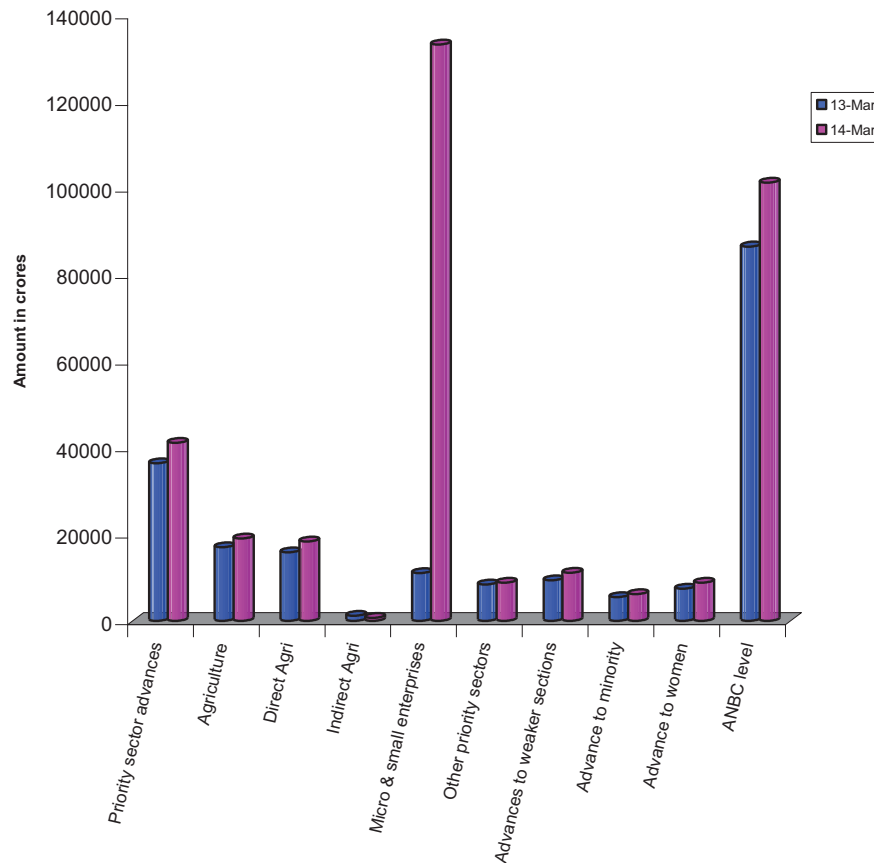


Figure 2.7 shows that advances to priority sector, agriculture and MSME have been increasing between March 2013 and March 2014. Preference is also given to minority and women.

### **Agri Clinic and Agri Business Centres**

Graduates in Agriculture and Allied subjects like horticulture, animal husbandry, forestry, dairy, veterinary, poultry farming, pisciculture and other allied activities are eligible to avail this loan<sup>5</sup>.

**Gold Loan**

Farmers who need loan of Rs.25000/- and above against the pledge of gold ornament alone are entitled for Gold Loan. Amount of loan presently is Rs.1800 per gram (or) 70 per cent of the market value of the jewels to be pledged whichever is lesser.

**Agricultural Produce Marketing Loan**

All farmers who stored their produce in Central Warehouse Corporation / State Warehouse Corporation (CWC/SWC) or any authorized or approved private godowns are eligible for this loan. The amount of loan is 70 per cent of the wholesale market price of the produce stored or a maximum of Rs.10.00 lakhs.

**Financing Agriculturists for Purchase of Tractors**

Farmer having minimum of 4 acres of irrigated land or 8 acres of dry land are eligible for this loan. Based on the quotation / invoice submitted for the vehicles and implements the amount of loan will be given.

**SHG Bank Linkage Programme – Direct Linkage to SHGs**

Member of SHGs are eligible to avail this loan. Upto 4 times of the group savings including interest on savings are given as loan. Loan to SHGs should be extended only in the form of credit limit.

**Gramin Mahila Sowbhagya Scheme**

Married rural, semi urban and urban women engaged in agriculture or activities allied to agriculture are eligible to avail this loan. Amount of loan is minimum Rs.5000/- and maximum Rs.15000/- (depending upon the land holding).

### **Joint Liability Group (JLG)**

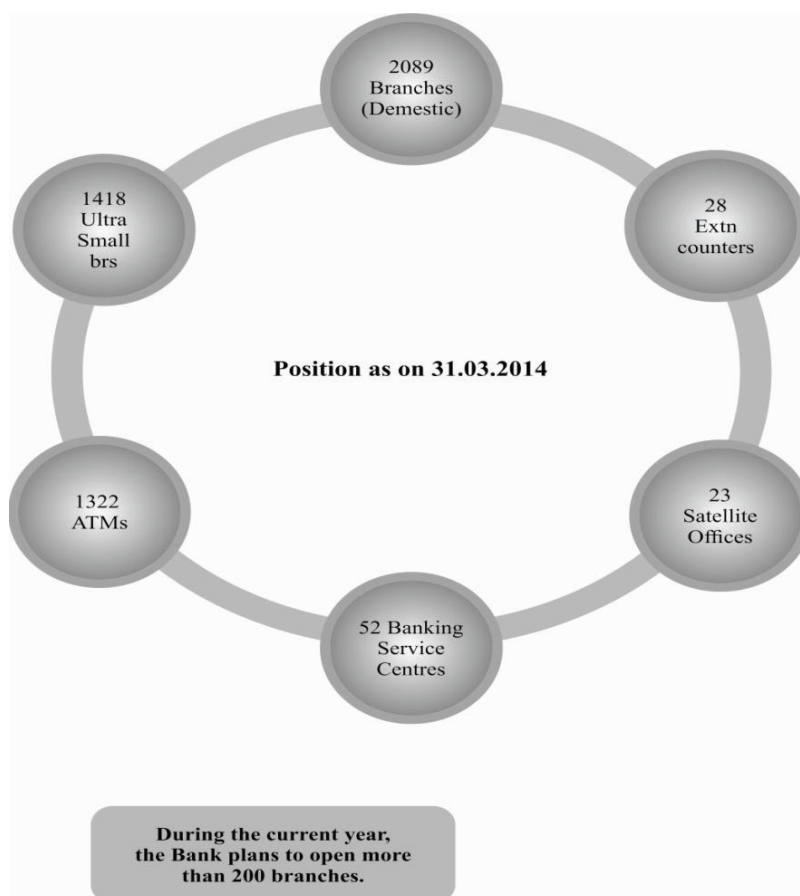
JLGs consist of tenant – farmers and small farmers cultivating land without possessing proper title of their land are eligible to avail this loan. Maximum amount of loan is restricted to Rs.50,000/- per individual.

### **2.5 PAN INDIA NETWORK**

Pan India Network refers the network among the various domestic branches, extension counters, satellite offices, banking service centers, ATMs and ultra small branches of Indian Bank.

**Figure 2.8**

#### **Pan India Network**



The above figure 2.8 shows that there are 2089 domestic branches, 28 extension counters, 23 satellite offices, 52 banking service centres, 1322 ATMs and 1418 ultra small branches in India.

## **2.6 AWARDS AND ACCOLADES**

The Indian Bank has been given lot of Awards and Accolades for its valuable services. Some of them are given below:-

- Ranked first in strength and soundness, second in profitability and efficiency for FY 2010 – 11 by Financial Express and Ernst & Young Survey, overall bank was ranked third best among public sector banks.
- Golden Peacock Innovative product/Service Award in recognition of contribution to the promotion of Self Help Groups.
- Skoch Challenger Award 2012 – Banking for outstanding contribution in providing banking service to the un-reached villages through various financial inclusion initiatives.
- Skoch Financial Inclusion Award – 2012 for completion of 100% financial inclusion in Union Territory of Puducherry.
- Dun & Bradstreet Banking Award 2011 for Best Asset Quality.
- “Best Risk Master Award” for public sector bank category from FIBAC at the FICCI – IBA conference.
- Outlook Money Awards 2011 for best education loan provider.
- CNBC – TV 18 Award for the best public sector bank in mid size category for superior quality of assets, profitability, efficiency and productivity.

- Adjudged Third among the public sector banks as the best service brand by economic times brand equity.
- Listed among 150 Banks for best RoA as per Banker Magazine.
- Sunday Standard Best Banker Award 2013 for best public sector bank – SME.
- Outlook Money Awards for best Educational Loan Provider (2<sup>nd</sup> Prize).
- Received Best Bank Award (Public Sector) from Banking Financial Services and Insurance (BFSI) on 14<sup>th</sup> February 2014 at Mumbai.
- Attained the First Rank and was conferred with the coveted National Award for Excellence in Lending to Micro Enterprises for FY 2012 by the Hon'ble President of India on 4<sup>th</sup> April 2013.
- Awarded First Prize for Excellence in Lending to Micro Enterprises for Hon'ble Prime Minister of India on 1<sup>st</sup> March 2014.
- Awarded first Prize/Best Bank Award for extending Credit to Self Help Groups from Selvi Dr. J Jayalithaa, Hon'ble Chief Minister of Tamil Nadu on 24<sup>th</sup> February 2014<sup>8</sup>.

## **2.7 NEW INITIATES**

The following are some of the new initiatives taken by the Indian Bank:

- 123 new ATMs opened during the year 2010 taking the total to 1,128.
- ATM cum Debit card base increased to 57.1 lakh as on 31.3.2011 from 43.5 lakh as on 31.3.2010.
- 79 biometric ATMs are in operation including operations by Self Help Group members.



- Launched maestro enabled Debit cards introduced for Senior Citizens and Inter Bank Mobile Payment Services (IMPS)
- 24 hours e-banking launch at Alwarpet Chennai inaugurated
- e-Stamping project was introduced.
- Unique Identification Authority of India (UIDAI) enrollment commenced on 2.3.2013.
- Introduced Multi utility product for collection of fees from educational institutions.
- 6 coin vending machines were installed and 18 note exchange melas were conducted.
- A unique current account product “Supreme Current Account’ offering health and wealth insurance cover has been introduced.
- Jewel loan for senior citizens.
- Applications Supported by Blocked Amount (ASBA) has been implemented for all categories of investors including Qualified Institutional Buyers for applying to Public Issues and Rights Issues.
- Tie up with Bajaj Auto Ltd. for financing Three Wheelers.
- Loan syndication desk set up.
- Bank has launched a Health card – Tie-up with Apollo Hospitals – IB Apollo Hospital Health card entitling the customers to discounts on various services at the chain of Apollo hospitals pan India. Customers of Chennai are given this card during the 1<sup>st</sup> phase and it would be extended to other zones in subsequent phases.

- Bank launched “Card Block Facility” through SMS under which the credit card customers can block their credit cards by sending an SMS (by typing BLOCKCC) to 56767 from their registered mobile number.
- 443 new ATMs are opened during the quarter ended March 2014 and total number of ATMs as on 31.3.2014 is 2123. This includes 511 offsite ATMs.
- More than 1,63,000 ATMs can be accessed by customers under sharing arrangements.
- Seeding of Aadhar number through SMS / Internet banking / ATM has been implemented. Integration of new payment gateway vendor M/s. PAYTM for online payments. Integration of net Banking with New Railway Reservation System – CRIS is completed<sup>9</sup>.

## **2.8 KANYAKUMARI DISTRICT**

Kanyakumari district, named after the Goddess Kanyakumari is the smallest district in Tamil Nadu with a land spread of 1684 Sq. Km. The district has almost all ecosystems, forests, wetland, fresh water resources and marine resources. Agricultural resources like plantation crops (spices, rubber), banana, coconut and paddy are also produced. The district comprises 68 km in length and is studded with 44 coastal fishing villages.<sup>10</sup>

Since the district situated at the extreme south of the Indian sub-continent, the coast line is bordered by three seas namely the Arabian Sea, The Indian Ocean and The Bay of Bengal. But the major part of the coast faces the Arabian Sea.

The district came into existence in 1956 as a result of re-organization of states on the basis of language and included in Tamil Nadu. The headquarters of the district is Nagercoil. The district has four taluks (Vilavankode, Kalkulam, Thovalai and Agestheeswaram), four municipalities (Nagercoil, Padmanabapuram, Kuzhithurai and Colachel) two revenue divisions (Nagercoil and Padmanabapuram), nine blocks, 66 town panchayats, 99 Village panchayats and 81 revenue villages.<sup>11</sup>

Kanyakumari District has the unique advantage of rainfall during the southwest (June to September) and north-east (October – December) monsoons. Because of its proximity to the equator, its geography and climatic factors favoured the growing of various crops. The annual rainfall ranges between 90 cm and 160 cm and the average is 140 cm.<sup>12</sup>

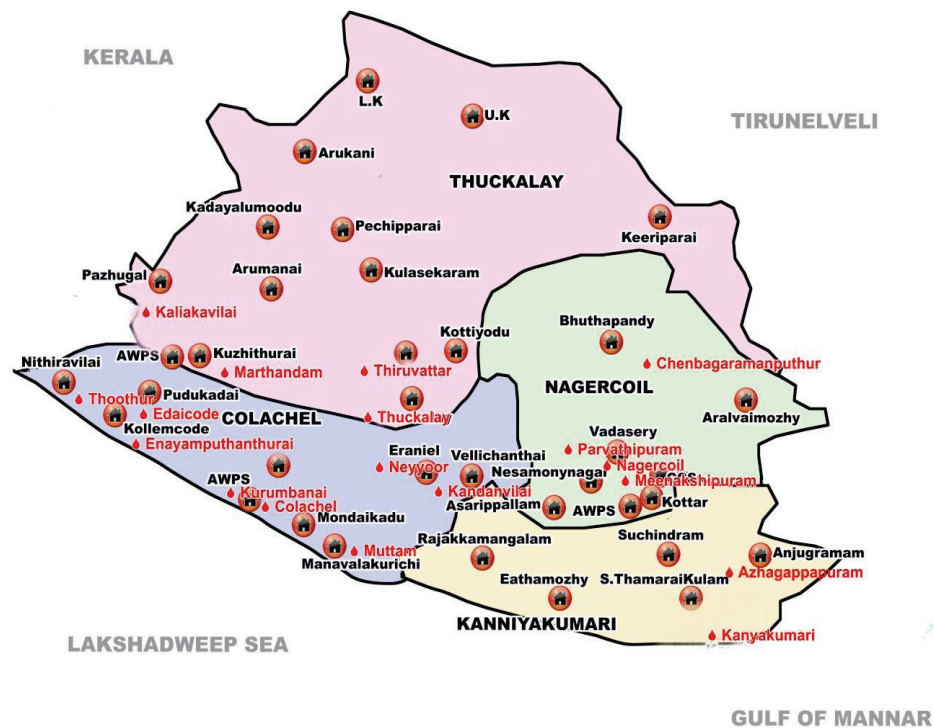
A warm humid climate prevails in the district. The summer (March – May) is followed by the south-west monsoon, from June to September, whereas October to November contribute to the northwest monsoon with frequent thunderstorms.<sup>13</sup>

In the study area there are eighteen branches of Indian Bank with the maximum 48,000 account holders in Nagercoil branch and minimum 1500 account holders in Eraniel branch. In the year 1968 the first branch was started at Nagercoil. The newly opened branch at Eraniel has a least number of account holders, because it is started only in August 2014.

In Kanyakumari District, the Indian bank's ATMs are available in all the branches except Eraniel branch. Locker facilities are available in Azhappapuram,

Kaliakavilai, Marthandam, Muttom, Meenakshipuram, Nagercoil, Parvathipuram and Thuckalay branches. Chenbagaramanputhur, Enayamputhenthurai, Kurumbani and Thoothoor branches come under rural area. All the other branches belongs to the urban area.

**Figure 2.9**  
**Indian Bank's Branches in Kanyakumari District**



• **Branches of Indian Bank**

The figure 2.9 shows the various branches of Indian Bank in Kanyakumari District.

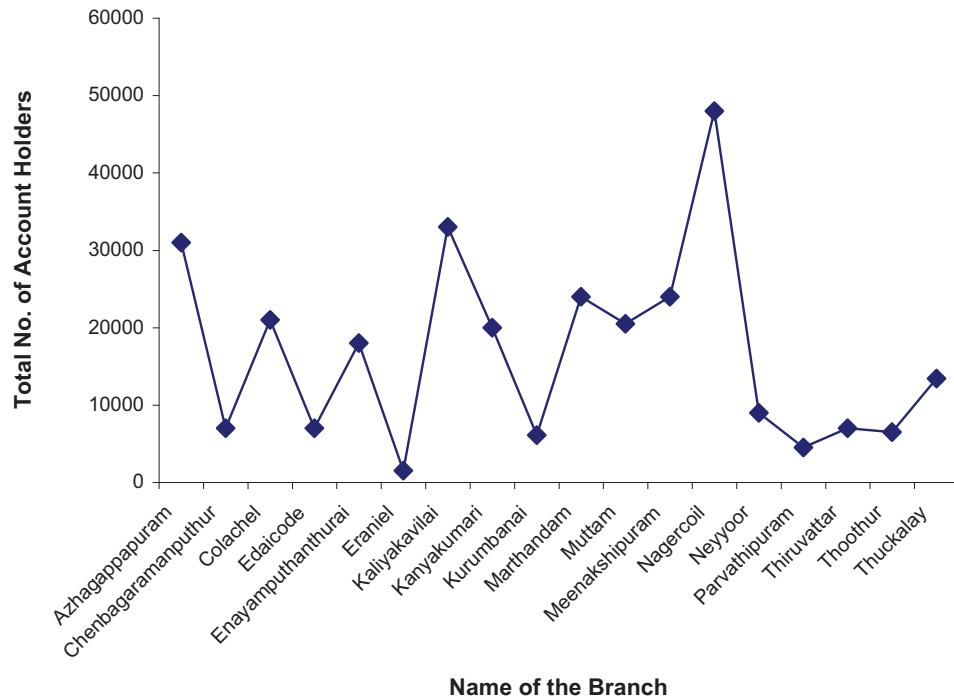
**TABLE 2.7****Branches of Indian Bank in Kanyakumari District**

<b>S. No</b>	<b>Name of the Branch</b>	<b>Year of Establishment</b>	<b>Total No. of Account holders</b>
1	Azhagappapuram	1971	31000
2	Chenbagaramanputhur	2013	7000
3	Colachel	2008	21000
4	Edaicode	2013	7000
5	Enayamputhanthurai	2010	18000
6	Eraniel	2014	1500
7	Kaliyakavilai	1970	33000
8	Kanyakumari	2005	20000
9	Kurumbanai	2013	6100
10	Marthandam	2010	24000
11	Muttam	2008	20500
12	Meenakshipuram	1989	24000
13	Nagercoil	1968	48000
14	Neyyoor	2012	9000
15	Parvathipuram	2013	4500
16	Thiruvattar	2012	7000
17	Thoothur	2010	6500
18	Thuckalay	2009	13400

**Source:** Indian Bank Records.

**Figure 2.10**

**Number of Account Holders of Various Branches**



The figure 2.10 shows the total number of account holders of various branches of Indian Bank in Kanyakumari District. The Nagercoil and Kaliyakavilai branches have maximum number of customers.

## **2.9 CONCLUSION**

This chapter deals with an overview of Indian Bank. The various services rendered by the bank, the deposits, loans and advances to various sectors are given more importance. Indian bank grant loans and advances mainly for agriculture. It has disbursed a huge amount to Self Help Groups and won many awards. Indian Bank initiates a lot of activities every year. In Kanyakumari District it has eighteen branches to extend its services.

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## **DEMOGRAPHIC PROFILE OF THE RESPONDENTS**

### **3.1 INTRODUCTION**

The customers of Indian Bank in Kanyakumari District are known for their qualities of social resistance to economic change like institutional factor characterized by rigid stratification of the occupation as in other parts of the state and the country. The demographic profile and the problems faced by the respondents were analysed in this chapter. The sample size consists of 450 respondents covering categories of people like businessmen, employees and others (other type of respondents include agriculturalists, homemakers, students and self help groups).

### **3.2 PERSONAL DATA**

In this chapter, an attempt is made to analyze the demographic profile of the respondents namely, age, sex, literacy level, income level, reasons or purposes of opening an account, marital status, place of residence, size of family and the type of account, with the various common services rendered by the Indian bank. The services related with the personal data of the respondents are:

- Safe custody,
- Deposit of funds,
- Tax consultancy,
- Types of accounts,
- Demand Draft purchase,



- Withdrawal,
- Cheque Collection and
- Jewel loan

### **3.2.1 Age of the Respondents**

The most important social profile of the respondent is age. Age is one of the factors which influences customers in making deposits and availing of other services. As age increases, the respondents are forced to save in order to fulfil their obligations such as children's education, medical expenses, daughter's marriage expenses and the like. All the 450 respondents of the Indian bank are classified as employees, businessmen, and others {agriculturalists, home makers, students, and self help groups} on the basis of services utilized by them are presented in Table 3.1.

**TABLE 3.1****Age Group and Services Availed by the Respondents**

Sl. No.	Services	Respondents	Age Group			Total
			<i>Below 35</i>	<i>35 -45</i>	<i>Above 45</i>	
1.	Safe custody	Employees	70 (31.11)	105 (46.67)	50 (22.22)	225 (100)
		Businessmen	20 (13.33)	75 (50.00)	55 (36.67)	150 (100)
		Others	23 (30.67)	35 (46.66)	17 (22.67)	75 (100)
2	Deposit of funds	Employees	68 (30.22)	116 (51.56)	41 (18.22)	225 (100)
		Businessmen	31 (20.67)	63 (42.00)	56 (37.33)	150 (100)
		Others	14 (18.67)	36 (48.00)	25 (33.33)	75 (100)
3.	Tax consultancy	Employees	58 (25.78)	101 (44.89)	66 (29.33)	225 (100)
		Businessmen	37 (24.67)	62 (41.33)	51 (34.00)	150 (100)
		Others	18 (24.00)	52 (69.33)	05 (6.67)	75 (100)
4.	Types of accounts	Employees	78 (34.67)	111 (49.33)	36 (16.00)	225 (100)
		Businessmen	22 (14.67)	51 (34.00)	77 (51.33)	150 (100)
		Others	13 (17.33)	53 (70.67)	09 (12.00)	75 (100)
5.	Demand draft purchase	Employees	62 (27.56)	115 (51.11)	48 (21.33)	225 (100)
		Businessmen	36 (24.00)	71 (47.33)	43 (28.67)	150 (100)
		Others	15 (20.00)	29 (38.67)	31 (41.33)	75 (100)
6.	Withdrawal of funds	Employees	65 (28.89)	100 (44.44)	60 (26.67)	225 (100)
		Businessmen	27 (18.00)	80 (53.33)	43 (28.67)	150 (100)
		Others	21 (28.00)	35 (46.67)	19 (25.33)	75 (100)
7.	Cheque collection	Employees	70 (31.11)	99 (44.00)	56 (24.89)	225 (100)
		Businessmen	20 (13.33)	78 (52.00)	52 (34.67)	150 (100)
		Others	23 (30.67)	38 (50.66)	14 (18.67)	75 (100)
8.	Jewel loan	Employees	53 (23.56)	122 (54.22)	50 (22.22)	225 (100)
		Businessmen	32 (21.33)	51 (34.00)	67 (44.67)	150 (100)
		Others	28 (37.33)	42 (56.00)	05 (6.67)	75 (100)
	Total		113 (25.11)	215 (47.78)	122 (27.11)	450

**Source:** Primary data.

Figures in parentheses denote percentages to total.

Table 3.1 shows that a total of 113 (25.11 per cent) respondents were in the age group of below 35 years followed by 215 (47.78 per cent) in the 35-45 years category and 122 (27.11 per cent) respondents were in the above 45 years category.

It is evident from Table 3.1 that regarding 'safe custody' service a majority of 105 (46.67 per cent) respondents were employees in the 35-45 years age group, followed by 75 (50 per cent) respondents who were businessmen, 35 (46.66 per cent) were in the other type of employees also in the same age group.

Regarding the service 'deposit of funds' also a majority of 116 (51.56 per cent) were employee respondents 63 (42 per cent) and 36 (48 per cent) were employees, businessmen and the other type were in the 35-45 years respectively.

Regarding 'tax consultancy' service, a majority 101 (44.89 per cent) respondents in the 35-45 years age group were employees followed by 62 (41.33 per cent) respondents who were businessmen and 52 (69.33 per cent) respondents were others who were in the same age group.

As far as the 'types of accounts' service is concerned, a majority of 111 (49.33 per cent) respondents in the 35 - 45 years age group were employees followed by 77 (51.33 per cent) respondents who were businessmen were in the above 45 years age group and 53 (70.67 per cent) respondents of others who were in the 35-45 years age group.

Regarding 'demand draft purchase' service, a majority of 115 (51.11 per cent) customers in the 35 - 45 year age group were employees, followed by 71 (47.33 per cent) respondents who were businessmen and 31 (41.33 per cent)

respondents were others in the age group of 35 – 45 years and in the above 45 years age group respectively.

Regarding ‘withdrawal of funds’ service, a majority of 100 (44.44 per cent) respondents were in the 35-45 year age group and employees whereas 80 (53.33 per cent) respondents were businessmen and 35 (46.67 per cent) respondents were others who were in the same age group.

As far as the ‘cheque collection’ service is concerned, a majority of 99 (44 per cent) respondents were in the 35-45 year age group and employees whereas 78 (52 per cent) respondents were businessmen and 38 (50.66 per cent) respondents were others in the same age group.

Regarding ‘jewel loan’ service, a majority of 122 (54.22 per cent) respondents who belongs to 35-45 years age group were employees followed by 67 (44.67 per cent) respondents who were businessmen in the age group of above 45 years and 42 (56 per cent) respondents were others in the 35-45 years age group.

### **3.2.2 Gender**

The number of women becoming customers of Indian bank is increasing day by day. Thanks to the growing awareness among women folk, about the need to save. The involvement of women investors in nation building activity both at the central and state level have prompted Indian bank to introduce many exclusive schemes for women. The growing number of working women and the popularity of self help groups also lead to multiplication of bank women customers. The Gender-wise classification of respondents of banks is presented in Table 3.2.

**TABLE 3.2**  
**Gender-wise Classification**

Sl. No.	Service	Respondents	Gender		Total
			Male	Female	
1.	Safe custody	Employees	179 (79.55)	46 (20.44)	225 (100)
		Businessmen	82 (54.67)	68 (45.33)	150 (100)
		Others	45 (60.00)	30 (40.00)	75 (100)
2	Deposit of funds	Employees	160 (71.11)	65 (28.89)	225 (100)
		Businessmen	77 (51.33)	73 (48.67)	150 (100)
		Others	69 (92.00)	06 (8.00)	75 (100)
3.	Tax consultancy	Employees	142 (63.11)	83 (36.89)	225 (100)
		Businessmen	96 (64.00)	54 (36.00)	150 (100)
		Others	68 (90.67)	07 (9.33)	75 (100)
4.	Types of accounts	Employees	176 (78.22)	49 (21.78)	225 (100)
		Businessmen	81 (54.00)	69 (46.00)	150 (100)
		Others	49 (65.33)	26 (34.67)	75 (100)
5.	Demand draft purchase	Employees	155 (68.89)	70 (31.11)	225 (100)
		Businessmen	92 (61.33)	58 (38.67)	150 (100)
		Others	59 (78.67)	16 (21.33)	75 (100)
6.	Withdrawal of funds	Employees	144 (64.00)	81 (36.00)	225 (100)
		Businessmen	99 (66.00)	51 (34.00)	150 (100)
		Others	63 (84.00)	12 (16.00)	75 (100)
7.	Cheque collection	Employees	161 (71.56)	64 (28.44)	225 (100)
		Businessmen	82 (54.67)	68 (45.33)	150 (100)
		Others	63 (84.00)	12 (16.00)	75 (100)
8.	Jewel loan	Employees	150 (66.67)	75 (33.33)	225 (100)
		Businessmen	88 (58.67)	62 (41.33)	150 (100)
		Others	68 (90.67)	07 (9.33)	75 (100)
	Total		306 (68)	144 (32)	450

**Source:** Primary data.

Figures in parentheses denote percentage to total.

It is clear from Table 3.2 that a majority of 179 (79.55 per cent) male respondents were employees followed by 82 (54.67 per cent) were businessmen and 45 (60 per cent) were the others, who use the safe custody service. In the case of females availing such service, 68 (45.33 per cent) of them were businessmen.

In respect of 'deposit of funds', 160 (71.11 per cent) male respondents were employees followed by businessmen 77 (51.33 per cent) and 69 (92 per cent) were others who form part of majority of the respondents.

Regarding 'tax consultancy' service, a majority of 142 (63.11 per cent) male respondents were employees followed by 96 (64 per cent) were businessmen and 68 (90.67 per cent) were from the other type of respondents.

Regarding 'types of accounts' service also a majority of 176 (78.22 per cent) male respondents were employees followed by 81 (54 per cent) were businessmen and 49 (65.33 per cent) were other type of respondents.

As far as the 'demand draft purchase' service is considered a majority of 155 (68.89 per cent) male respondents were employees followed by 92 (61.33 per cent) were businessmen and 59 (78.67 per cent) were others.

In respect of 'withdrawal' of funds service also a majority of 144 (64 per cent) male respondents were employees followed by 99(66 per cent) of them were businessmen 63(84 per cent) were other type of employees.

Regarding 'cheque collection' service also a majority of 161 (71.56 per cent) male respondents were employees followed by 82 (54.67 per cent) of them were businessmen and 63 (84 per cent) were others.

With regard to 'jewel loan' service also a majority of 150 (66.67 per cent) male respondents were employees followed by 88 (58.67 per cent) of them were businessmen and 68 (90.67 per cent) were from other type of respondents.

### **3.2.3 Literacy Level**

The literacy level of the bank customers plays an important role in influencing the customers' preference to bank services. A literate may be in a better position to know what bank services are safe and secure and how much help could be secured when obligations are to be met in future. However, at the same time, a less educated person may not be interested in opening accounts in banks. They will generally invest their money in gold, jewellery and other properties. Table 3.3 shows the classification of respondents according to their educational qualification based on the utilization pattern of various services rendered by banks.

**TABLE 3.3**  
**Education-wise classification and services availed by the Respondents**

Sl. No.	Services	Respondents	Education			Total
			Upto HSS	Graduate	Post Graduate	
1.	Safe custody	Employees	49 (21.78)	91 (40.44)	85 (37.78)	225 (100)
		Businessmen	56 (37.34)	42 (28.00)	52 (34.66)	150 (100)
		Others	21 (28.00)	42 (56.00)	12 (16.00)	75 (100)
2	Deposit of funds	Employees	61 (27.11)	88 (39.11)	76 (33.78)	225 (100)
		Businessmen	33 (22.00)	56 (37.33)	61 (40.67)	150 (100)
		Others	32 (42.67)	31 (41.33)	12 (16.00)	75 (100)
3.	Tax consultancy	Employees	58 (25.78)	87 (38.67)	80 (35.55)	225 (100)
		Businessmen	46 (30.67)	42 (28.00)	62 (31.33)	150 (100)
		Others	22 (29.33)	46 (61.33)	07 (9.34)	75 (100)
4.	Types of accounts	Employees	58 (25.78)	78 (34.67)	89 (39.55)	225 (100)
		Businessmen	39 (26.00)	60 (40.00)	51 (34.00)	150 (100)
		Others	29 (38.67)	37 (49.33)	09 (12.00)	75 (100)
5.	Demand draft purchase	Employees	51 (22.67)	87 (38.67)	87 (38.66)	225 (100)
		Businessmen	48 (32.00)	61 (40.61)	41 (27.33)	150 (100)
		Others	27 (36.00)	27 (36.00)	21 (28.00)	75 (100)
6.	Withdrawal of funds	Employees	56 (24.89)	90 (40.00)	79 (35.11)	225 (100)
		Businessmen	48 (32.00)	35 (23.33)	41 (44.67)	150 (100)
		Others	22 (29.33)	50 (66.67)	3 (4.00)	75 (100)
7.	Cheque collection	Employees	56 (24.89)	87 (38.67)	82 (36.44)	225 (100)
		Businessmen	40 (26.67)	52 (34.67)	58 (38.66)	150 (100)
		Others	30 (40.00)	36 (48.00)	09 (12.00)	75 (100)
8.	Jewel loan	Employees	51 (22.67)	89 (39.56)	85 (37.77)	225 (100)
		Businessmen	53 (35.33)	40 (26.67)	57 (38.00)	150 (100)
		Others	22 (29.33)	46 (61.33)	07 (9.34)	75 (100)
	Total		126 (28)	175 (39)	149 (33)	450

**Source:** Primary data.

Figures in parentheses denote percentage to total.



Table 3.3 shows that out of the 450 respondents, 126 (28 per cent) had educational qualification upto higher secondary school level, 175 (39 per cent) were graduates and 149 (33 per cent) were post graduates. As far as the first common service namely 'safe custody' is concerned, a majority of 56 (37.34 per cent) of the respondents had education upto the Higher Secondary School, followed by 91 (40.44 per cent) employees who were graduates and another 42 (56 per cent) who were also graduates and from other type of respondents. There were only 12 (16 per cent) respondents who were post-graduates and fall in the category of other type of employees.

As far as 'deposit of funds' is concerned, a majority of 61 (27.11 per cent) employee type of respondents had education upto higher secondary school, followed by 88 (39.11 per cent) businessmen who were graduates and another 31 (41.33 per cent) were also graduates who were from the other type of respondents. There were only 12 (16 per cent) respondents who were post-graduates of the other type of respondents.

In respect of 'tax consultancy' service, a majority of 58 (25.78 per cent) employees had education upto higher secondary school followed by 87 (38.67 per cent) businessmen who were graduates and another 46 (61.33 per cent) were also graduates who were from the other type of respondents. There were only 7 (9.34 per cent) respondents who were post-graduates of other type of respondents.

Regarding 'types of accounts' a majority of 58 (25.78 per cent) employees had education upto higher secondary school, followed by 78 (34.67 per cent) businessmen who were graduates and another 37 (49.33 per cent) were also

graduates who were from the other type of respondents. There were only 9 (12 per cent) respondents who were post-graduates of other type of respondents.

With regard to the service 'demand draft purchase', a majority of 51 (22.67 per cent) employees type of respondents had education upto higher secondary school, whereas 87 (38.67 per cent) businessmen type of respondents were graduates and another 27 (36 per cent) were also graduates who were from the other type of respondents. There were only 21 (28 per cent) respondents who were post-graduates from the other type.

Regarding 'withdrawal of funds', a majority of 56 (24.89 per cent) employees had education upto higher secondary school, followed by 90 (40 per cent) businessmen type of respondents who were graduates and another 50 (66.67 per cent) were also graduates who were from the other type of respondents. There were only 3 (4 per cent) respondents who were post-graduates of the other type of respondents.

As far as the service 'cheque collection' is concerned, a majority of 56 (24.89 per cent) employees had education upto higher secondary school, followed by 87 (38.67 per cent) businessmen who were graduates and another 36 (48 per cent) were also graduates who were from the other type of respondents. There were only 9 (12 per cent) respondents who were also post-graduates of the other type of employees.

With regard to the service 'jewel loan', a majority of 53 (35.33 per cent) respondents had education upto higher secondary school, followed by 89 (39.56 per cent) bank respondents who were graduates and another 46 (61.33 per cent) were also graduates who were from the other type of respondents. However, there

were only 7 (9.34 per cent) respondents who were post-graduates of the other type of employees.

#### **3.2.4 Income**

The annual income of the customers has a particular bearing on their attitude towards availing of bank services. Income being the determinant of purchasing power, it occupies a predominant place in determining the number of banking operations in general and the availing of services in particular. It is an accepted fact that the high income group people save more than what the small income group do. But at the same time, the high income people diversify their investments in different areas such as National Savings Certificate, National Savings Scheme, Mutual Funds, Unit Trust of India and the like to reduce payment of income tax. Table 3.4 shows the annual income of the respondents and the services availed.

**TABLE 3.4****Income wise Distribution of Respondents and the Services Availed**

Sl. No.	Services	Respondents	Income			Total
			Below Rs.50,000	Rs.50,000 to 1 lakh	Above Rs.1 lakh	
1.	Safe custody	Employees	55 (24.44)	126 (56.00)	44 (19.56)	225 (100)
		Businessmen	40 (26.67)	83 (55.33)	27 (18.00)	150 (100)
		Others	20 (26.67)	41 (54.67)	14 (18.66)	75 (100)
2	Deposit of funds	Employees	50 (22.22)	131 (58.22)	44 (19.56)	225 (100)
		Businessmen	43 (28.67)	78 (52.00)	29 (19.33)	150 (100)
		Others	22 (29.33)	41 (54.67)	12 (16.00)	75 (100)
3	Tax consultancy	Employees	61 (27.11)	112 (49.78)	52 (23.11)	225 (100)
		Businessmen	38 (25.33)	84 (56.00)	28 (18.67)	150 (100)
		Others	16 (21.33)	54 (72.00)	5 (6.67)	75 (100)
4.	Types of accounts	Employees	58 (25.78)	119 (52.89)	48 (21.33)	225 (100)
		Businessmen	46 (30.67)	81 (54.00)	23 (15.33)	150 (100)
		Others	11 (14.67)	50 (66.67)	14 (18.66)	75 (100)
5.	Demand draft purchase	Employees	51 (22.67)	130 (57.78)	44 (19.56)	225 (100)
		Businessmen	49 (32.67)	80 (53.33)	21 (14.00)	150 (100)
		Others	15 (20.00)	40 (53.33)	20 (26.67)	75 (100)
6	Withdrawal of funds	Employees	56 (24.89)	126 (56.00)	43 (19.11)	225 (100)
		Businessmen	41 (27.33)	76 (50.67)	33 (22.00)	150 (100)
		Others	18 (24.00)	48 (64.00)	09 (12.00)	75 (100)
7	Cheque collection	Employees	48 (21.33)	125 (55.56)	52 (23.11)	225 (100)
		Businessmen	46 (30.67)	80 (53.33)	24 (16.00)	150 (100)
		Others	21 (28.00)	45 (60.00)	09 (12.00)	75 (100)
8.	Jewel loan	Employees	54 (24.00)	111 (49.33)	60 (26.67)	225 (100)
		Businessmen	38 (25.33)	92 (61.33)	20 (13.34)	150 (100)
		Others	23 (30.67)	47 (62.67)	05 (6.67)	75 (100)
	Total		115 (25.55)	250 (55.56)	85 (18.89)	450

**Source:** Primary data.

Figures in parentheses denote percentage to total.

It is evident from Table 3.4 that there were 115 (25.55 per cent) respondents with an annual income of less than Rs.50,000, 250 (55.56 per cent) with annual income between Rs.50,000 and Rs.1,00,000 and 85 (18.89 per cent) respondents with income of more than Rs.1,00,000. It is also clear from the table that a majority of 126 (56 per cent) respondents were employees followed by 83 (55.33 per cent) were businessmen and 41 (54.67 per cent) were other type of respondents had annual income between Rs.50,000 and Rs.1,00,000. Only a least number of 14 (18.66 per cent) respondents were the other type of customers had an annual income of above Rs.1,00,000, who were availing the 'safe custody' service.

Regarding the service 'deposit of funds', a majority of 131 (58.22 per cent) respondents are employees 78 (52 per cent) were businessmen and 41 (54.67 per cent) of other type of respondents had annual income between Rs.50,000 and Rs.1,00,000. Only a small number of 12 (16 per cent) respondents of the other type of respondents had an annual income of above Rs.1,00,000.

Regarding the service 'tax consultancy', a majority of 112 (49.78 per cent) respondents were employees followed by 84 (56 per cent) were businessmen and 54 (72 per cent) were respondents of other type with annual income between Rs.50,000 and Rs.1,00,000. But a small number of 5 (6.67 per cent) respondents of the other type had an annual income of above Rs.1,00,000.

Regarding the service 'types of accounts', a majority of 119 (52.89 per cent) respondents were employees followed by 81 (54 per cent) were businessmen and 50 (66.67 per cent) of the respondents were other type with annual income

between Rs.50,000 and Rs.1,00,000. But a small number of 14 (18.66 per cent) respondents of the others had annual income of above Rs.1,00,000.

With regard to the service 'demand draft purchase', a majority of 130 (57.78 per cent) respondents were employees followed by 80 (53.33 per cent) were businessmen and 40 (53.33 per cent) were other type of respondents had annual income between Rs.50,000 and Rs.1,00,000. Only a low number of 20 (26.67 per cent) respondents of the other type had an annual income of above Rs.1,00,000.

Regarding the service 'withdrawal of funds', a majority of 126 (56 per cent) were employees followed by 76 (50.67 per cent) were businessmen and 48 (64 per cent) of them were the other type who had annual income between Rs.50,000 and Rs.1,00,000. On the other hand a small number of 9 (12 per cent) respondents of the other type had an annual income of above Rs.1,00,000.

With regard to the service 'cheque collection', a majority of 125 (55.56 per cent) respondents were employees followed by 80 (53.33 per cent) were businessmen and 45 (60 per cent) were other type who had annual income between Rs.50,000 and Rs.1,00,000. Only a small number of 9 (12 per cent) of the respondents were other type had annual income of above Rs.1,00,000.

As far as the service 'jewel loan' is concerned, a majority of 111 (49.33 per cent) respondents were employees followed by 92 (61.33 per cent) who were businessmen and 47 (62.67 per cent) were other type of respondents who had annual income between Rs.50,000 and Rs.1,00,000. However, a small number of 5

(6.67 per cent) respondents of the other type who had annual income of above Rs.1,00,000.

### **3.2.5 Purpose / Reason**

Purpose means the reasons for opening an account with the Indian Bank. Nowadays respondents open account with the bank for various reasons. The common purpose of opening an account is savings. Apart from this may be for availing over draft facilities or loan facilities or for the purpose of salary. The employees salary is directly credited into their account by ECS. Table 3.5 shows the reasons for having an account and the various common services rendered by the Indian Bank.

**TABLE 3.5****Purpose / Reason wise Classification of Respondents  
with the Services Availed**

Sl. No.	Service	Respondents	Purpose/Reasons			Total
			Overdraft	Loan	Salary	
1.	Safe custody	Employees	112 (49.78)	49 (21.78)	64 (28.44)	225 (100)
		Businessmen	95 (63.33)	29 (19.33)	26 (17.33)	150 (100)
		Others	41 (54.67)	12 (16.00)	22 (29.33)	75 (100)
2	Deposit of funds	Employees	115 (51.11)	51 (22.67)	59 (26.22)	225 (100)
		Businessmen	91 (60.67)	20 (13.33)	39 (26.00)	150 (100)
		Others	42 (56)	09 (12.00)	24 (32.00)	75 (100)
3.	Tax consultancy	Employees	113 (50.22)	39 (17.33)	73 (32.44)	225 (100)
		Businessmen	88 (58.67)	28 (18.67)	34 (22.67)	150 (100)
		Others	47 (62.67)	03 (4.00)	25 (33.33)	75 (100)
4.	Types of accounts	Employees	110 (48.89)	40 (17.78)	75 (33.33)	225 (100)
		Businessmen	73 (48.67)	32 (21.33)	45 (30.00)	150 (100)
		Others	65 (86.66)	08 (10.67)	02 (2.67)	75 (100)
5.	Demand draft purchase	Employees	114 (50.67)	47 (20.89)	64 (28.44)	225 (100)
		Businessmen	94 (62.67)	32 (21.33)	24 (16.00)	150 (100)
		Others	40 (53.33)	01 (1.33)	34 (45.33)	75 (100)
6.	Withdrawal of funds	Employees	114 (50.67)	40 (17.78)	71 (31.56)	225 (100)
		Businessmen	91 (60.67)	38 (25.33)	21 (14.00)	150 (100)
		Others	43 (57.33)	02 (2.66)	30 (40.00)	75 (100)
7.	Cheque collection	Employees	111 (49.33)	40 (17.78)	74 (32.89)	225 (100)
		Businessmen	99 (66)	25 (16.67)	26 (17.33)	150 (100)
		Others	38 (50.67)	15 (20.00)	22 (29.33)	75 (100)
8.	Jewel loan	Employees	98 (43.55)	39 (17.34)	88 (39.11)	225 (100)
		Businessmen	101 (67.33)	38 (25.33)	11 (7.33)	150 (100)
		Others	49 (65.33)	03 (4.00)	23 (30.66)	75 (100)
	Total		248 (55.11)	80 (17.78)	122 (27.11)	450

**Source:** Primary data.

Figures in parentheses denote percentage to total.



Table 3.5 shows that there were 248 (55.11 per cent) respondents who had opened accounts to avail overdraft facilities, 80 (17.78 per cent) respondents to avail loan and 122 (27.11 per cent) respondents for salary purpose. It is also evident that of the 450 respondents who availed 'safe custody', a majority of 112(49.78 per cent) employees availed overdraft followed by 49 (21.78 per cent) and 64 (28.44 per cent) of respondents availed loan and for salary purpose have accounts.

Regarding the service 'deposits of funds' a majority of 115 (51.11 per cent), 51 (22.67 per cent) and 59 (26.22 per cent) respondents respectively opened accounts for overdraft, loan and to withdraw salary.

Regarding the service namely 'tax consultancies', a majority of 113 (50.22 per cent), 39 (17.33 per cent) and 73 (32.44 per cent) respondents respectively availed overdraft, loan and to withdraw salary opened account with the bank.

Regarding the service namely 'types of accounts', a majority of 110 (48.89 per cent), 40 (17.78 per cent) and 75 (33.33 per cent) respondents respectively of availed overdraft, loan and to draw salary from the bank opened account.

With regard to the service namely 'demand draft purchase', a majority of 94 (62.67 per cent), 32 (21.33 per cent) and 24 (16 per cent) respondents respectively had account to avail of the services like overdraft, loan and to withdraw salary.

With regard to the service namely ‘withdrawal of funds’, a majority of 91 (60.67 per cent), 38 (25.33 per cent) and 21 (14 per cent) respondents respectively opened account for various reasons like overdraft, loan and to withdraw salary.

As far as the service ‘cheque collection’ is concerned, a majority of 111 (49.33 per cent), 40 (17.78 per cent) and 74 (32.89 per cent) respondents of employees businessmen and other type of respondents had account for various purposes.

As for as the service ‘jewel loan’ is concerned, a majority of 98 (43.55 per cent), 39 (17.34 per cent) and 23 (30.66 per cent) respondents open account either to avail overdraft, loan or to withdraw salary respectively.

### **3.2.6 Marital Status**

Subsequent to getting married, the needs, wants, customs, responsibilities, habits and the like are likely to undergo changes. Therefore, the marital status of the respondents influence them to avail more services in banks. The marital status and the services availed by the respondents are depicted in Table 3.6.

**TABLE 3.6****Marital Status wise Distribution with the Services Availed by the Respondents**

Sl. No.	Services	Respondents	Marital status		Total
			Married	Unmarried	
1.	Safe custody	Employees	144 (64.00)	81 (36.00)	225 (100)
		Businessmen	98 (65.33)	52 (34.67)	150 (100)
		Others	52 (69.33)	23 (30.67)	75 (100)
2	Deposit of funds	Employees	161 (71.56)	64 (28.44)	225 (100)
		Businessmen	87 (58.00)	63 (42.00)	150 (100)
		Others	46 (61.33)	29 (38.67)	75 (100)
3.	Tax consultancy	Employees	153 (68.00)	72 (32.00)	225 (100)
		Businessmen	90 (60.00)	60 (40.00)	150 (100)
		Others	51 (68.00)	24 (32.00)	75 (100)
4.	Types of accounts	Employees	146 (64.89)	79 (35.11)	225 (100)
		Businessmen	99 (66.00)	51 (34.00)	150 (100)
		Others	49 (65.33)	26 (34.67)	75 (100)
5.	Demand draft purchase	Employees	149 (66.22)	76 (33.78)	225 (100)
		Businessmen	81 (54.00)	69 (46.00)	150 (100)
		Others	64 (85.33)	11 (14.67)	75 (100)
6.	Withdrawal of funds	Employees	150 (66.67)	75 (33.33)	225 (100)
		Businessmen	100 (66.67)	50 (33.33)	150 (100)
		Others	44 (58.67)	31 (41.33)	75 (100)
7.	Cheque collection	Employees	155 (68.89)	70 (31.11)	225 (100)
		Businessmen	101 (67.33)	49 (32.67)	150 (100)
		Others	38 (50.67)	37 (49.33)	75 (100)
8.	Jewel loan	Employees	160 (71.11)	65 (28.89)	225 (100)
		Businessmen	90 (60.00)	60 (40.00)	150 (100)
		Others	44 (58.67)	31 (41.33)	75 (100)
	Total		294 (65.33)	156 (34.67)	450

**Source:** Primary data.

Figures in parentheses denote percentages to total.

Among the 450 respondents 294 (65.33 per cent) were married and 156 (34.67 per cent) respondents were unmarried.

It is clear from Table 3.6 that a majority of 144 (64 per cent) employees followed by 98 (65.33 per cent) of the businessmen and 52 (69.33 per cent) of other type have availed of the service namely 'safe custody'. Out of the unmarried, there were only 23 (30.67 per cent) respondents of the other type.

With regard to the service 'deposit of funds', it has been observed that a majority of 161 (71.56 per cent) married respondents where of employees followed by 87 (58 per cent) were businessmen and 46 (61.33 per cent) were the other type of respondents. Out of the unmarried, there were only 64(28.44 per cent) respondents were employees.

With regard to the service 'tax consultancy', it has been observed that a majority of 153 (68 per cent) married respondents were employees followed by 90 (60 per cent) were businessmen and 51 (68 per cent) were from the other type of respondents. Out of the unmarried, there were only 72 (32 per cent) employees.

As far as the service 'types of accounts' is concerned, it has been observed that a majority of 146 (64.89 per cent) married respondents were employees, followed by 99 (66 per cent) of the respondents were businessmen and 49 (65.33 per cent) from the other type. Out of the unmarried, there were 79(35.11 per cent) employees.

As far as the service 'demand draft purchase' is concerned it has been observed that a majority of 149 (66.22 per cent) married respondents were employees, followed by 81 (54 per cent) of them were businessmen and 64 (85.33 per cent) were other type of respondents. Out of the unmarried, there were only 76 (33.78 per cent) respondents were employees.

Regarding the service, 'withdrawal of funds' it has been observed that a majority of the 150 (66.67 per cent) married respondents were employees, followed by 100 (66.67 per cent) were businessmen and 44 (58.67 per cent) were other type of customers. Out of the unmarried, there were only 31 (41.33 per cent) respondents were from the other type of customers.

Regarding the service 'cheque collection' it has been observed that a majority of the 155 (68.89 per cent) married respondents were employees, followed by 101 (67.33 per cent) were businessmen and 38 (50.67 per cent) from the other type. Out of the unmarried, there were only 37 (49.33 per cent) respondents who belongs to other type.

Regarding the service 'jewel loan', it has been observed that a majority of 160 (71.11 per cent) married respondents were of employees, followed by 90 (60 per cent) were businessmen and 44 (58.67 per cent) from the other type of respondents. Out of the unmarried, there were only 31 (41.33 per cent) respondents were from other type.

### **3.2.7 Location of the Respondents**

In the selected district, banks are mostly located in rural and semi- urban areas. Banks are located in a particular area, depending on the population of the particular area to cater to the need of the population. Customers want to have easy access to the banks. Most of them would like to have banks in their village itself, in which they wish to avail the services. There are four taluks in the sample district. Each taluk is provided with sufficient number of branches. A distribution of 146 respondents from rural areas and 304 from urban areas were chosen. The concept of Service Area Approach (SAA) is also followed in locating a bank to ensure success in its operation. An area-wise distribution of respondents with the common services availed is presented in Table 3.7.

**TABLE 3.7****Area wise Distribution of Respondents and Services Aailed**

Sl. No.	Services	Respondents	Area		Total
			Rural	Urban	
1.	Safe custody	Employees	75 (33.33)	150 (66.67)	225 (100)
		Businessmen	51 (34.00)	99 (66.00)	150 (100)
		Others	20 (22.67)	55 (73.33)	75 (100)
2.	Deposit of funds	Employees	62 (27.56)	163 (72.44)	225 (100)
		Businessmen	60 (40.00)	90 (60.00)	150 (100)
		Others	24 (32.00)	51 (68.00)	75 (100)
3.	Tax consultancy	Employees	71 (31.56)	154 (68.4)	225 (100)
		Businessmen	56 (37.3)	94 (66.7)	150 (100)
		Others	19 (25.33)	56 (74.67)	75 (100)
4.	Types of accounts	Employees	80 (35.56)	145 (64.44)	225 (100)
		Businessmen	42 (28.00)	108 (72.00)	150 (100)
		Others	24 (32.00)	51 (68.00)	75 (100)
5.	Demand draft purchase	Employees	70 (31.11)	155 (68.89)	225 (100)
		Businessmen	63 (42.00)	87 (58.00)	150 (100)
		Others	13 (17.33)	62 (82.67)	75 (100)
6.	Withdrawal of funds	Employees	66 (29.33)	159 (70.67)	225 (100)
		Businessmen	50 (33.33)	100 (66.67)	150 (100)
		Others	30 (40.00)	45 (60.00)	75 (100)
7.	Cheque collection	Employees	64 (28.44)	161 (71.56)	225 (100)
		Businessmen	47 (31.33)	103 (68.67)	150 (100)
		Others	35 (46.67)	40 (53.33)	75 (100)
8.	Jewel loan	Employees	61 (27.11)	164 (72.88)	225 (100)
		Businessmen	56 (37.33)	94 (62.67)	150 (100)
		Others	29 (38.67)	46 (61.33)	75 (100)
	Total		146 (32.44)	304 (67.56)	450

**Source:** Primary data.

Figures in parenthesis denote percentage to total.

It is clear from Table 3.7 that there were 146 (32.44 per cent) respondents belonging to rural areas and 304 (67.56 per cent) respondents of urban areas. A majority of 150 (66.67 per cent) urban respondents were employees followed by 99 (66 per cent) were businessmen and 55 (73.33 per cent) were the other type of respondents who have availed the service namely 'safe custody'. Among the rural area respondents, there were only 20 (22.67 per cent) respondents were from the other type of customers.

With regard to the service 'deposit of funds' it has been observed that a majority of 163 (72.44 per cent) urban respondents were employees, followed by 90 (60 per cent) were businessmen and 51 (68 per cent) were from the other type of respondents. Among the rural respondents, there were only 24 (32 per cent) respondents from the other type.

As far as the service 'tax consultancy' is concerned it has been observed that a majority of 154 (68.4 per cent) urban respondents were employees followed by 94 (66.7 per cent) were businessmen and 56 (74.67 per cent) were from the other type. Among the rural respondents, only 19 (25.33 per cent) were from the other type.

With regard to the service 'types of accounts' it has been observed that a majority of 145 (64.44 per cent) urban respondents were employees, followed by 108 (72 per cent) were businessmen and 51 (68 per cent) from the other type. Among the rural respondents only 24 (32 per cent) were from the other type of customers.



As far as the service ‘demand draft purchase’ is concerned, it has been observed that a majority of 155 (68.89) urban respondents were employees, followed by 87 (58 per cent) were businessmen and 62 (82.67 per cent) were from the other type of respondents. Out of the rural respondents, only 13 (17.33 per cent) of them were other type. Regarding the service ‘withdrawal’, it has been observed that a majority of 159 (70.67 per cent) urban respondents were employees, followed by 100 (66.67 per cent) were businessmen and 45 (60 per cent) were from the other type of respondents. Among the rural respondents, only 30 (40 per cent) of them were other type of respondents.

With regard to the service ‘cheque collection’ it has been observed that a majority of 161 (71.56 per cent) Urban respondents were employees, followed by 103 (68.67 per cent) were businessmen and 40 (53.33 per cent) from other type of respondents. Among the rural respondents, only 35 (46.67 per cent) of them were other type of respondents. Regarding the service, ‘jewel loan’, it has been observed that a majority of 164 (72.88 per cent) urban respondents were employees followed by 94 (62.67 per cent) respondents were businessmen and 46 (61.33 per cent) were from the other type. Out of the rural respondents only 29 (38.67 per cent) from the other type of respondents.

### **3.2.8 Size of Family**

There has been a close association of the total number of members in a family and the various services availed by them. So it has been identified as one of the most vital factors that determine the quantum of services availed. The higher the number of members in the family, the higher number of services availed and

vice versa. In the study area there are families with few children, many children, a few dependents and many dependents. They were categorized into three. In case a family with a total number of members below three, it is categorized as small family, if the number is between three and five it is characterized as medium family and if the number is above five it is categorized as large family. The distribution of the family size of the respondents with the common services availed is depicted in Table 3.8.

**TABLE 3.8****Size of Family and the Common Services Availed By the Respondents**

Sl. No.	Services	Respondents	Size of family			Total
			Small	Medium	Large	
1.	Safe custody	Employees	85 (37.78)	114 (50.67)	26 (11.55)	225 (100)
		Businessmen	60 (40.00)	60 (40.00)	30 (20.00)	150 (100)
		Others	28 (37.33)	30 (40.00)	17 (22.67)	75 (100)
2	Deposit of funds	Employees	75 (33.33)	111 (49.34)	39 (17.33)	225 (100)
		Businessmen	65 (43.33)	70 (46.67)	15 (10.00)	150 (100)
		Others	33 (44.00)	23 (30.67)	19 (25.33)	75 (100)
3.	Tax consultancy	Employees	80 (35.55)	103 (45.78)	42 (18.67)	225 (100)
		Businessmen	70 (46.67)	69 (46.00)	11 (7.33)	150 (100)
		Others	23 (30.67)	32 (42.67)	20 (26.66)	75 (100)
4.	Types of accounts	Employees	73 (32.44)	99 (44.00)	53 (23.56)	225 (100)
		Businessmen	69 (46.00)	70 (46.67)	11 (7.33)	150 (100)
		Others	31 (41.33)	35 (46.67)	09 (12.00)	75 (100)
5.	Demand draft purchase	Employees	82 (36.44)	100 (44.44)	43 (19.12)	225 (100)
		Businessmen	66 (44.00)	65 (43.33)	19 (12.67)	150 (100)
		Others	25 (33.33)	39 (52.00)	11 (14.67)	75 (100)
6.	Withdrawal of funds	Employees	78 (34.67)	108 (48.00)	39 (17.33)	225 (100)
		Businessmen	71 (47.33)	71 (47.33)	08 (5.34)	150 (100)
		Others	24 (32.00)	25 (33.33)	26 (34.67)	75 (100)
7.	Cheque collection	Employees	81 (36.00)	101 (44.89)	43 (19.11)	225 (100)
		Businessmen	80 (53.33)	68 (45.33)	02 (1.34)	150 (100)
		Others	12 (16.00)	35 (46.67)	28 (37.33)	75 (100)
8.	Jewel loan	Employees	75 (33.33)	110 (48.89)	40 (17.78)	225 (100)
		Businessmen	79 (52.67)	70 (46.67)	01 (0.66)	150 (100)
		Others	19 (25.33)	24 (32.00)	32 (42.67)	75 (100)
	Total		173 (38.44)	204 (45.33)	73 (16.23)	450

**Source:** Primary data

Figures in parentheses denote percentage to total.

It is noted from Table 3.8 that there were 173 (38.44 per cent) respondents in the category of small family with a total of below three members, 204 (45.33 per cent) in the category of medium family between 3 and 5 members and 73 (16.23 per cent) in the category of large family size with members above five.

It is derived from Table 3.8 that among those who availed of 'safe custody' a majority of 85 (37.78 per cent) respondents and 114(50.67 per cent) employees were in the small and medium family size category of below 3 and 3 to 5 respectively, followed by 60 (40 per cent) each from businessmen who lie in the same below 3 and 3 to 5 category respectively and 30 (40 per cent) respondents of other type were in the 3 to 5 members category.

Regarding 'deposit of funds', a majority of 75 (33.33 per cent) respondents and 111 (49.34 per cent) respondents of employees were in the family size category of below 3 and 3 to 5 respectively, followed by 65 (43.33 per cent) and 70 (46.67 per cent) respondents of businessmen who lie in the same below 3 and 3 to 5 category respectively. 33 (44 per cent) and 23 (30.67 per cent) respondents of the other type were in the below 3 and members 3 to 5 category.

Regarding 'tax consultancy', a majority of 80 (35.55 per cent) respondents and 103 (45.78 per cent) respondents of the employees were in the family size category of below 3 and 3 to 5 respectively, followed by 70 (46.67 per cent) and 69 (46 per cent) of businessmen who lie in the same below 3 and 3 to 5 category respectively and 32 (42.67 per cent) respondents were from the other type of respondents were in the medium size family.

Regarding ‘types of accounts’, a majority of 73 (32.44 per cent) respondents and 99 (44 per cent) respondents of the employees were in the family size category of below 3 and 3 to 5 respectively, followed by 69 (46 per cent) and 70 (46.67 per cent) of businessmen who lie in the same below 3 and 3 to 5 category respectively and 35 (46.67 per cent) respondents were from the other type of customers were in the 3 to 5 members category.

Regarding ‘demand draft purchase’, a majority of 82 (36.44 per cent) respondents and 100 (44.44 per cent) respondents of the employees were in the family size category of below 3 and 3 to 5 respectively, followed by 66 (44 per cent) and 65 (43.33 per cent) of the respondents who lie in the same below 3 and 3 to 5 category respectively and 39 (52 per cent) respondents of other type were in the 3 to 5 members category.

Regarding ‘withdrawal of funds’, a majority of 78 (34.67 per cent) respondents and 108 (48 per cent) respondents of employees were in the family size category of below 3 and 3 to 5 respectively, followed by 71 (47.33 per cent) of businessmen who lie in the same below 3 and 3 to 5 category respectively and 25 (33.33 per cent) respondents of other type were in the 3 to 5 members category.

Regarding ‘cheque collection’, a majority of 81 (36 per cent) respondents and 101 (44.89 per cent) respondents of the employees were in the family size category of below 3 and 3 to 5 respectively, followed by 80 (53.33 per cent) and 68 (45.33 per cent) of businessmen who lie in the same below 3 and medium size family category respectively and 35 (46.67 per cent) respondents of other type were in the 3 to 5 category.

Regarding 'jewel loan', a majority of 75 (33.33 per cent) respondents and 110 (48.89 per cent) respondents of the employees were in the family size category of below 3 and 3 to 5 respectively, followed by 79 (52.67 per cent) and 70 (46.67 per cent) of businessmen lie in the same below 3 and 3 to 5 category respectively and 24 (32 per cent) respondents were the other type were in the 3 to 5 category.

### **3.2.9 Number of Accounts Held**

Commercial banks offer a variety of services to their customers in the spot. They compete with other banks in rendering services to their customers. They try to offer most of the services at the doorsteps of their customers. Among the various services, offering various types of accounts is an important service. In the survey it has been identified that many respondents have more than one account. The businessmen have even four or five accounts.

The number of accounts held by the respondents and the various common services availed are shown in Table 3.9.

**TABLE 3.9****Number of Accounts Held by the Respondents with the Common Services Availed**

Sl. No.	Services	Respondents	No. of Accounts			Total
			One	2 or 3	More than 3	
1.	Safe custody	Employees	98 (43.56)	69 (30.67)	58 (25.77)	225 (100)
		Businessmen	67 (44.67)	56 (37.33)	27 (18.00)	150 (100)
		Others	35 (46.67)	25 (33.33)	15 (20.00)	75 (100)
2	Deposit of funds	Employees	81 (36.00)	78 (34.67)	66 (29.33)	225 (100)
		Businessmen	89 (59.33)	49 (32.67)	12 (8.00)	150 (100)
		Others	30 (40.00)	23 (30.67)	22 (29.33)	75 (100)
3.	Tax consultancy	Employees	88 (39.11)	60 (26.67)	77 (34.22)	225 (100)
		Businessmen	83 (55.33)	50 (33.33)	17 (11.33)	150 (100)
		Others	29 (38.67)	40 (53.33)	16 (21.33)	75 (100)
4.	Types of accounts	Employees	100 (44.44)	60 (26.67)	65 (28.89)	225 (100)
		Businessmen	66 (44.00)	60 (40.00)	24 (16.00)	150 (100)
		Others	34 (45.33)	30 (40.00)	11 (14.67)	75 (100)
5.	Demand draft purchase	Employees	79 (35.11)	94 (41.78)	52 (23.11)	225 (100)
		Businessmen	102 (68.00)	24 (16.00)	24 (16.00)	150 (100)
		Others	19 (25.33)	32 (42.67)	24 (32.00)	75 (100)
6.	Withdrawal of funds	Employees	85 (37.78)	68 (30.22)	72 (32.00)	225 (100)
		Businessmen	90 (60.00)	50 (33.33)	10 (6.67)	150 (100)
		Others	25 (33.33)	32 (42.67)	18 (24.00)	75 (100)
7.	Cheque collection	Employees	110 (48.89)	75 (33.33)	40 (17.78)	225 (100)
		Businessmen	79 (52.67)	51 (34.00)	20 (13.33)	150 (100)
		Others	11 (14.67)	24 (32.00)	40 (53.33)	75 (100)
8.	Jewel loan	Employees	92 (40.89)	81 (36.00)	52 (23.11)	225 (100)
		Businessmen	84 (56.00)	40 (26.67)	26 (17.33)	150 (100)
		Others	24 (32.00)	29 (38.67)	22 (29.33)	75 (100)
	Total		200 (44.44)	150 (33.33)	100 (22.23)	450

**Source:** Primary data.

Figures in parentheses denote percentage to total.

It is obvious from Table 3.9 that 200 (44.44 per cent) respondents had only one account, whereas 150 (33.33 per cent) had more than one, that is two or three accounts and 100 (22.23 per cent) respondents had more than three accounts.

It is evident from Table 3.9 that of those who availed of 'safe custody', 98 (43.56 per cent), 69 (30.67 per cent) and 58 (25.77 per cent) respondents of employees had one account, two to three accounts and above three accounts respectively. In the case of respondents of the other type, 35 (46.67 per cent), 25 (33.33 per cent) and 15 (20 per cent) respondents had one, two to three and above three accounts respectively.

Regarding 'deposit of funds', 81 (36 per cent), 78 (34.67 per cent) and 66 (29.33 per cent) respondents of the employees had only one, two to three accounts and above three accounts respectively. In the case of respondents of the other type 30 (40 per cent), 23 (30.67 per cent) and 22 (29.33 per cent) had one, two to three accounts and above three accounts respectively.

Regarding 'tax consultancy', 88 (39.11 per cent), 60 (26.67 per cent) and 77 (34.22 per cent) respondents of the employees had only one account, two to three accounts and above three accounts respectively. In the case of respondents of the other type, 29 (38.67 per cent), 40 (53.33 per cent) and 16 (21.33 per cent) respondents had one account, two to three accounts and above three accounts respectively.

Regarding 'types of accounts', 100 (44.44 per cent), 60 (26.67 per cent) and 65 (28.89 per cent) respondents of employees had only one account, two to



three accounts and above three accounts respectively. In the case of respondents of the other type, 34 (45.33 per cent), 30 (40 per cent) and 11 (14.67 per cent) respondents had one account, two to three accounts and above three accounts respectively.

Regarding 'demand draft purchase', 79 (35.11 per cent), 94 (41.78 per cent) and 52 (23.11 per cent) respondents of the employees had only one account, two to three accounts and above three accounts respectively. In the case of the respondents of other type, 19 (25.33 per cent), 32 (42.67 per cent) and 24 (32 per cent) respondents had one account, two to three accounts and above three accounts respectively.

Regarding 'withdrawal of funds', 85 (37.78 per cent), 68 (30.22 per cent) and 72 (32 per cent) respondents of the employees had only one account, two to three accounts and above three accounts respectively. In the case of respondents of the other type, 25 (33.33 per cent), 32 (42.67 per cent) and 18 (24 per cent) respondents had one account, two to three accounts and above three accounts respectively.

Regarding 'cheque collection', 10 (48.89 per cent), 75 (33.33 per cent) and 40 (17.78 per cent) respondents of employees had only one account, two to three accounts and above three accounts respectively. In the case of other type of respondents, 11 (14.67 per cent), 24 (32 per cent) and 40 (53.33 per cent) had one account, two to three accounts and above three accounts respectively.

Regarding 'Jewel loan', 92 (40.89 per cent), 81 (36 per cent) and 52 (23.11 per cent) respondents of employees had only one account, two to three accounts and above three accounts respectively. In the case of respondents of the other type, 24 (32 per cent), 29 (38.67 per cent) and 22 (29.33 per cent) had one account, two to three accounts and above three accounts respectively.

### **3.3 PROBLEMS FACED BY THE RESPONDENTS**

People become customers of banks to avail of services rendered by the banks. Some customers avail a less number of services whereas a large number of customers have been availing many services. Irrespective of the services availed of customers even the highly satisfied customers do have some difficulties in attaining them.

The problems of the bank customers were studied through an opinion survey conducted in the study area. The respondents were asked to rank each of the problems identified for this purpose in the order of importance. The ranks assigned by the respondents were converted into scores by using Garrett's Ranking Technique. The various problems relating to the services rendered by which the respondents of the study area were affected are categorized as;

1. Safe Custody related problems
2. Consultancy related problems
3. Operation of Accounts related problems
4. Enquiry Counter related problems
5. ATM Center related problems

6. ATM Machine related problems
7. Jewel Loan related problems
8. Personal/Home Loan related problems
9. Collection of cheques related problems

The various problems faced by the Indian Bank respondents were tested with the help of Garrett's Ranking Technique. This method was suggested by Garrett for converting the ranks into scores when a number of items ranked differed from respondent to respondent. The per cent position for each rank was found using the following formula

$$\text{Per cent position} = \frac{100[R_{ij} - 0.5]}{N_j}$$

Where,

$R_{ij}$  = Rank given to  $i^{\text{th}}$  factor by  $j^{\text{th}}$  individual

$N_j$  = Number of factors ranked by  $j^{\text{th}}$  individual

By referring to the table given by Garrett the per cent position was estimated and converted into scores. Then for each factor the score of various respondents was added and divided by the number of respondents to arrive at the mean score. The mean score thus obtained for each factor was arranged in the descending order. The factor with the highest mean score was given the first rank, followed by second, third and so on. It is to be noted that, under each problem, the respondents were asked to give only one rank to a factor.

### 3.3.1 Safe Custody Related Problems

In order to keep the valuables safe, customers prefer to hire safety lockers in banks in which they keep them under lock and key. Banks render this facility to their customers on payment of a nominal rent. There are restrictions on these lockers regarding the period of use. Even when a customer becomes a non-customer of the particular bank he is allowed to use this facility. Customers experience many problems in getting and availing this facility. These are delays in obtaining a locker, restricted access, size of the safe, users inconvenience, locker rent, charge on maintenance of the locker, restricted usage and non-availability.

In order to identify the most pressing safe custody related problems in the order of priority data were collected and analysed with the help of Garrett's Ranking Technique and the results are presented in Table 3.10.

**TABLE 3.10**  
**Safe Custody Related Problems**

Sl. No.	Causes	Garrett's Rank Mean Score	Rank
1.	Restricted access	69.72	I
2.	Users inconvenience	64.51	II
3.	Locker rent	60.03	III
4.	Restricted usage	57.89	IV
5.	Charge on maintenance of the locker	52.77	V
6.	Size of the safe	48.62	VI
7.	Delay in getting the safe	42.09	VII
8.	Non availability	40.11	VIII

**Source:** Computed data.

It is evident from Table 3.10 that the cause namely 'restricted access' has topped the list with the highest mean score of 69.72, as the locker can be accessed for only once every day. It has been followed by the 'users inconvenience' ranking second with a mean score of 64.51, the factor 'locker rent' has been ranked third with 60.03 mean score followed by 'restricted usage' with 57.89 mean score and which ranked fourth, 'maintenance of the locker key', (52.77) ranked fifth, 'size of the safe', (48.62) ranked sixth, 'delay in getting the safe' (42.09) ranked seventh and 'non-availability' with a least mean score of 40.11 are the other important causes for the problems.

### **3.3.2 Consultancy Related Problems**

Customers consult the bank officials regarding starting of business, running of business (merchant banking) and business problems, sales tax calculation, and the like. Some officials are found to be devoted to the profession. Many customers, consultancy service has become vital as they may not get such valuable guidance elsewhere.

However, many a time, the customers are put to a lot of hardship in availing of such service. The various situations are getting appointment for consultancy, insufficient advice, extraordinary fees on consultancy, difficulty in extracting perfect calculations and complete procedures, negative response and delay in getting the services.

In order to identify the most pressing consultancy related problems in order of priority data were collected and analysed with the help of Garrett's Ranking Technique and the results are presented in Table 3.11.

**TABLE 3.11**  
**Consultancy Related Problems**

Sl. No.	Causes	Garrett's Rank Mean Score	Rank
1.	Delay in getting the services	66.05	I
2.	Difficulty in extracting complete procedures	64.82	II
3.	Getting appointment for consultancy	59.61	III
4.	Insufficient advice	53.92	IV
5.	Extraordinary Fees on consultancy	47.44	V
6.	Negative response	45.92	VI

**Source:** Computed data.

Table 3.11 clearly exhibits that among the causes leading to consultancy related problems, 'delay in getting the services' has ranked the first with the highest mean score of 66.05. Complete procedures differ from one type of service and scheme to the other. Hence 'difficulty in extracting complete procedures' has ranked the second with a mean score of 64.82 followed by 'getting appointment for consultancy' with a mean score of 59.61 ranked the third. There has been lack of advice provision to the customers in the times of need. So 'insufficient advice' has ranked fourth with a mean score of 53.92. Likewise 'extraordinary fees on consultancy' has ranked fifth with a mean score of 47.44 while negative response has ranked sixth with a least mean score of 45.92.

### 3.3.3 Operation of Accounts Related Problems

Commercial banks offer different types of accounts namely savings bank accounts, current accounts, recurring deposits, fixed deposits, reinvestment plans, cash certificates, pension schemes, daily/monthly savings' schemes and the like. Among these some accounts are more popular than the others.

Though there are many deposit schemes in the banks which are made available to customers of different nature, there are some problems faced by the customers in operating them. The various problems are provision of introducing customers, restriction on number of operations, charges on non-operation, unattractive rate of interest, absence of ATM centers and absence of evening and holiday counters, improper entries in passbook and delay in sanctioning of huge amount. Inorder to identify the most pressing operation of accounts related problems in the order of priority data were collected and analysed with the help of Garrett's Ranking Technique and the results were presented in Table 3.12.

**TABLE 3.12**  
**Operation of Accounts Related Problems**

Sl. No.	Causes	Garrett's Rank Mean Score	Rank
1.	Seeking for an introducer to open an account	70.82	I
2.	Restrictions on number of operations	68.31	II
3.	Absence of ATM Centers	63.66	III
4.	Absence of evening and holiday counters	57.94	IV
5.	Unattractive rate of interest	52.38	V
6.	Charges on non operation	48.89	VI
7.	Improper entries in pass book	44.62	VII
8.	Delay in sanctioning huge amount	41.28	VIII

**Source:** Computed data.

Table 3.12 shows that among all the causes leading to operation of accounts related problems, 'seeking for an introducer to open an account' has ranked the first with a mean score of 70.82 as it is a difficult task to get a person known to both the banker and the customer, followed by 'restrictions on number of operations' with a mean score of 68.31 ranked second. Banks do not have ATM facility in all their branches. Hence 'absence of ATM center' ranked third with a mean score of 63.66 followed by 'absence of evening and holiday counters' with a mean score of 57.94, 'unattractive rate of interest' ranked fifth with a mean score of 52.38, 'charges on non-operations' ranked sixth with a mean score of 48.89, 'improper entries in pass book' ranked seventh with a mean score 44.62, and 'delay in sanctioning huge amount' ranked eighth with a mean score of 41.28.

#### **3.3.4 Enquiry Counter Related Problems**

Through the process of market segmentation, it has been identified that there are some services available in all segments and there are some others available in certain segments only. The establishment of an enquiry counter will be highly useful to all customers particularly for new customers and under customers. Some banks have a full-fledged enquiry counter at the reception. Customers are expected to be received and guided by the receptionist at the enquiry counter. Even in banks where enquiry counters are available, customers face some problems. Non-availability of enquiry counter, non-availability of staff at the enquiry counter, inadequate information, un-courteous response, impatient staff and responding unhappily are some of the important problems faced by the customers.



In order to identify the most pressing enquiry counter related problems, in the order of priority, data were collected and analysed with the help of Garrett's Ranking Technique and the results were presented in Table 3.13.

**TABLE 3.13**  
**Enquiry Counter Related Problems**

Sl. No.	Causes	Garrett's Rank Mean Score	Rank
1.	Non-availability of enquiry counter	66.33	I
2.	Non-availability of staff at the enquiry counter	60.15	II
3.	Un-courteous response	54.89	III
4.	Inadequate information	46.35	IV
5.	Staff-impatient and unhappy to respond	40.12	V

**Source:** Computed data.

Table 3.13 shows that in most of the banks in the study area there is no enquiry counter and hence the factor 'non-availability of enquiry counter' ranked first with a mean score of 66.33 followed by 'non-availability of staff' ranked second with a mean score of 60.15. While 'un-courteous response' ranked third with a mean score of 54.89, 'inadequate information' is ranked fourth with a mean score of 46.35, 'staff impatient and unhappy to respond' is ranked the least with a mean score of 40.12.

### **3.3.5 ATM Centers**

Now a days customers are afraid to use an ATM center which are not located in remote areas. There is a threat to the life of the customers in some places due to lack of security. It has been observed that there are many causes which lead to problems on transactions related issues. The various causes of such

problems are single ATM machine in cities, insufficient cash, long queue, break down of ATM machine, less secure ATMs and no provision of CCTV. Inorder to identify the most pressing ATM related problems in the order of priority, data were collected and analysed with the help of Garrett's Ranking Technique and the results are presented in Table 3.14.

**TABLE 3.14**  
**ATM Center Related Problems**

Sl. No.	Causes	Garrett's Rank Mean Score	Rank
1.	Single ATM Machine in cities	64.70	I
2.	Insufficient cash	60.69	II
3.	Long queue	55.82	III
4.	Break down of ATM Machine	49.51	IV
5.	Less secure ATMs	44.32	V
6.	No provision of CCTV	39.65	VI

**Source:** Computed data.

Table 3.14 shows that the factor 'single ATM machine in cities' was ranked first with a mean score of 64.70 followed by 'Insufficient cash' was ranked second with a mean score of 60.69. 'long queue' was ranked third with a mean score of 55.82, 'break down of ATM machine' was ranked fourth with a mean score of 49.51, 'less secured' ranked fifth with a mean score of 44.32 and 'no provision of CCTV' was ranked sixth with a mean score of 39.65.

### **3.3.6 ATM machine related problems**

ATM machines are installed with the purpose of any time money. But it so happens when there is a government holiday followed by the Sunday the ATM centers are closed or opened with out adequate cash some times it is not in

function. Easy withdrawal of cash must be made available to customers without any delay.

Though these services rendered by banks, on various occasions, the customers are put to some inconvenience. The various causes of problems which arise on account of ATM Machine are card locking, delay in card delivery, machine complexity, failure to maintain balance, power failure. Inorder to identify the causes relating to the ATM Machine related problems in the order of priority, data were collected and analysed with the help of Garrett's Ranking Technique and the results are presented in Table 3.15.

**TABLE 3.15**  
**ATM machine related problems**

Sl. No.	Causes	Garrett's Rank Mean Score	Rank
1.	Card locking	67.63	I
2.	Delay in card delivery	62.49	II
3.	Machine complexity	56.21	III
4.	Failure to maintain sufficient balance	51.92	IV
5.	Power failure	45.45	V

**Source:** Computed data.

It is evident from Table 3.15 that standing instructions are not strictly adhered in commercial banks. Some banks do not comply with the request regarding standing instructions given by the customers. The factors 'card locking', 'delay in card delivery', 'machine complexity', 'failure to maintain sufficient balance' and 'power failure' with mean scores respectively 67.63, 62.49, 56.21, 51.92 and 45.45 have been ranked first, second, third, fourth and fifth respectively.

### 3.3.7 Jewel Loan

It is a facility which lends a helping hand to all categories of customers such as the poor, the agriculturists, the salaried class, the middle income group and others. There is no ceiling on the amount of loan granted to customers. It is made available on all days of banking transactions. Though this is a vital service, on availing the jewel loan, one faces a lot of inconveniences. The bank customers were quizzed on the ‘more of profit oriented nature’, ‘compounding rate of interest’, ‘time-consuming process particularly on day of loan release’, ‘absence of prompt communication service’, ‘legal proceedings on default’ and ‘high rate of interest’ of the jewel loans. In order to identify the causes relating to the jewel loan related problems in the order of priority, data were collected and analysed with the help of Garrett’s Ranking Technique and the results are presented in Table 3.16.

**TABLE 3.16**  
**Jewel Loan Related Problems**

Sl. No.	Causes	Garrett’s Rank Mean Score	Rank
1.	Compounding rate of interest	70.62	I
2.	Absence of prompt communication service	68.56	II
3.	Legal proceedings on default	62.91	III
4.	More profit oriented nature	56.82	IV
5.	High rate of interest	51.02	V
6.	Time consuming process	47.24	VI
7.	More time taken for release of jewels	41.69	VII
8.	Publishing in newspaper	38.25	VIII

**Source:** Computed data.

Table 3.16 shows that there are many causes leading to jewel loan related problem. When a jewel loan is not repaid in a year or not even the interest for the first year is paid, then it is subject to compound interest. Hence the factor ‘compounding rate of interest’ was ranked first with a high mean score of 70.62 followed by ‘absence of prompt communication service’ was ranked second with a mean score of 68.56. When there is default in release of the jewel it is subject to legal proceedings. So the factor ‘legal proceedings on default’ was ranked third with a mean score of 62.91, followed by ‘more profit oriented nature’ was ranked fourth with a mean score of 56.82. The factors ‘high rate of interest’, ‘time consuming process’, ‘more time taken for release’, and ‘publishing in newspapers’ were ranked fifth, sixth, seventh and eighth with a mean scores of 51.02, 47.24, 41.69 and 38.25.

### **3.3.8 Personal/Home Loan**

Another kind of service which is a big relief to most of the middle income group customers is that of the availing of personal or home loan. Banks compete with each other in providing such services at the door steps of the customers. With easy repayment in installments and with moderate rate of interest this service is made available. Another feature in the rate of interest is that there are two options namely fixed rate of interest and fluctuating or floating rate of interest. In offering this service also the customers are put to many difficulties. They are in the form of ‘cumbersome procedures for fixed/fluctuating rate of interest’, ‘high rate of interest’, ‘penal interest’, ‘exorbitant service charges’, ‘collateral securities’, ‘extremely difficult to avail’ and ‘option on interest rate’

Inorder to identify the causes relating to the Personal/Home Loan Related Problems, data were collected and analysed with the help of the Garrett's Ranking Technique and the results are presented in Table 3.17.

**TABLE 3.17**  
**Personal/Home Loan Related Problems**

Sl.No.	Causes	Garrett's Rank Mean Score	Rank
1.	Cumbersome procedures	66.35	I
2.	Rate of interest	63.42	II
3.	Penal interest	57.92	III
4.	Exorbitant services charges	51.48	IV
5.	Collateral securities	46.65	V
6.	Extremely difficult to avail	41.33	VI
7.	Option on interest rates	35.84	VII

**Source:** Computed data.

Table 3.17 shows that among the various causes leading to personal/home loan related problems, 'cumbersome procedures' ranked first with a higher mean score of 66.35. 'Rate of interest' and 'penal interest' was the other problematic areas relating to personal/home loans with mean scores of 63.42 and 57.92 respectively. Service charge is levied which may differ from bank to bank. Changes levied for service may be unreasonable in certain areas. Hence 'exorbitant service charges' ranked fourth with a mean score of 51.48. The causes like 'collateral securities' 'extremely difficult to avail' and 'option on interest rates' had been placed fifth, sixth and seventh with mean scores of 46.65, 41.33 and 35.84 respectively.

### 3.3.9 Collection Service

The banks undertake collection work on behalf of the customers. Based on the standing instructions of the customers the bankers collect dividend or interest on shares, bonds or debentures. They also collect cheques or demand drafts in favour of the customers. While availing this facility also the customers face some difficulties such as delay in collection, high collection charges, restriction on time of deposit of cheques or drafts deposited for collection, and low preference to this work.

Inorder to identify the most important causes relating to the collection of cheques related problems, inorder of priority, data were collected and analysed with the help of the Garrett's Ranking Technique and the results are presented in Table 3.18.

**TABLE 3.18**

**Problems associated with Collection of Cheques**

Sl. No.	Causes	Garrett's Rank Mean Score	Rank
1.	Inordinate delay	66.62	I
2.	Exorbitant collection charges	61.38	II
3.	Restriction on time of deposit	56.45	III
4.	Low preference to this work	48.97	IV

**Source:** Computed data.

It is clear from Table 3.18 that among the causes responsible for the problem arising out of collection of out-station cheques, 'inordinate delay' topped the list with a highest mean score of 66.62 followed by 'exorbitant collection

charges', 'restriction on time of deposit' and 'low preference to this work' ranking second, third and fourth with mean scores 61.38, 56.45 and 48.97 respectively.

### **3.4 SUMMARY**

An attempt has been made to analyze the personal data of the respondents namely, age, sex, literacy level, income level, reasons and purpose for opening an account, marital status, place of residence, size of family and the number of accounts, with the various common services rendered by the Indian Bank. The services related with the personal characteristics of the respondents are safe custody; deposit of funds; tax consultancy; types of accounts; demand draft purchase, withdrawal of funds; cheque collection and jewel loan.

The various problems relating to the services rendered by Indian Bank, by which the respondents of the study area are affected were categorized as safe custody related problems, consultancy related problems, operation of accounts related problems, enquiry counter related problem, ATM related problems, ATM machine related problems, jewel loan related problems, personal/home loan related problems and collection of cheques related problems.



## **SATISFACTION LEVEL OF RESPONDENTS ON THE SERVICES RENDERED BY THE INDIAN BANK**

### **4.1. INTRODUCTION**

This chapter deals with the factors influencing the levels of satisfaction of the respondents on the services rendered by the Indian bank. The analysis is made with the help of primary data collected by using an interview schedule designed for this purpose. The role of customer satisfaction is most significant in banking business also. In this connection an attempt was made to process the collected data. In a service context the service quality entails creating better service processes and outcomes to improve customers satisfaction.

The quality started from an emphasis on product quality and has been extended to include service. While the importance of quality is recognized everywhere the concept seems to refer areas namely quality of the output process and delivery system.

From the point of view of the customers good quality service occurs only when the service rendered is to the specification of customers to satisfy their needs. The idea of quality service is subjective and will be strongly linked to the needs and expectations of the customers. The distinctive nature of service requires a distinctive approach to define and measure service quality. As a result of the intangibles, multi-facted nature of many services it is harder to evaluate the quality of a service than of a product. As customers are often involved in service processing, a distinction is to be made between the process of service delivery and the actual output.

Consumer satisfaction is the key factor for the success of any organisation. A successful manufacturer always tries to find the customers' overall satisfaction. This section exhibits the satisfaction level of the customers towards the services rendered by the Indian Bank. Satisfied customers tend to be loyal and would not only continue their patronage but, would keep on referring prospects to the firm and that such continuous patronage is likely to lower the retention elasticity of the firm. Therefore, understanding the level of customer satisfaction is important to the bank because satisfying the consumer amounts to beliefs and thoughts about the outcomes of purchasing. Satisfaction is also connected with emotions that accompany purchase outcomes and related events. Satisfaction is the judgement of pleasure levels of consumption related fulfilment, including levels of under fulfilment or over fulfilment.

The level of satisfaction of the customers is an indicator for the effectiveness of the services rendered. A comprehensive study in their level of satisfaction and their relative importance to each component was made to measure the satisfaction level of the bank customers. In order to measure the level of customers' satisfaction, ten components were identified. The variation measured using Likert's five point scale. After allotting scores for each component, the total scores taken by each respondent were computed for further processing.

#### **4.2 LEVEL OF SATISFACTION**

The respondents who were satisfied with the services of the Indian Bank would have a higher level of satisfaction than those who were not. Since level of satisfaction is an abstract concept, it cannot be measured in quantitative terms

directly. Therefore, an indirect way of measuring the satisfaction level of the respondents is attempted with the help of the five point scaling technique. In order to measure the levels of satisfaction of the respondents, ten components were framed regarding the services of the Indian Bank. These were incorporated in the interview schedule. Each respondent was asked to express the most appropriate satisfaction for every statement. The satisfactions expressed by the respondents were converted into scores as per the method presented in Table 4.1.

**TABLE 4.1**  
**Scores for Five Point Scale**

Particulars	Rank				
	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
Statement	5	4	3	2	1

The overall satisfactions of the respondents thus collected and converted into scores were categorized into three groups as high, medium and low levels of satisfaction based on individual scores. Arithmetic mean ( $\bar{X}$ ) and standard deviation ( $\sigma$ ) for the total scores obtained by all the 450 respondents were computed. Those who scored more than  $(\bar{X} + \sigma)$  were classified as holding a high level of satisfaction and those whose scores were less than  $(\bar{X} - \sigma)$  were classified as holding a low level of satisfaction. Respondents who scored in between  $(\bar{X} + \sigma)$  and  $(\bar{X} - \sigma)$  were classified as holding a medium level of satisfaction on the services rendered by the bank.

#### 4.3 CLASSIFICATION OF RESPONDENTS ON THE BASIS OF THEIR SATISFACTION LEVEL

Based on the total scores obtained each respondent was classified in any one of the selected category and the result is presented in Table 4.2.

**TABLE 4.2**  
**Level of Satisfaction of the Respondents**

Satisfaction	Number of Respondents	Percentage
High level	106	23.5
Medium level	260	57.8
Low level	84	18.7
Total	450	100.00

**Source:** Primary data.

It is observed from Table 4.2 that out of 450 sample respondents, 106 (23.5 per cent) respondents had high level of satisfaction, 260 (57.8 per cent) had a medium level and 84 (18.7 per cent) had a low level of satisfaction regarding the performance of banking services in the study area.

#### 4.4 FACTORS INFLUENCING OVERALL LEVEL OF SATISFACTION

The researcher identified ten independent variables which are likely to influence the satisfaction level of the Indian Bank customers. These are:

1. Age of the respondents
2. Gender of the respondents
3. Literacy level of the respondents
4. Income level of the respondents

5. Type of occupation of the respondents
6. Marital status of the respondents
7. Place of the respondents
8. Family size of the respondents
9. Number of accounts held by the respondents.
10. Types of credit card/debit card availed by the respondents.

Inorder to ascertain the relationship between the level of satisfaction of the respondents on the services rendered by the Indian Bank and the selected independent variables, the null hypotheses were tested by applying Chi-square test. The Chi-square test is computed using the formula,

$$\chi^2 = \frac{(O - E)^2}{E}$$

$$E = \frac{\text{Row Total} \times \text{Column Total}}{\text{Grand Total}}$$

O = Observed frequency

E = Expected frequency

The calculated value is compared with the table value of Chi-square for given degrees of freedom at the five per cent level of significance. If the calculated value of the Chi-square is more than table value at the five per cent level of significance of the Chi-square the hypothesis can be accepted. If the calculated value is more than the table value it is considered that the level of satisfaction is independent of that variable. Hence the hypothesis cannot be accepted.

#### 4.4.1 Age and Level of Satisfaction

Age is not a factor to open an account in any bank. Savings bank account may be opened in the name of a minor (who has not attained the 18 years old) with the help of their guardian. Once an account is opened in the name of a person he/she becomes the customer. Generally the youngsters are ready to avail latest services rendered by the banks than the elders. Customers of different age groups may have different levels of satisfaction. Tastes in food, clothes, vehicles, furniture and recreation are often age related. The attitude of the consumers is also shaped by the stage of the family life cycle. Consumer needs and wants are likely to change with age. Inorder to find whether there is any relationship between the age group and the level of satisfaction, the respondents were divided into three age-groups, namely below 35 years, 35-45 and above 45 years and the results are presented in Table 4.3.

**TABLE 4.3**

#### **Age Group of the Respondents and their Level of Satisfaction**

Sl. No.	Age group (Years)	Level of Satisfaction			Total
		High Level	Medium Level	Low Level	
1.	Below 35	27 (23.8)	65 (57.5)	21 (18.7)	113 (100)
2.	35 – 45	51 (23.7)	124 (57.7)	40(18.6)	215 (100)
3.	Above 45	28 (22.9)	71 (58.2)	23 (18.9)	122 (100)
	Total	106 (23.5)	260 (57.8)	84 (18.7)	450 (100)

**Source:** Primary data.

It is observed from Table 4.3 that out of 215 sample respondents of the age group of 35-45 years, 51 (23.7 per cent), 124 (57.7 per cent) and 40 (18.6 per cent) had a high, medium and low levels of satisfaction respectively. Out of 113 respondents in the age group of below 35 years, 27 (23.8 per cent), 65 (57.5 per cent), 21 (18.7 per cent) had high, medium and low levels of satisfaction respectively. Out of 122 respondents belonging to the age group above 45 years, 28 (22.9 per cent), 71 (58.2 per cent), 23 (18.9 per cent) had high medium and low levels of satisfaction respectively.

Inorder to find whether there is any relationship between age and their level of satisfaction, the null hypothesis that “there is no significant relationship between the age and the level of satisfaction of the respondents to the banking services”, was framed and analyzed with the help of a Chi-square test. The result is presented in Table 4.4.

**TABLE 4.4**  
**Relationship between Age and Level of Satisfaction**

Particulars	$\chi^2$ value	Degree of Freedom	Table value at 5 per cent Significance
Age and level of satisfaction	17.087	4	9.49

**Source:** Computed from Table 3.4.

Since the calculated value of  $\chi^2$  (17.087) is greater than its corresponding table value (9.49) at the 5 per cent level of significance, the null hypothesis is rejected. Hence it is concluded that there is a significant relationship between the age group and the level of satisfaction of the sample respondents on the banking services.

#### 4.4.2 Gender and Level of Satisfaction

Gender is also identified as an important variable which may have relationship with the level of satisfaction of bank customers. Generally male customers may have more awareness about various services offered by the banks than the female ones. This is due to the fact that the free state of mind a male customer generally possesses facilitates his frequent accessibility. A female customer due to family burdens and other domestic commitments will have less time to approach the banker. However, bankers does not discriminate customers on the basis of gender in offering their services. In order to find whether there is any relationship between sex and their levels of satisfaction, the null hypothesis that “there is no significant relationship between the sex and the level of satisfaction of respondents towards the services of banks” was framed and analysed with the help of a chi-square test. The result is presented in Table 4.5.

**TABLE 4.5**  
**Gender of the Respondents and their Level of Satisfaction**

Sl. No.	Sex	High Level	Medium Level	Low Level	Total
1.	Male	69 (22.6)	177 (57.8)	60 (19.6)	306 (100)
2.	Female	37 (25.7)	83 (57.6)	24 (16.7)	144 (100)
	Total	106 (23.5)	260 (57.8)	84 (18.7)	450 (100)

**Source:** Primary data.

Table 4.5 shows that out the 306 male respondents 69 (22.6 per cent), 177 (57.8 per cent) and 60 (19.6 per cent) had high, medium and low levels of



satisfaction respectively. Out of 144 female respondents 37 (25.7 per cent), 83 (57.6 per cent) and 24 (16.7) had high, medium and low levels of satisfaction respectively. The identical percentage indicates both male and female customers of Indian Bank had medium level of satisfaction as far as banking services are concerned. However, the persons having high level and low level satisfaction stood apart based on the gender they belong to. To find whether there exists any relationship between sex and their levels of satisfaction the null hypothesis that, “there is no significant relationship between the sex and the level of satisfaction of respondents towards the banking services” was framed and analysed with the help of Chi-square test. The details are presented in Table 4.6.

**TABLE 4.6**  
**Relationship between Gender and Level of Satisfaction**

Particulars	$\chi^2$ value	Degree of Freedom	Table value at 5 per cent Significance
Gender and level of satisfaction	1.274	2	5.99

**Source:** Computed from Table 4.5

It is observed from Table 4.6 that the calculated value of  $\chi^2$  (1.274) is less than its corresponding table value (5.99) at the 5 per cent level of significance. Therefore, the null hypothesis is accepted. Hence it is concluded that there is a significant relationship between the gender and the level of satisfaction of the sample respondents on the banking services.

#### **4.4.3 Literacy level and the level of satisfaction**

Education is an important socio economic variable. Academic and technical qualifications of an individual are considered as an important factor. Educated customers way of thinking will be different from that of uneducated and less educated. The variable 'education' is useful not only to customers but also marketers, because they seem to reflect values, attitudes, tastes or more broadly the life style. Generally the literacy level of a customer is considered to be an important determinant with regard to optimum level. A person with higher literacy level may have greater satisfaction whereas the satisfaction level of an illiterate may be lower. In other words the satisfaction on banking services may grow stronger as the education level grows. The analytical thinking is supposed to get strengthened when a person qualifies himself further and further. However, the banker does not discriminate between customers in offering services based on educational qualification for the purpose of analysis. The respondents were categorized on the basis of educational qualification Table 4.7 shows the classification of the respondents based on educational qualification and satisfaction level.

**TABLE 4.7****Literacy Level and the Level of Satisfaction**

Sl. No.	Literacy Level	High Level	Medium Level	Low Level	Total
1.	Upto Higher Secondary	36 (28.6)	77 (61.1)	13 (10.3)	126 (100)
2.	Graduate	32 (18.3)	116 (66.3)	27 (15.4)	175 (100)
3.	Post Graduate	38 (25.5)	67 (45.0)	44 (29.5)	149 (100)
	Total	106 (23.5)	260 (57.8)	84 (18.7)	450 (100)

**Source:** Primary data.

It is observed from Table 4.7 that out of the 126 respondents who had education upto higher secondary level 36 (28.6 per cent), 77 (61.1 per cent) and 13(10.3 per cent) had high, medium and low levels of satisfaction respectively. Out of 175 graduate respondents 32 (18.3 per cent), 116 (66.3 per cent) and 27 (15.4 per cent) had high, medium and low levels of satisfaction respectively. Out of the 149 post graduate respondents, 38 (25.5 per cent) had high level of satisfaction, 67 (45 per cent) medium level of satisfaction, and 44 (29.5 per cent) had low level of satisfaction.

Therefore, it is clear that satisfaction level differs from respondent to respondent based on educational qualifications. To ascertain whether such differences are present in the educational qualification a further analysis is contemplated. For this purpose a null hypothesis that “there is no significant relationship between literacy level and the level of satisfaction of respondents with the banking services” was framed. The analysis was done with the help of a Chi-square test and the results are presented in Table 4.8.

**TABLE 4.8**

**Relationship between Literacy Level and Level of Satisfaction**

Particulars	$\chi^2$ value	Degree of Freedom	Table value at 5 per cent Significance
Literacy Level and level of satisfaction	22.747	4	9.49

**Source:** Computed from Table 4 7.

It is inferred from Table 4.8 that the calculated value (22.747) is greater than the table value (9.49) at the 5 per cent level of significance. Hence the null hypothesis is rejected. Therefore it is concluded that there is a significant relationship between the literacy and the level of satisfaction of the respondents in the study area.

#### **4.4.4 Income and the Level of Satisfaction**

Banking services were extended towards the rich and poor customers, educated and uneducated, salaried and non salaried, minor or major, women or businessmen, body of individual or Association of Person. A customer belonging to the higher income state was often recognized by the banker for the purpose of rendering many services which were totally denied to people of the lower strata in the society. However, a radical change was initiated due to the nationalization of important commercial banks. A paradigm shift was contemplated from the 'rich customer centered' approach to a 'common man' approach. Therefore, all banking services are open to all categories of customers not withstanding their economic status. However in practice the pace of such shift had not been so fast as was expected. Therefore, the analysis of the income level of the respondents is essential

to find their level of satisfaction. Table 4.9 shows the income position of the respondents and their level of satisfaction in the study area.

**TABLE 4.9**  
**Income and Level of Satisfaction**

Sl. No.	Annual Income (Rs in lakhs)	High Level	Medium Level	Low Level	Total
1.	Below 0.5	22 (19.1)	65 (56.6)	28 (24.3)	115 (100)
2.	0.5–1	60 (24.0)	147 (58.8)	43 (17.2)	250 (100)
3.	Above 1	24 (28.24)	48 (56.5)	13 (15.3)	85 (100)
	Total	106 (23.5)	260 (57.8)	84 (18.7)	450 (100)

**Source:** Primary data.

It is observed from Table 4.9 that out of the 115 respondents with an annual income of less than 0.5 lakhs, 22 (19.1 per cent), 65 (56.6 per cent) and 28 (24.3 per cent) had high, medium and low levels of satisfaction respectively. Out of the 250 respondents with an annual income between 0.5–1 lakh 60 (24.0 per cent), 147 (58.8 per cent) and 43 (17.2 per cent) had high, medium and low levels of satisfaction respectively. Out of the 85 respondents with an annual income of more than Rs.1 lakh 24 (28.24 per cent), 48 (56.5 per cent) and 13 (15.3 per cent) had high, medium and low levels of satisfaction.

Therefore, it is clear that income level had an influence over the satisfaction level of the respondents. To test the validity of the proposition a null hypothesis that “there is no significant relationship between annual income and the level of satisfaction of respondents towards the banking services” was framed. The analysis

was done with the help of a Chi-square Test and the results are presented in Table 4.10.

**TABLE 4.10**  
**Relationship between Income Level and Level of Satisfaction**

Particulars	$\chi^2$ value	Degree of Freedom	Table value at 5 per cent Significance
Income Level and level of satisfaction	16.967	4	5.99

**Source:** Computed from Table 4.9

Since the calculated value (16.967) is greater than its corresponding table value (5.99) at the 5 per cent level of significance, the null hypothesis is rejected. It is concluded that there is a significant relationship between annual income and the level of satisfaction of the sample respondents towards the banking services in the study area.

#### **4.4.5 Occupation and the Level of Satisfaction**

Banks render its services not only to businessmen, but also to agriculturalists, employees, home makers and self help groups in order to promote thrift or savings. Generally there may be an association between the occupation of the customers and the satisfaction level of banking services enjoyed. The expenses of traditional agriculturists may completely be different from those of an employee serving in a Government sector. Like-wise the expenses of a businessman may be different from those of a professional person. However bankers never discriminate their customers on the basis of occupation. Therefore an analysis is attempted to find whether any relationship exists between occupation and satisfaction level. For

this purpose the respondents were classified based on occupation and satisfaction level and the results are presented in Table 4.11.

**TABLE 4.11**  
**Occupation of the Respondents and their Level of Satisfaction**

Sl. No.	Occupation	High Level	Medium Level	Low Level	Total
1.	Businessmen	33 (22.7)	94 (62.7)	23 (15.3)	150 (100)
2.	Professionals	32 (23.9)	70 (52.2)	32 (23.9)	134 (100)
3.	Agriculturalists	24 (26.3)	56 (61.5)	11 (12.2)	91 (100)
4.	Others	17 (22.7)	40 (53.3)	18 (24.0)	75 (100)
	Total	106 (23.5)	260 (57.8)	84 (18.7)	450 (100)

**Source:** Primary data.

It is observed from the Table 4.11 that out of the 150 respondents whose occupation was business, 33 (22.7 per cent), 94 (62.7 per cent) and 23 (15.3 per cent) had high, medium and low levels of satisfaction respectively. Out of 134 professionals, 32 (23.9 per cent), 70 (52.2 per cent) and 32 (23.9 per cent) had high, medium and low levels of satisfaction respectively. Out of the 91 agriculturalists, 24 (26.3 per cent), 56 (61.5 per cent) and 11 (12.2 per cent) had high, medium and low levels of satisfaction respectively. Out of the 75 respondents who were considered as others (homemakers, students and self help group) 17 (22.7 per cent), 40 (53.3 per cent) and 18 (24.0 per cent) had high, medium and low levels of satisfaction respectively.

From the above analysis it is inferred that there is no apparent relationship between the occupation of the respondents and their attitude towards the performance of banking services in the study area. Therefore a further analysis is required for which a null hypothesis that “there is no significant relationship between occupation and level of satisfaction of the respondents towards the banking services” was framed and analysed with the help of Chi-square test. The results are presented in Table 4.12.

**TABLE 4.12**

**Relationship between Occupation and Level of Satisfaction**

<b>Particulars</b>	<b><math>\chi^2</math> value</b>	<b>Degree of Freedom</b>	<b>Table value at 5 per cent Significance</b>
Occupation and level of satisfaction	6.086	6	12.6

**Source:** Computed from Table 4.11

Since the calculated value (6.086) is less than the table value (12.6) at the 5 per cent level of significance, the null hypothesis is accepted. It is concluded that there is no significant relationship between the occupation and the level of satisfaction of the respondents towards the banking services in the study area.

#### **4.4.6 Marital Status and Level of Satisfaction**

This is considered as one of the social variables for analysis in the present study. The marital status of a customer more often plays a vital role in enhancing or bringing down satisfaction level towards the banking services. A married man, by virtue of his family commitments and social responsibility, may be interested in improving his standard of living and hence may try to avail himself as many



services as offered by the bankers. Most of the time, the number of such services being availed of determines his level of satisfaction. The more the services are availed of, the greater may be the level of satisfaction and vice versa. In order to analyse such a trend, the classification of respondents was made based on marital status and satisfaction level and the result are presented in Table 4.13.

**TABLE 4.13**  
**Marital Status and their Level of Satisfaction**

Sl. No.	Marital Status	High Level	Medium Level	Low Level	Total
1.	Married	79 (26.9)	170 (57.8)	45 (15.3)	294 (100)
2.	Unmarried	27 (17.3)	90 (57.7)	39 (25.0)	156 (100)
	Total	106 (23.5)	260 (57.8)	84 (18.7)	450 (100)

**Source:** Primary data.

It is observed from Table 4.13 that out of the 294 married respondents 79 (26.9 per cent), 170 (57.8 per cent) and 45 (15.3 per cent) had high, medium, and low levels of satisfaction respectively. Out of the 156 unmarried respondents 27 (17.3 per cent), 90 (57.7 per cent) and 39 (25.0 per cent) had high, medium and low levels of satisfaction.

From the forgoing analysis it is inferred that there is no apparent relationship between the marital status of the respondents and their level of satisfaction towards the performance of the bank customers in the study area. In order to test whether such relationship is statistically significant or not, a null hypothesis that, “there is no significant relationship between annual income and the level of satisfaction of respondents towards the banking services” was framed.

The analysis was done with the help of a Chi-square test and the results are presented in Table 4.14.

**TABLE 4.14**  
**Relationship between Marital Status and Level of Satisfaction**

Particulars	$\chi^2$ value	Degree of Freedom	Table value at 5 per cent Significance
Marital Status and level of satisfaction	7.813	2	5.99

**Source:** Computed from Table 4.13.

The calculated value (7.813) is greater than that of the table value (5.99) at the 5 percent significance level and hence the null hypothesis is rejected. Therefore, it is concluded that there is a significant relationship between the marital status and level of satisfaction of the sample respondents towards the services rendered by Indian Bank in the study area.

#### **4.4.7 Place and Level of Satisfaction**

Place of residence often determines the extent of accessibility. A person living in a rural/remote area may not have sufficient chance to access the banker who offers a variety of services. An urbanite has a geographical advantage to access banks very frequently. However, there are branches operated even in rural areas. Therefore all citizens whether residing in rural areas or in urban areas, have more or less equal opportunity in availing banking services. In order to make a preliminary analysis respondents were classified based on their place of residence and the results are presented in Table 4.15.

**TABLE 4.15****Place of the Respondents and their Level of Satisfaction**

Sl. No.	Place	High Level	Medium Level	Low Level	Total
1.	Rural	40 (27.5)	80 (54.7)	26 (17.8)	146 (100)
2.	Urban	66 (21.7)	180 (59.2)	58 (19.1)	304 (100)
	Total	106 (23.5)	260 (57.8)	84 (18.7)	450 (100)

**Source:** Primary data.

It is observed from Table 4.15 that out of the 146 respondents of rural area, 40 (27.5 per cent), 80 (54.7 per cent) and 26 (17.8 per cent) had high, medium and low levels of satisfaction respectively. Out of the 304 respondents of urban area, 66 (21.7 per cent), 180 (59.2 per cent) and 58 (19.1 per cent) had high, medium and low levels of satisfaction.

From the above analysis it is inferred that there appears to be a relationship between the place of the respondents and their satisfaction towards the performance of the bank customers in the study area. To test whether such relationship was statistically significant or not, a null hypothesis that “there is no significant relationship between place and level of satisfaction of the respondents towards the banking services,” was framed and analyzed with the help of a Chi-square test. The result is presented in Table 4.16.

**TABLE.4.16****Relationship between Place and Level of Satisfaction**

<b>Particulars</b>	<b><math>\chi^2</math> value</b>	<b>Degree of Freedom</b>	<b>Table value at 5 per cent Significance</b>
Place and Level of satisfaction	10.846	8	15.6

**Source:** Computed from Table 4.15.

Since the calculated value (10.846) is less than its corresponding table value (15.6) at the 5 per cent level of significance, the null hypothesis is accepted. It is concluded that there is no significant relationship between the place and the level of satisfaction of the respondents in the study area.

**4.4.8 Family size and the Level of Satisfaction**

Family Size is also identified as an important variable which may have relationship with the level of satisfaction of bank customers. In order to find whether there is any relationship between family size and their level of satisfaction the null hypothesis that “there is no significant relationship between the family size and the level of satisfaction of respondents towards the services of banks” was framed and analyzed with the help of a Chi-square test. The result is presented in Table 4.17.

**TABLE 4.17****Family size and Level of Satisfaction**

Sl. No.	Family Size	High Level	Medium Level	Low Level	Total
1.	Upto 3 (Small)	43 (24.9)	107 (61.8)	23 (13.3)	173 (100)
2.	4 – 5 (Medium)	47 (23.0)	114 (55.9)	43 (21.1)	204 (100)
3.	Above 5 (Large)	16 (21.9)	39 (53.4)	18 (24.7)	73 (100)
	Total	106 (23.5)	260 (57.8)	84 (18.7)	450 (100)

**Source:** Primary data.

Table 4.17 shows that out of the 173 respondents, 43(24.9 per cent), 107 (61.8 per cent) and 23 (13.3 per cent) had high, medium and low levels of satisfaction respectively. Out of the 204 respondents, 47 (23.0 per cent), 114 (55.9 per cent) and 43 (21.1 per cent) had high, medium and low levels of satisfaction respectively. To find whether there exists any relationship between family size and their level of satisfaction, a null hypothesis that there is no significant relationship between the family size and the level of satisfaction of the respondents towards the banking services,” was framed and analyzed with the help of Chi-square test. The details are presented in Table 4.18.

**TABLE 4.18****Relationship between Family Size and Level of Satisfaction**

Particulars	$\chi^2$ value	Degree of Freedom	Table value at 5 per cent Significance
Family size and level of satisfaction	4.488	4	9.49

**Source:** Computed from Table 4.17.

It is observed from Table 4.18 that the calculated value of  $\chi^2$  (4.488) is less than its corresponding table value (9.49) at the 5 per cent level of significance. Therefore the null hypothesis is accepted. It is concluded that there is no significant relationship between the family size and the level of satisfaction of the sample respondents towards the banking services.

#### **4.4.9 Number of accounts operated and Level of Satisfaction**

Any number of accounts may be held by a customer. Customers' satisfaction may depend upon the number of accounts held by a customer in the bank from which they derive various services. Generally, services offered by a bank are conventional and conservative. The new economic environment render many more modern services coupled with a customer friendly attitude. At the micro level the bank also render general utility cost effective services. Under this situation it may be interesting to study the relationship between number of accounts held by a customer and the level of satisfaction of the customers of these bankers. Table 4.19 shows the classification of respondents based on the number of accounts operated and the level of satisfaction they had.

**TABLE 4.19****Accounts Operated and Level of Satisfaction**

Sl. No.	Account operated	High Level	Medium Level	Low Level	Total
1.	Saving Bank Account	34 (15.1)	140 (62.3)	51 (22.6)	225 (100)
2.	Current Account	47 (31.3)	80 (53.4)	23 (15.3)	150 (100)
3.	Recurring Deposits Account	25 (33.3)	40 (53.4)	10 (13.3)	75 (100)
	Total	106 (23.5)	260 (57.8)	84 (18.7)	450 (100)

**Source:** Primary data.

It is observed from Table 4.19 that, out of the 225 respondents had savings account, 34 (15.1 per cent), 140 (62.3 per cent) and 51 (22.6 per cent) had high, medium and low levels of satisfaction respectively. Out of the 150 respondents holding current account, 47 (31.3 per cent), 80 (53.4 per cent) and 23 (15.3 per cent) had high, medium and low levels of satisfaction respectively. Out of the 75 respondents having recurring deposits account, 25(33.3 per cent), 40 (53.4 per cent) and 10 (13.3 per cent) had high, medium and low levels of satisfaction respectively.

From the above analysis it is inferred that a majority of the customers having all the three types of accounts had a medium level of satisfaction on the services. In order to ascertain the validity of the above inference, a null hypothesis that “there is no significant relationship between accounts operated and level of satisfaction of the respondents towards the banking services,” was framed and analysed with the help of a Chi-square test. The results are presented in Table 4.20.

**TABLE 4.20****Relationship between Accounts operated and Level of Satisfaction**

<b>Particulars</b>	<b><math>\chi^2</math> value</b>	<b>Degree of Freedom</b>	<b>Table value at 5 per cent Significance</b>
Accounts operated and level of satisfaction	21.765	4	9.49

**Source:** Calculated from Table 4.19.

Since the calculated value (21.765) is greater than the table value (9.49) at the 5 per cent level of significance, the null hypotheses is rejected. Hence it is concluded that there is significant relationship between the accounts operated and the level of satisfaction of the respondents towards the banking services used in the study area.

**4.4.10 Type of Card Held and Level of Satisfaction**

A credit card is popularly known as plastic money. Card based transaction may be in the form of credit, debit or smart card due to the usage and convenience have become well popular as a retail electronic mode of payments. Automated Teller Machine (ATM) cards usage is also on the increase. Due to the huge investments required for settings upon ATM centre, 15 Banks have joined in together in small clusters to share their ATM network. The development of credit cards is one of the most significant phenomena of the modern financial services. The use of credit cards enable one to take advantage of the transmission of payments and granting of credit. A credit card is basically a 'pay later' card that is provided to a customer. The value of purchases made by the credit card holders



using the card is recovered at the specified period usually a month, called billing cycle .Therefore an analysis is attempted to find whether any relationship exists between the type of card held by the customers and their level of satisfaction a null hypothesis that “there is no significant relationship between type of card and their level of satisfaction on the services of the banks.”For this purpose the respondents were classified based on the type of card possessed by him namely debit card, credit card and smart card and the results are present in Table 4.21.

**TABLE 4.21**

**Type of Card held and their Level of Satisfaction**

Sl. No	Type of Card	High Level	Medium level	Low Level	Total
1	Credit	40 (23.5)	107 (62.9)	23 (13.6)	170 (100)
2	Debit	47(23.0)	114(55.9)	43(21.1)	204(100)
3	Smart	19 (25.0)	39 (51.3)	18(23.7)	76(100)
Total		106 (23.5)	260 (57.8)	84 (18.7)	450 (100)

**Source:** Primary Data

Table 4.21 shows that out of the 170 respondents 40 (23.5 per cent), 107 (62.9 per cent) and 23 (13.6 per cent) had high, medium and low levels of satisfaction respectively. Out of the 204 respondents, 47 (23.0 per cent), 114 (55.9 per cent) and 43 (21.1 per cent) had high, medium and low levels of satisfaction respectively. To find whether there exists any relationship between family size and their level of satisfaction, a null hypothesis that, “there is no significant relationship between the types of card held and the level of satisfaction of the

respondents towards the banking services,” was framed and analyzed with the help of Chi-square test. The details are presented in Table 4.22.

**TABLE 4.22**  
**Relationship between Type of Card held and Level of Satisfaction**

Particulars	$\chi^2$ value	Degree of Freedom	Table value at 5 per cent Significance
Family Size and Level of satisfaction	4.488	4	9.49

**Source:** Computed Data

It is observed from Table 4.22 that the calculated value of  $\chi^2$  (4.488) is less than its corresponding table value (9.49) at the 5 per cent level of significance. Therefore the null hypothesis is accepted. It is concluded that there is no significant relationship between the type of card held and the level of satisfaction of the sample respondents towards the banking services in the study area.

#### **4.5. SUMMARY**

Inorder to study the factors influencing the level of satisfaction of the respondents in the study area, ten variables were selected and analysed. To find whether the existence of relationship is significant or not, the Chi-square test was applied. Among the ten independent variables, age, literacy level, income level and martial status of the respondents were found to be significant, whereas the other variables gender, occupation, place, number of accounts operated, type of card held and family size of the respondents were found to be not significant.

## **PERCEPTION OF THE RESPONDENTS ON THE SERVICES RENDERED BY THE INDIAN BANK**

### **5.1 INTRODUCTION**

Recognition of service quality as a competitive weapon is relatively a recent phenomenon in the banking sector. Prior to liberalization era, the banking sector in India was operating in a protected environment and was dominated by nationalized banks. Banks at that time did not feel the need to pay attention to service quality issues and they assigned very low priority to the satisfaction of consumers. After liberalization, the nationalized and old generation private banks started facing competition from the new private and foreign banks that had international banking standards. The need of the hour in the Indian banking sector is to build up competitiveness through enhanced service quality, thus making the banks more market oriented and customer friendly<sup>1</sup>. Today all the banks use modern information technology endorsed services like ATM, tele banking, online banking system etc. Banking is essentially a high contact service industry and there is a close interaction between the service provider and the customer in the traditional banking scenario<sup>2</sup>.

The Indian Bank in Kanyakumari district offers numerous services to its customers. Among the various services offered, technology innovation services, provisions relating to car loan service, availability of physical facilities, ATM services, charges on financial services and safe custody deposits services were identified by the researcher to be more useful and vital in the sense that any

deficiency in these services would cause many inconvenience and hence these were selected and analysed in the present study.

## **5.2 ANALYTICAL FRAMEWORK OF SERVICES**

Data relating to the perception of the customers towards facilities offered by the Indian Bank were collected with the help of a pre-determined and well structured interview schedule. The customers were asked to rate the given statements on the basis of Likert's five - point scaling technique namely strongly agree, agree, no opinion, disagree and strongly disagree. The scores assigned to the above said scales are 5, 4, 3, 2, and 1 respectively. The mean score on each statement obtained for the respective variable among the three groups were calculated separately. In order to highlight the significant difference if any among the three groups of the respondents regarding their perception towards facilities offered by the Indian bank, the one way Analysis of Variance (ANOVA) was administered.

## **5.3 PERCEPTION TOWARDS TECHNOLOGY INNOVATION/AIDED SERVICES**

Now-a-days, banking is extremely important in the world's economy. The banking functions are the routine functions of one's life. Now all the banks have realized that technology is at the foundation of all its functions and integrated paperless systems and process. Banks felt the need to pay special attention to service quality issues to satisfy the customer needs. After the introduction of computerized operations like ATM services, e- banking, net banking, today the banks are able to render these services fast covering a large number of customers

within a short span of time. ATM counters spread across the country have facilitated easy and quick realization of money at any time. We are in “ready money round the clock” period. ATMs, money transfer and green channel counters have favourably caused considerable reduction of crowd in the bank premises and less paper work. The usage of information technology endorsed services like net banking, tele banking, mobile banking and ATM service are felt more important<sup>3</sup>

Hence, it is essential to focus on the perception of the customers towards technology innovation services available in general. In the present study, five statements were identified by the researcher to measure the perception of the customers towards the technology innovation services, like green channel counter, cheque truncation system, core banking, net banking and mobile banking.

In order to highlight the significant difference among the three groups of customers regarding the perception on the five statements, data relating to the perception of the respondents were collected and the one way Analysis of Variance (ANOVA) was administered. The mean score on each statement obtained was calculated separately. The resulted mean score on the perception of the respondents towards the technology innovation services and the respective ‘F’ statistics are presented in Table 5.1.

**TABLE 5.1****Perception of Respondents towards Technology Innovation Service**

<b>Causes</b>	<b>Mean Scores</b>			<b>‘F’ Statistics</b>
	<b>Employees</b>	<b>Businessmen</b>	<b>Others</b>	
Green channel counter	3.44	3.44	3.56	0.605 NS
Cheque truncation system	2.47	2.93	2.96	5.131**
Core banking	2.80	3.16	2.89	2.826*
Net banking	2.64	2.98	3.13	1.867 NS
Mobile banking	2.49	2.98	2.79	5.030**

**Source:** Primary data,

\*\* Significant at 1 per cent level

\* Significant at 5 per cent level,

N.S. - Not Significant.

Table 5.1 shows that the ‘other type of respondents’ perceived highly on almost all the aspects of technology innovation services more than the ‘businessmen’ and the ‘employees’ since the respective mean scores on the various factors in technology innovation services are greater than others. The highly perceived factors among the ‘other type of respondents’ were ‘green channel counter’, ‘net banking’ and ‘cheque truncation system’ since the respective mean scores are 3.56, 3.13 and 2.96 respectively. Among the ‘businessmen’, these factors were ‘green channel counter’, ‘core banking’, and ‘mobile banking’ since the respective mean scores were 3.44, 3.16 and 2.98. Among the mean scores of the factors of the ‘employees’, except the factor ‘green channel counter’, all other factors with less than 2.8 mean score had negative attitude towards the various factors. The ‘employees’ perceived as very low on the factors namely ‘core banking’, ‘net banking’, ‘mobile banking’ and ‘cheque truncation system’, since the mean scores were 2.80, 2.64, 2.49 and 2.47 respectively.

A significant difference among the three different groups of respondents was identified regarding their attitude towards the factor technology innovation or technology aided services on its various aspects especially in ‘cheque truncation system, and ‘mobile banking’, since the respective ‘F’ statistics were significant at 1 per cent level. On the other hand, ‘core banking,’ was significant at 5 per cent level. However, the aspects like ‘green channel counter,’ and ‘net banking’ were found to be not significant. The analysis infers that the ‘employee’ category was poor in their perception on the attitude towards the facility technology innovation or aided services when compared to ‘businessmen’ and the other type of respondents.

#### **Perception towards Technology Innovation Service Index (TISI) among the Respondents**

The TIS index was prepared for further analysis. The TIS index is calculated by

$$TISI = \frac{\sum_{i=1}^n SATISV_i}{\sum_{i=1}^n MSATISV_i} \times 100$$

Where,

TISI	=	Technology Innovation Service Index
SATISV	=	Score on the Attitude towards Technology Innovation Service Variable
MSATISV	=	Maximum Score on the attitude towards Technology Innovation Service Variable

$i = 1 \dots n$  = Number of Technology Innovation Service variables included.

In the present study, TISI is confined to 25 - 50, 50 – 75 and 75 – 100 per cent. The distribution of the respondents according to the TISI is shown in Table 5.2.

**TABLE 5.2**  
**Technology Innovation Service Index among the Respondents**

TIS Index (%)	Number of Respondents			Total
	Employees	Businessmen	Others	
25 – 50	75 (55.56)	25 (18.52)	35 (25.92)	135 (100)
50 – 75	82 (37.11)	110 (49.77)	29 (13.12)	221 (100)
75 – 100	68 (72.34)	15 (15.96)	12 (11.70)	94 (100)
Total	225 (50.00)	150 (33.33)	75 (16.67)	300 (100)

**Source:** Primary data

Figures in parentheses denote percentages to total

It is observed from Table 5.2 that in total, a maximum of 221 of the respondents were having TISI of 50 - 75 per cent followed by 135 of the respondents who had TISI of 25 - 50 per cent. There were 94 respondents having TISI of 75 - 100 per cent. Among the employees, the number of respondents having TISI of 25 – 50 per cent constitutes 55.56 per cent to its total, whereas among the businessmen, it constitutes 18.52 per cent. So, in the case of other type of respondents, those having TISI of 25 – 50 per cent constitute 25.92 per cent to its total. At the same time, the businessmen having TISI of 50 – 75 per cent out



numbered the employees and the other type of respondents 13.12 per cent. However, the number of businessmen having TISI of 50 -75 per cent constitutes 49.77 per cent of the total whereas among the employees and the other category of customers it was 37.11 and 13.12 per cent respectively. Regarding the customers with 75 – 100 per cent TISI, a maximum of 72.34 per cent of the employees belong to this category whereas 15.96 per cent businessmen and 11.70 per cent other type of respondents belong to this level of TISI. It reveals the existence of poor perception towards technology innovation services among the employees and better perception among the other two categories of respondents.

#### **5.4 PERCEPTION TOWARDS CAR LOAN SERVICE**

In the present study, for every service five statements were identified by the researcher to measure the customer's perception towards the availability of car loan service as it is essential to focus on the attitude of the customers towards the loan services available in general. They are easy repayment options, no hidden charges, quick sanction, hassle free procedure, and free accident insurance.

Inorder to reveal the significant difference among the three types of customers regarding the perception on the five statements, data relating to the perception of the respondents were collected and the one way Analysis of Variance (ANOVA) has been administered. The mean score on each statement obtained was calculated separately. The resulted mean score on the perception of the customers towards car loan services and the respective 'F' statistics are presented in Table 5.3.

**TABLE 5.3****Perception of Respondents towards the Car Loan Service**

Causes	Mean Scores			'F' Statistics
	Employees	Businessmen	Others	
Easy repayment options	3.86	2.98	3.75	7.895**
No hidden charges	3.43	2.87	3.38	7.725**
Quick sanction	2.85	2.67	2.88	1.342 <sup>NS</sup>
Hassle free procedure	3.36	2.64	3.17	9.197**
Free accident insurance	2.65	3.11	3.08	0.455 <sup>NS</sup>

**Source:** Primary data

\*\* Significant at 1 per cent level

N.S. - Not Significant.

Table 5.3 shows that the 'other type of respondents' perceived as high on some of the aspects of car loan service more than the 'businessmen' and the 'employees' since the respective mean scores on those selected factors were greater than others. The factors among the 'other type of respondents' were 'easy repayment options', 'No hidden charges' and 'hassle free procedure' since the respective mean highly perceived scores were 3.75, 3.38 and 3.17 respectively. Among the 'Employees' these factors were 'no hidden charges', 'hassle free procedure', and 'easy repayment options' since the respective mean scores were 3.43, 3.36 and 3.86 respectively. Among the mean scores of the factors of the 'businessmen' group of respondents, except the factors 'free accident insurance', all other factors with less than 2.9 had negative attitude. The 'businessmen' perceived as very low on the factors namely 'hassle free procedure', 'quick sanction', 'no hidden charges', and 'easy repayment options' at all times since the mean scores are 2.64, 2.67, 2.87 and 2.98 respectively.

A significant difference among the three different groups of respondents were identified regarding the perception of respondents towards the factor car loan service on its various aspects especially in ‘easy repayment options’ ‘no hidden charges’ and ‘hassle free procedure’ since the respective ‘F’ statistics were significant at 1 per cent level. However the aspects like ‘quick sanction’ and ‘free accident insurance’ were found to be not significant. The analysis infers that the ‘businessmen’ category was poor in their perception towards the facility car loan when compared to ‘employees’ and the ‘other type of respondents’.

#### **Perception towards Car Loan Service Index (CLSI) among the Respondents**

The CLS index was prepared for further analysis. The CLS index is calculated by

$$CLSI = \frac{\sum_{i=1}^n SACL SV_i}{\sum_{i=1}^n MSACL SV_i} \times 100$$

Where,

CLSI = Car Loan Service Index

SACL SV = Score on the Attitude towards Car Loan Service Variable

MSACL SV = Maximum Score on the attitude towards Car Loan Service Variable

i = 1 ..... n = Number of Car Loan Service variables included.

In the present study, CLSI is confined to 25 - 50, 50 – 75 and 75 – 100 per cent. The distribution of the respondents according to the CLSI is shown in Table 5.4.

**TABLE 5.4**  
**Car Loan Service Index among the Respondents**

<b>CLS Index (%)</b>	<b>Number of Respondents</b>			<b>Total</b>
	<b>Employees</b>	<b>Businessmen</b>	<b>Others</b>	
25 – 50	43 (51.8)	25 (30.1)	15 (18.15)	83 (100)
50 – 75	143 (47.51)	109 (36.21)	49 (16.28)	301 (100)
75 – 100	39 (59.09)	16 (24.24)	11 (16.67)	66 (100)
Total	225 (50.00)	150 (33.33)	75 (16.67)	450 (100)

**Source:** Computed data

Figures in parentheses denote percentages to total

Table 5.4 shows that in total, a maximum of 301 customers had CLSI of 50 - 75 per cent followed by 83 respondents having CLSI of 25 - 50 per cent. The number of customers having CLSI of 75 - 100 per cent constitutes 66 respondents. Among the employees, the number of customers having CLSI of 25 – 50 per cent constitutes only 51.8 per cent to its total, whereas among the businessmen, it constitutes 30.1per cent. So also in the case of other type of respondents, the number of respondents having CLSI of 25 – 50 per cent constitutes 18.15 per cent to its total. At the same time, the businessmen having CLSI of 50 – 75 per cent of the respondents of employees and the other type of respondents 36.21 per cent. However, the number of other type of respondents having CLSI of 50 - 75 per cent

constitutes 16.28 per cent of the total whereas among the employees category of respondents it was 47.51 per cent. Regarding the customers with 75 – 100 per cent CLSI, 59.09 per cent of the employees belong to this category where as 24.24 per cent of the businessmen and 16.67 per cent of the other type of respondents belong to this level of CLSI. It reveals the existence of poor perception towards car loan facility among the businessmen had better attitude among the other two categories of respondents.

### **5.5 PERCEPTION TOWARDS PROVISION OF PHYSICAL FACILITIES**

Physical facilities are inevitable for any type of service provider. For the successful functioning of a bank, the physical facilities are very important. The customers must feel at home and comfortable with the facilities offered and created in the banking premises. Even a small inconvenience caused to the customers may adversely influence the attitude of customers towards the bank to a larger extent. The physical facilities of a bank will boost their image also<sup>4</sup>. Hence, the customer expectations must be satisfied. Hence it is essential to focus on the perception of the customers towards the physical facilities made available in general. In the present study five statements were identified by the researcher to measure the perception of the customers towards the provision of physical facilities. These are ‘canteen facilities’, ‘availability of staff’, ‘seating arrangement’, ‘adequate vehicle parking shed’ and ‘purified cool drinking water’.

Inorder to highlight the significant difference among the three groups of respondents regarding the perception on the five statements, data relating to the perception of the respondents were collected and the one way Analysis of Variance

(ANOVA) was administered. The mean score on each statement obtained was calculated separately. The resulting mean score on the perception of the respondents towards the provision of physical facilities and the respective 'F' statistics are presented in Table 5.5.

**TABLE 5.5**  
**Perception of Respondents towards Physical facilities**

Causes	Mean Scores			'F' Statistics
	Employees	Businessmen	Others	
Canteen facilities	2.68	2.50	3.00	3.817*
Availability of staff	2.89	2.91	2.72	0.971 <sup>NS</sup>
Seating arrangement	2.60	2.93	2.96	2.176 <sup>NS</sup>
Adequate vehicle parking shed	2.82	2.84	3.04	0.609 <sup>NS</sup>
Purified cool drinking water	3.16	3.00	2.71	1.691 <sup>NS</sup>

**Source:** Primary data

\* Significant at 1 per cent level

N.S. - Not Significant.

Table 5.5 shows that all the three categories of respondents had different perception on all the aspects of physical facilities since the respective mean scores on the various factors in physical facilities were dissimilar to one another. The highly perceived factors among the 'other type of respondents' were 'adequate vehicle parking shed,' 'canteen facilities, and 'seating arrangement', is made available, since the respective mean scores were 3.04, 3.00 and 2.99 respectively. Among the 'businessmen', these factors were 'purified cool drinking water', 'seating arrangement' and 'availability of staff', since the respective mean scores

were 3.00, 2.93 and 2.91. Among the mean scores of the factors of the ‘employees’, the highly perceived factors were ‘purified cool drinking water’, ‘availability of staff,’ and ‘adequate vehicle parking shed,’ since the respective mean scores were 3.16, 2.89 and 2.82 respectively. The factors like ‘canteen facilities’, and ‘seating arrangement,’ had negative attitude towards the various factors related to physical facilities offered by the Indian Bank.

A significant difference among the three different groups of respondents was identified regarding the perception of respondents towards the factor physical facilities on its various aspects especially in ‘canteen facilities’ since the respective ‘F’ statistics were significant at 5 per cent level. However the aspects like ‘availability of staff’, ‘seating arrangement’, ‘adequate vehicle parking shed’ and ‘purified cool water facility,’ were found to be not significant at 5 per cent level. The analysis infers that the ‘businessmen were poor in their perception on the attitude towards the physical facility compared to the ‘other type of respondents and the ‘employees’ respondents.

### **Perception towards Physical Facilities Service Index (PFSI) among the Respondents**

The PFS index was prepared for further analysis. The PFS index is calculated by

$$PFSI = \frac{\sum_{i=1}^n SAPFSV_i}{\sum_{i=1}^n MSAPFSV_i} \times 100$$

Where,

PFSI = Physical Facilities Service Index

SAPFSV = Score on the Attitude towards Physical Facility Service Variable

MSAPFSV= Maximum Score on the attitude towards Physical Facility Service Variable

i = 1 ..... n = Number of Physical Facility Service variables included.

In the present study, PFSI is confined to less than 25, 25 - 50, 50 – 75 and 75 – 100 per cent. The distribution of the respondents according to the PFSI is shown in Table 5.6.

**TABLE 5.6**  
**Physical Facilities Service Index among the Respondents**

PFS Index (%)	Number of Respondents			Total
	Employees	Businessmen	Others	
Less than 25	----- (66.7)	2 (66.7)	1 (33.3)	3 (100)
25 – 50	75 (55.56)	44 (32.59)	16 (17.53)	135 (100)
50 – 75	96 (40.68)	97 (41.10)	43 (18.22)	236 (100)
75 - 100	54 (71.05)	7 (9.21)	15 (19.74)	76 (100)
Total	225 (50.00)	150 (33.33)	75 (16.67)	450 (100)

**Source:** Primary data

Figures in parentheses denote percentages to total



Table 5.6 shows that in total, a maximum of 236 respondents were having PFSI of 50 - 75 per cent followed by 135 respondents having PFSI of 25 – 50 per cent. The number of customers having PFSI of less than 25 per cent constitute only three respondents of the total and 76 respondents of the total have 75 – 100 per cent PFSI. Among the employees, the number of respondents having PFSI of 25 – 50 per cent constitutes 55.56 per cent to its total, whereas among the businessmen category it constitutes 32.59 per cent. Whereas in the case of other type of respondents, where the number of respondents having PFSI of 25 – 50 per cent constitute 17.53 per cent to its total. However, the number of employees having PFSI of 50 - 75 per cent constitutes 40.68 per cent of the total whereas among the other type of respondents it was 18.22. Regarding customers with 75 – 100 per cent PFSI, 71.05 per cent of the employees belong to this category whereas 9.21 per cent of the businessmen and 19.74 per cent others type of customers belong to this level of PFSI. It is also evident that none of the employees have less than 25 level of PFSI but the businessmen and the other type of respondents had 66.7 per cent and 33.3 per cent level of PFSI. It reveals the existence of poor perception towards canteen facilities among the businessmen and better attitude among the other two categories of respondents.

## **5.6 PERCEPTION TOWARDS THE ATM SERVICES**

ATM Card (Automated Teller Machine) is a magnetic – stripped bank card that was primarily introduced for the purpose of allowing the customers to withdraw their cash or money from their account without human intervention. As per the survey conducted, it was observed and expected that the total number of

ATMs across the world would cross 2.5 million by 2013. The popularity of ATM card is a clear indication of people's preference for easy and fast way of cash withdrawal<sup>5</sup>. Hence it is essential to focus on the perception of the customers towards ATM facilities available in general. In the present study five statements were identified by the researcher to measure the attitude of the respondents towards the provision of ATM services. These are machine default, queuing in ATM centres, single ATM machine, absence of watchmen and non availability of CCTV.

In order to highlight the significant difference among the three groups of respondents regarding their perception on the selected five statements, data were collected and the one way Analysis of Variance (ANOVA) was administered. The mean score on each statement obtained was calculated separately. The resulting mean score on the perception of the respondents towards ATM services and the respective 'F' statistics are presented in Table 5.7.

**TABLE 5.7**  
**Perception of Respondents towards ATM Services**

Causes	Mean Scores			'F' Statistics
	Employees	Businessmen	Others	
Machine default	2.60	2.60	3.17	4.268**
Queuing in ATM centres	2.52	2.98	3.26	7.741**
Single ATM machine	2.49	2.96	3.21	7.597**
Absence of watchmen	3.06	3.04	3.21	0.360 <sup>NS</sup>
Non availability of CCTV	3.00	3.11	3.10	0.301 NS

**Source:** Primary data

\*\* Significant at 1 per cent level

N.S. - Not Significant.

Table 5.7 has revealed that the ‘other type of respondents perceived highly on all the aspects of ATM services more than the ‘businessmen’ and the ‘employees type of respondents’ since the respective mean scores on the various factors in ATM services were greater than that of others. The highly perceived factors among the ‘other type of respondents’ were ‘queuing in ATM centres,’ ‘single ATM machine,’ and ‘absence of watchmen’ since the respective mean scores were 3.26, 3.21 and 3.21 respectively. Among the ‘businessmen’, these factors were ‘non availability of CCTV’, ‘absence of watchmen’, and ‘queuing in ATM centres,’ since the receptive mean scores were 3.11, 3.04 and 2.98. Among the mean score of the ‘employees’, except the factor ‘absence of watchmen’, all other factors with less than 2.9 mean score had negative attitude. The ‘employees’ perceived as very low on the factors namely ‘non availability of CCTV’, ‘machine default’, ‘queuing in ATM centres’, and ‘absence of watchmen’ since the mean scores were 3.00, 2.60, 2.52 and 2.49 respectively.

A significant difference among the three different groups of respondents was identified regarding the perception towards various aspects especially in ‘machine default,’ queuing in ATM centres,’ ‘single ATM machine,’ since the respective ‘F’ statistics were significant at 1 per cent level. The aspects like ‘absence of watchmen,’ and ‘non availability of CCTV,’ were found to be not significant at 1 per cent level. The analysis infers that the ‘employees’ category is poor in their perception on the attitude towards the availability of ATM services when compared to the other type of respondents.

### Perception towards ATM Service Index (ATMSI) among the Respondents

The ATMS index was prepared for further analysis. The ATMS index is calculated by

$$ATMSI = \frac{\sum_{i=1}^n SAATMSV_i}{\sum_{i=1}^n MSAATMSV_i} \times 100$$

Where,

ATMSI = ATM Service Index

SAATMSV = Score on the Attitude towards ATM Service  
Variable

MSAATMSV = Maximum Score on the attitude towards ATM  
Service Variable

$i = 1 \dots n$  = Number of ATM Service variables included.

In the present study, ATMSI is confined to less than 25, 25 - 50, 50 – 75 and 75 – 100 per cent. The distribution of the respondents according to the ATMSI is shown in Table 5.8.

**TABLE 5.8****ATM Service Index among the Respondents**

<b>ATMS Index (%)</b>	<b>Number of Respondents</b>			<b>Total</b>
	<b>Employees</b>	<b>Businessmen</b>	<b>Others</b>	
Less than 25	----	1 (100)	---	1 (100)
25 – 50	136 (66.99)	36 (17.73)	31 (15.28)	203 (100)
50 – 75	10 (23.38)	91 (59.09)	29 (21.80)	154 (100)
75 – 100	53 (57.61)	22 (23.91)	17 (18.98)	92 (100)
Total	225 (50.00)	150 (33.33)	75 (16.67)	450 (100)

**Source:** Primary data

Figures in parentheses denote percentages to total

Table 5.8 shows that in total, a maximum of 203 respondents having ATMSI of 25 - 50 per cent followed by 154 who have ATMSI of 50 -75 per cent. The numbers of respondents who have ATMSI of less than 25 per cent constitute only one respondent. Out of 92 respondents having 75 – 100 per cent ATMSI 22 were businessmen. Among the employees, the number of customers who had ATMSI of 25 – 50 per cent constitutes 66.99 per cent to its total, whereas among businessmen, it constitutes 17.73 per cent. Also in the case of the other type of respondents who had ATMSI of 25 – 50 per cent constitutes 15.28 per cent to its total. At the same time, the customer having ATMSI of 50 – 75 per cent outnumbered the employees and the others 59.09 per cent. However, the number of businessmen having ATMSI of 50 – 75 per cent constitutes 59.09 per cent of the total whereas among the employees and the other type of respondents, it was 23.38

and 21.80 per cent respectively. Regarding the customers with 75 – 100 per cent ATMSI, 57.61 per cent of the employees 23.91 per cent of the businessmen and 18.98 per cent of the other type of respondents belong to this level of ATMSI. It is inferred that there prevails a poor attitude towards ATM service among the employees and better attitude among the other two categories of respondents.

## **5.7 PERCEPTION TOWARDS CHARGES ON FINANCIAL SERVICES**

Service charges (Tax) assumes great significance as almost all the services provided by banks, financial institutions and non banking finance companies are eligible to service charges. The levy of service charges under new regime of service tax w .e. f .July 1<sup>st</sup> 2012 covers all activities except those in the negative list or those which have been specifically exempted from service tax. An attempt has been made to provide a comprehensive analysis of levy of service charges on financial and banking services<sup>6</sup>.

Hence, it is essential to focus on the perception of the customers towards charges on financial services available in general. In the present study five statements were identified by the researcher to measure the perception of the customers towards the charges on financial services. These are charges on 'other bank ATM transactions,' 'deposits in non home branches,' demand draft, 'cheque book charges, and charges on sending SMS. Service charges on these financial services are felt important by the customers

Inorder to highlight the significant difference among the three groups of respondents regarding the perception on the five statements, data relating to the

perception of the respondents were collected and the one way Analysis of Variance (ANOVA) was administered. The mean score on each statement obtained was calculated separately. The resulted mean score on the perception of the respondents towards the charges on financial services and the respective 'F' statistics are presented in Table 5.9.

**TABLE 5.9**  
**Perceptions of Respondents towards Charges on Financial Services**

Causes	Mean Scores			'F' Statistics
	Employees	Businessmen	Others	
Other bank ATM transactions	2.90	3.25	2.49	6.136**
Deposits in non home branches	2.65	2.56	2.46	0.681 <sup>NS</sup>
Demand draft	3.65	3.90	3.43	3.839*
Cheque book charges	2.24	2.20	2.60	2.819*
Charges on sending SMS	3.07	3.08	3.21	0.372 <sup>NS</sup>

**Source:** Computed data

\*\* Significant at 1 per cent level

\* Significant at 5 per cent level,

N.S. - Not Significant.

Table 5.9 reveals that all the three categories of respondents had different perception on all the aspects of 'charges on financial services' since the respective mean scores on the various factors in charges on financial services were dissimilar to one another. Among the 'other type of respondents' the highly perceived factors were 'demand draft', 'charges on sending SMS' and 'cheque book charges'. Since

the respective mean scores were 3.43, 3.21 and 2.60 respectively. Among the 'businessmen' these factors were 'demand draft', 'other bank ATM transactions', and 'charges on sending SMS', since the respective mean scores were 3.90, 3.25 and 3.08. Among the mean scores of the factors of the employees, the highly perceived factors were 'demand draft', 'charges on sending SMS' and 'other bank ATM transactions', since the respective mean scores were 3.65, 3.07 and 2.90 respectively. The factors like 'deposits in non home branches' and 'cheque book charges' showed negative attitude towards the various factors related to charges on financial services , offered by the Indian Bank.

A significant difference among the three different groups of respondents was identified regarding the perception of respondents towards the charges on financial services and on its various aspects especially in 'other bank ATM transactions,' since the 'F' statistics was significant at 1 per cent level while 'demand draft ' and 'cheque book charges' were significant at 5 per cent level. However the aspects like 'deposits in non home branches' and 'charges on sending SMS' were found to be in significant. The analysis infers that the 'other type of respondents' was poor in their perception towards the facilities of charges on financial services when compared to 'businessmen' and the 'employees'.



### Perception towards Charges on Financial Service Index (CFSI) among the Respondents

The CFS index was prepared for further analysis. The CFS index is calculated by

$$CFSI = \frac{\sum_{i=1}^n SACFSV_i}{\sum_{i=1}^n MSACFSV_i} \times 100$$

Where,

CFSI = Charges on Financial Service Index

SACFSV = Score on the Attitude towards Charges on Financial Service Variable

MSACFSV = Maximum Score on the Attitude towards Charges on Financial Service Variable

$i = 1 \dots n$  = Number of Charges on Financial Service variables included.

In the present study, CFSI is confined to 25 - 50, 50 – 75 and 75 – 100 per cent. The distribution of the respondents according to the CFSI is shown in Table 5.10.

**TABLE 5.10****Charges on Financial Service Index among the Respondents**

<b>CFS Index (%)</b>	<b>Number of Respondents</b>			<b>Total</b>
	<b>Employees</b>	<b>Businessmen</b>	<b>Others</b>	
25 - 50	121 (80.13)	21 (13.91)	19 (12.58)	151 (100)
50 - 75	86 (34.26)	126 (50.19)	39 (15.55)	251 (100)
75 - 100	18 (47.36)	3 (7.89)	17 (44.75)	38 (100)
Total	225 (50.00)	150 (33.33)	75 (16.67)	450 (100)

**Source:** Primary data

\* Figures in parentheses denote percentages to total

Table 5.10 reveals that in total, a maximum of 251 respondents were having CFSI of 50 - 75 per cent followed by 151 respondents with CFSI of 25 - 50 per cent. The number of respondents having CFSI of 75 -100 per cent constitute 38 respondents. Among the respondents, the number of employees having CFSI of 25 – 50 per cent constitutes 80.13 per cent of the total, whereas among the businessmen, it constitutes 13.91 per cent. Also in the case of other type of respondents, the number of respondents having CFSI of 25 – 50 per cent constitutes 12.58 per cent to its total. However, the other type of respondents having CFSI of 50 – 75 per cent constitutes 15.55 per cent of the total. Regarding respondents with 75 – 100 per cent CFSI, only 47.36 per cent of the employees belong to this category whereas 44.75 per cent of the other type of respondents and 7.89 per cent businessmen belong to this level of CFSI. It reveals the existence of

poor attitude towards the charges on financial services among the other type of respondents and better attitude among the other two categories of respondents.

## **5.8 PERCEPTION TOWARDS SAFE CUSTODY DEPOSIT SERVICES**

Banks accept shares, debentures, bonds, fixed deposit receipts, property deeds, life insurance policies, and valuables such jewellery from the customers for safe custody. Banks are equipped with strong and fire proof rooms for the maintenance of these articles. Safe custody services are normally offered to those customers who maintain satisfactory accounts. The bank hires out safe deposit locker facility to its customers in selected branches. Lockers are very convenient to keep valuables and official documents. Lockers are hired out to its customers which has security arrangements like grill and fire proof. In the present study five statements were identified by the researcher to measure the perception of the customers towards the safe custody deposits services. These are 'availability of locker', 'size and space are adequate', 'reasonable locker rent,' 'quick and immediate service' and 'simple procedure'.

In order to highlight the significant difference among the three groups of regarding the perception on the five statements, data relating to the perception of the respondents were collected and the one way Analysis of Variance (ANOVA) was administered. The mean score on each statement obtained was calculated separately. The resulted mean score on the perception of the respondents towards the safe custody deposits services and the respective 'F' statistics are presented in Table 5.11.

**TABLE 5.11****Perception of Respondents towards Safe Custody Deposit Service**

Causes	Mean Scores			'F' Statistics
	Employees	Businessmen	Others	
Availability of lockers	3.43	3.44	3.56	0.605 <sup>NS</sup>
Size and space are adequate	2.46	2.93	2.96	5.131**
Reasonable rent	2.80	3.16	2.89	2.826*
Quick and immediate service	2.64	2.98	3.13	1.867 <sup>NS</sup>
Simple procedure	2.94	2.98	2.79	5.030**

**Source:** Primary data,

\*\* Significant at 1 per cent level

\* Significant at 5 per cent level,

N.S. - Not Significant.

Table 5.11 shows that the 'other type of respondents' perceived highly on almost all the aspects of safe custody deposits service more than the 'businessmen' and the 'employees' since the respective mean scores on the various factors in safe custody deposits are greater than others. The highly perceived factors among the other type of respondents were 'availability of lockers', 'quick and immediate service' and 'size and space are adequate' since the respective mean scores were 3.56, 3.13 and 2.96 respectively. Among the 'businessmen', these factors were 'availability of lockers', 'reasonable lockers rent,' and 'simple procedure' since the receptive mean scores were 3.44, 3.16 and 2.98. Among the mean scores of the factors of the 'employees, except the factor 'availability of lockers', all other factors with less than 2.98 had negative attitude towards the various factors. The 'employees' perceived as very low on the factors namely 'reasonable locker rent', 'quick and immediate service', 'simple procedure' and 'sufficient space and size', since the mean scores were 2.80, 2.64, 2.94 and 2.46 respectively.

A significant difference among the three different groups of respondents was identified regarding their attitude towards the factor safe custody deposits and on its various aspects especially in ‘sufficient space and size’, and ‘simple procedure’ since the respective ‘F’ statistics were significant at 1 per cent level. On the other hand, ‘quick and immediate service’ were significant at 5 per cent level. However the aspects like ‘availability of lockers’ and ‘quick and immediate procedure’ were found to be not significant. The analysis infers that the ‘employees’ category was poor in their perception on the attitude towards the facility safe custody deposits when compared to ‘businessmen’ and the other type of respondents.

#### **Perception towards Safe Custody Deposits Service Index (SCDSI) among the Respondents**

The SCDS index was prepared for further analysis. The SCDS index is calculated by

$$SCDSI = \frac{\sum_{i=1}^n SASCDV_i}{\sum_{i=1}^n MSASCDV_i} \times 100$$

Where,

SCDSI = Safe Custody Deposits Service Index

SASCDV = Score on the Attitude towards Safe Custody  
Deposits Service Variable

MSASCDV = Maximum Score on the Attitude towards Safe  
Custody Deposits Service Variable

$i = 1 \dots n$  = Number of Safe Custody Deposits Service variables included.

In the present study, SCDSI is confined to 25 - 50, 50 – 75 and 75 – 100 per cent. The distribution of the respondents according to the SCDSI is shown in Table 5.12.

**TABLE 5.12**  
**Safe Custody Deposits Service Index among the Respondents**

SCDS Index (%)	Number of Respondents			Total
	Employees	Businessmen	Others	
25 – 50	75 (55.56)	25 (18.52)	35 (42.59)	135 (100)
50 – 75	28 (37.11)	110 (49.77)	29 (13.12)	221 (100)
75 – 100	68 (72.34)	15 (15.96)	11 (11.70)	94 (100)
Total	225 (50.00)	150 (33.33)	75 (16.67)	450 (100)

**Source:** Primary data  
Figures in parentheses denote percentages to total

It is observed from Table 5.12 that, in total, a maximum of 221 of the respondents were having SCDSI of 50 - 75 per cent followed by 135 of the respondents who had SCDSI of 25 - 50 per cent. There were 94 respondents having SCDSI 75 - 100 per cent. Among the employees, the number of customers having SCDSI of 25 – 50 per cent constitutes 55.56 per cent to its total, whereas among the businessmen, it constitutes 18.52 per cent. So, also in the case of other type of respondents, those having SCDSI of 25 – 50 per cent constitute 42.59 per cent to its total. At the same time, the businessmen having SCDSI of 50 – 75 per

cent out numbered the employees and the other type of respondents 13.12 per cent. However, the number of businessmen having SCDSI of 50 -75 per cent constitutes 49.77 per cent of the total whereas among the employees and the other category of respondents it was 37.11 and 13.12 per cent respectively. Regarding the respondents with 75 – 100 per cent SCDSI, a maximum of 72.34 per cent of the employees belong to this category whereas 15.96 per cent businessmen and 11.70 per cent other type of respondents belong to this level of SCDSI. It reveals the existence of poor perception towards safe custody deposits service among the employees and better perception among the other two categories of respondents.

## 5.9 OVERALL SERVICES

The overall services represent the summation of the services relating to ‘technology innovation services,’ ‘car loan services,’ ‘availability of physical facilities,’ ‘ATM services,’ ‘charges on financial services’ and ‘safe custody deposit services. The overall service index is created by

$$OSI = W_1TISI + W_2CLSI + W_3PFSI + W_4ATMSI + W_5CFSI + W_6SCDSI$$

Where,

**OSI** = Overall Service Index

**TISI** = Technology Innovation Service Index

**CLSI** = Car Loan Service Index

**PFSI** = Physical Facilities Service Index

**ATMSI** = ATM Service Index

**CFSI** = Charges on Financial Services Index

**SCDSI** = Safe Custody Deposits Service Index

**W<sub>1</sub>, W<sub>2</sub>, W<sub>3</sub>, W<sub>4</sub>, W<sub>5</sub>, W<sub>6</sub>** = Weightage of the above said indices

$$\sum MSATISV$$

$$W_1 = \frac{\sum MSATISV}{\sum MSATISV + \sum MSACLSV + \sum MSAPFSV + \sum MSAATMSV + \sum MSACFSV + \sum MSASCDSV}$$

Where,

**MSATISV** = Maximum Score in the Attitude towards Technology Innovation Service Variable

**MSACLSV**= Maximum Score in the Attitude towards Car Loan Service Variable

**MSAPFSV** = Maximum Score in the Attitude towards Physical Facilities Service Variable

**MSAATMSV**= Maximum Score in the Attitude towards ATM Service Variable

**MSACFSV** = Maximum Score in the Attitude towards Charges on Financial Service Variable

**MSASCDSV** = Maximum Score in the Attitude towards Safe Custody Deposit Service Variable



$$\begin{aligned}
& \Sigma \text{MSACLSV} \\
W_{2=} & \frac{\Sigma \text{MSATISV} + \Sigma \text{MSACLSV} + \Sigma \text{MSAPFSV} + \Sigma \text{MSAATMSV} + \Sigma \text{MSACFSV} + \Sigma \text{MSASCDSV}}{\Sigma \text{MSAPFSV}} \\
W_{3=} & \frac{\Sigma \text{MSATISV} + \Sigma \text{MSACLSV} + \Sigma \text{MSAPFSV} + \Sigma \text{MSAATMSV} + \Sigma \text{MSACFSV} + \Sigma \text{MSASCDSV}}{\Sigma \text{MSAATMSV}} \\
W_{4=} & \frac{\Sigma \text{MSATISV} + \Sigma \text{MSACLSV} + \Sigma \text{MSAPFSV} + \Sigma \text{MSAATMSV} + \Sigma \text{MSACFSV} + \Sigma \text{MSASCDSV}}{\Sigma \text{MSACFSV}} \\
W_{5=} & \frac{\Sigma \text{MSATISV} + \Sigma \text{MSACLSV} + \Sigma \text{MSAPFSV} + \Sigma \text{MSAATMSV} + \Sigma \text{MSACFSV} + \Sigma \text{MSASCDSV}}{\Sigma \text{MSASCDSV}} \\
W_{6=} & \frac{\Sigma \text{MSATISV} + \Sigma \text{MSACLSV} + \Sigma \text{MSAPFSV} + \Sigma \text{MSAATMSV} + \Sigma \text{MSACFSV} + \Sigma \text{MSASCDSV}}{\Sigma \text{MSACFSV} + \Sigma \text{MSASCDSV}}
\end{aligned}$$

The Overall Service Index (OSI) of the respondents is computed. The OSI among the respondents is confined to 25-50, 50-75 and 75-100 per cent. The distribution of the respondents according to OSI is shown in Table 5.13.

**TABLE 5.13**  
**Overall Service Index among the Respondents**

OS Index (%)	Number of Respondents			Total
	Employees	Businessmen	Others	
25 – 50	44 (32.11)	24 (16.00)	15 (20.00)	83 (18.46)
50 – 75	141 (50.66)	111 (74.00)	50 (66.67)	302 (67.12)
75 – 100	40 (17.23)	15 (10.00)	10 (13.33)	65 (14.46)
Total	225 (50.00)	150 (33.33)	75 (16.67)	450 (100)

**Source:** Primary data

Figures in parentheses denote percentages to total

Table 5.13 clearly shows that in total, a maximum of 74 per cent of the respondents had OSI of 50-75 per cent, 32.11 per cent of the respondents had OSI of 25-50 and 17.23 per cent of the respondents had OSI of 75-100 per cent. The number of respondents of employees having OSI of 50-75 per cent constituted 50.66 per cent of its total; whereas businessmen type of respondents having OSI of 50-75 per cent constituted 74 per cent. In case of other type of respondents having OSI of 50-75 per cent constituted 66.67 per cent of its total. At the same time employees type of respondent had OSI of 25-50 per cent constituted 32.11 per cent to its total and the businessmen type of respondents having OSI of 25-50 per cent constituted 16 per cent. In the case of other type of respondents it was 20 per cent. Regarding respondents with 75-100 per cent of the OSI, respondents of employees type constituted 17.23 per cent, respondents of employees and others constituted 10 per cent and 13.33 per cent respectively. From the foregoing analysis, it may be inferred that 67.12 per cent of the respondents come under 50-75 per cent of the OSI. It implies that overall banking services rendered to the customers in the study

area is satisfactory and there is a good scope for further development of customers' perception in the study area.

#### **5.10 SUMMARY**

The variables relating to perception towards the selected services like 'technology innovation services', 'car loan services', 'physical facilities available', 'ATM services', 'charges on financial services', 'safe custody deposits services,' were analyzed in order to reveal the significant differences among the respondents of the three categories regarding their perception towards the services rendered to its customers. On analysis it was found that the perception of respondents, the employees were poor towards technology innovation services than the businessmen and other type of respondents. Regarding car loan services and physical facilities available, businessmen had poor attitude and employees and other type of respondents had better attitude. On the other hand employees had poor attitude towards the services like ATM, charges on financial services and safe custody deposit services and better attitude by the businessmen and other type of respondents.

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## **SELECTED FACTORS MOTIVATING THE RESPONDENTS**

### **6.1 INTRODUCTION**

Service sector industries have started gaining large scale momentum since the process of liberalization in 1991. Contribution of service sector to GNP is very high in USA. In India many innovative financial products such as credit cards, automated teller machine, consumer finance venture capital, mutual funds and zero coupon bonds have been emerging. For a viable extension of banking service to remote rural areas, banking sector can have strategic alliance with the offices which have a huge network in the nook and corner of the country. Banking is the only formalized financial system which has reached remotest customers of the nation. To become a customer of a public sector bank and avail the services, the customers of remote, hilly and rural areas are to be motivated. Many factors are responsible for taking a decision by the customers. This chapter highlights the various factors that are responsible for such motivation among the respondents.

### **6.2 FACTORS MOTIVATING CUSTOMERS**

The Indian Bank in general has been serving the customers of India with the latest and innovative banking services like other commercial banks. Numerous factors influence the customers as the Indian Bank rendered services to their customers. This chapter analyses the factors which induced the customers and motivated them to become the customers. For this purpose, factor analysis was applied to identify the factors which motivate the respondents to be the customers.

## Framework of Analysis

Mathematically factor analysis is somewhat similar to multiple regression analysis. Each variable is expressed as a linear combination of under-lying factors. The amount of variance, a variable shared with all the other variables included in the analysis is referred to as commonality. The co-variation among the variables is described in terms of a small number of common factors plus a unique factor for each variable. These factors are not observed. If the variables are standardized, the factor model may be represented as:

$$X_i = A_{i1}F_1 + A_{i2}F_2 + A_{i3}F_3 + \dots + A_{im}F_m + V_iU_i$$

Where,

$X_i$  =  $i^{\text{th}}$  standardized variable.

$A_{ij}$  = Standardized multiple regression co-efficient of variable  $i$  on common factor  $j$ .

$F$  = Common factor.

$V_i$  = Standardized regression co-efficient of variable  $i$  on unique factor.

$U_i$  = The Unique factor for variable  $i$ .

$M$  = Number of common factor.

The unique factors are uncorrelated with each other and the common factors themselves can be expressed as linear combinations of the observed variables.

$$F_i = w_{i1}X_1 + w_{i2}X_2 + w_{i3}X_3 + \dots + w_{ik}X_k$$

Where,

$F_i$  = Estimate of  $i^{\text{th}}$  factor score co-efficient;

$w_i$  = Weight or factor score co-efficient

$k$  = Number of variables

It is possible to select a weight or factor score co-efficient so that the first factor explains the largest portion of the total variance. Then a second set of weights can be selected so that the second factor accounts for most of the residual variance, subject to being uncorrelated with the first factor. The same principle could be applied for selecting additional weights for the additional factors. Thus the factors can be estimated so that their factor scores, unlike the value of the original value, are not correlated. Further more, the first factor accounts for the highest variance in the data, the second highest, and so on.

### **6.3 FACTORS INFLUENCING DECISION IN AVAILING BANKING SERVICES**

People differ by nature not only in their ability to perform a task but also in their will to do so. Motivation is a powerful tool to persuade, convince people to act. The force of motivation is a dynamic force, setting a person into motion or action. To motivate others is the most important management task. It comprises the ability to communicate, to set an example, to challenge, to encourage, to involve and to obtain feedback. Motivation is getting somebody to do something because they want to do it satisfactorily. Motivating a customer is to create awareness and to create a sense of need and desire to do it. Motivation is the action that urges an

individual to assume an attitude to become a customer. Motivation means to inspire persons to open an account and to deposit money in the bank. Motivation is an important function in which the service departments have to perform to retain the existing customers and attract new customers. The employees must have inter personal relationship with the customers.

An attempt was made to extract specific factors and defining variables, which constitute each factor, based on the strength and direction of factor loadings in motivation. In total, 25 variables were included to analyze the motivation among customers. The factor analysis deleted the four variables because of its non-eligibility. Hence, only 21 variables were factorized into seven factors.

The resulted rotated factor matrix for the attributes motivating customers among the respondents is given in Table 6.1.



TABLE 6.1

## Rotated Component Matrixes for the Attributes Relating to the Factors Motivating the Respondents

S. No.	Variables	Components						
		Factor-1	Factor-2	Factor-3	Factor-4	Factor-5	Factor-6	Factor-7
1	Opening an account in a bank is the basic need of life	0.736	.258	-0.059	-0.023	-0.097	-0.067	-0.028
	Having an account gives a sense of security	0.731	-0.142	0.188	-0.027	0.025	-.042	.123
	Operating an account provides timely help	0.730	0.164	0.183	0.039	0.018	0.192	0.008
	Holding an account minimizes the risk.	0.655	0.234	0.105	0.030	0.076	0.037	-0.034
2	A bank will help a lot during emergencies.	0.511	0.150	-0.080	0.044	0.123	0.404	-0.073
	Physical evidence of the service is necessary.	-0.034	0.781	-0.075	0.041	0.050	0.076	0.099
	Implementing modern innovative technologies.	0.142	0.657	0.437	0.004	0.002	0.140	0.028
3	Customers are delighted and satisfied by the reliable services.	0.272	0.032	.595	0.067	-0.076	-0.157	-0.079
	Keeping up their promises in rendering satisfactory service	0.100	0.103	.591	0.022	0.074	0.124	0.014
	Maintaining error free accounts	-0.366	-0.340	.504	.0.012	0.136	0.185	-0.057
4	Encouraging the customers of all categories even the self help groups	-0.007	0.048	0.061	.814	-0.162	0.005	-0.171
	Make the employees responsible to the customers' needs.	-0.090	0.182	0.209	0.735	0.274	0.165	0.266
	Inform the latest schemes, products and services to the customers.	-0.181	-0.224	-0.265	0.563	0.127	-0.086	0.049
5	All the information provided are transparent in nature.	0.048	0.003	-0.079	0.134	.814	-0.045	0.268
	The mode of charging interest on loans is made known to the customers.	-.0.044	.0.157	-0.058	-0.008	.621	-0.171	-0.210
	Loan pre- closures and settlement procedures are very clear.	-0.068	-0.150	0.231	0.234	0.493	0.361	0.068
6	Complaints and queries are rectified without any delay	0.150	0.023	-0.092	0.097	-0.100	0.738	-.132
	Banks render quick and prompt services	0.104	0.406	0.061	-0.010	0.156	0.487	.176
	Customers are highly entertained	-0.191.	0.282	0.436.	-0.019	-0.153	0.457	
7	Bank is located very near to residence/office	-0.036	-0.016	-0.084	-0.021	-0.035	0.062	0.810
	Frequent conveyance facilities are available to reach the bank	0.036	-0.055	0.177	-0.022	0.243	0.079	0.674

Source: Computed data

Table 6.1 exhibits the rotated factor loadings for the twenty one statements (variables) which motivate the respondents. It is also clear from the table that all the twenty one statements have been extracted into seven factors namely Safety, Tangibility, Reliability, Responsiveness, Transparency, Service Quality and Location.

#### **Factor - 1**

##### **SAFETY**

Banks need to ensure that advances are safe and money lent out by them will come back. The banks many times insist on security against the loan. The securities must be adequate, readily marketable and free of encumbrances. Safety is the state of being safe, the condition of being protected against any kind of risk. Safety is generally interpreted as implying a real and significant impact on risk of death, injury or damage to property. In response to perceived risks, many interventions may be proposed with engineering responses. Probably the most common individual response to perceived safety issues is insurance, which compensates or provides damage or loss. Many factors are responsible for safety.

The Rotated Factor Matrix for the variable defining factor-1 with their loading and commonality for safety by the Indian Bank in Kanyakumari district is presented in Table 6.2.

**TABLE 6.2**  
**Variables in Safety**

Sl. No	Variables	Factor Loading	Commonality
1	Opening an account in a bank is the basic need of life	0.736	0.542
2	Having an account gives a sense of security	0.731	0.627
3	Operating an account provides timely help	0.700	0.540
4	Holding an account minimizes the risk.	0.655	0.505
5	A bank will help a lot during emergencies.	0.551	0.637

**Source:** Computed data

It is observed from Table 6.2 that among the variables of safety, the variables with higher factor loading such as ‘opening an account in a bank is the basic need of life,’ ‘having an account gives a sense of security,’ ‘operating an account provides timely help,’ ‘holding an account minimizes the risk’ and ‘a bank will help a lot during emergencies’ constituted factor -1.

These five variables with higher factor loadings on factor-1 are characterized as “Safety”. All the five attributes have a high commonality indicating that the attributes within factor-1 have very high association among them. The higher value of commonality indicates that higher amount of variance is explained by the extracted factors.

#### **Factor - 2**

##### **TANGIBILITY**

It means the things which are physically observed by the customers in the bank branch including large ATM network, personnel, physical facilities, materials

and appearance. Able and skilled personnel, the quality of banking products and services, brochures and cards may represent tangibles. These qualities provide concrete cues for customers to evaluate the capability of the service provider.

All these events give tangibility to the loading and commonality for tangibility by the Indian Bank is presented in Table 6.3.

**TABLE 6.3**  
**Variables in Tangibility**

Sl. No	Variables	Factor Loading	Commonality
1	Physical evidence of the service is necessary.	0.781	0.475
2	Implementing modern innovative technologies.	0.657	0.609

**Source:** Computed data

It is evident from Table 6.3 that among the variables of tangibility, ‘physical evidence of the service is necessary’, and ‘implementing modern innovative technologies’ constituted factor-2. These two variables with higher factor loadings on factor-2 are characterized as “Tangibility”. All the two attributes have a high commonality indicating that the attributes within factor-2 have very high association among them. The higher value of commonality indicates that higher amount of variance is explained by the extracted factors.

### **Factor - 3**

#### **RELIABILITY**

Information has the quality of reliability when it is free from material error and bias and can be depended upon by the users to represent faithfully that which either portrays to represent or could reasonably be expected to represent.

Reliability depends on faithful representation, neutrality and completeness. Information given must be relevant and reliable. The reports, statements and certificates prepared for any purpose must convey the message. The qualitative and quantitative characteristics of the statements must be useful to the users both internal and external.

The Rotated Factor Matrix for the variable defining factor-3 with their loading and commonality for motivating customers by the Indian Bank is presented in Table 6.4.

**TABLE 6.4**  
**Variables in Reliability**

Sl. No	Variables	Factor Loading	Commonality
1	Customers are delighted and satisfied by the reliable services.	0.595	0.600
2	Keeping up their promises in rendering satisfactory service	0.591	0.589
3	Maintaining error free accounts	-0.504	0.663

**Source:** Computed data

It is clear from Table 6.4 that among the variables of reliability, the variables with higher factor loadings such as, ‘customers are delighted and satisfied by the reliable services,’ ‘keeping up their promises in rendering satisfactory service,’ and ‘maintaining error free accounts,’ constituted factor-3. These three variables with higher factor loadings on factor-3 are characterized as “Reliability”. All the three attributes have a high commonality indicating that the attributes within factor-3 have very high association among them. The higher value

of commonality indicates that higher amount of variance is explained by the extracted factors.

#### **Factor – 4**

#### **RESPONSIVENESS**

In the modern economy, every business or commercial undertaking, including a bank has social responsibility. The concept of social responsibility of banks implies that banking business is run by them not on the narrow consideration of profit for the owners but for the purpose of serving the best interests of the society at large. Their social responsibility is very well recognized by modern banks. Today, banks know that granting of credit is no longer a patronage shown by them to the society, but it is their bounden duty to the society. With this realization, modern banks see that bank credit is no longer confined to a few rich businessmen but is extended to every section of the society.

In a country like India, where there is socialization of credit, every commercial bank public or private, has to take into account a new principle called the principle of social good. The principle of social good is the outcome of the concept of the social responsibility. The principle of social good suggests that commercial banks which deal in others' money are expected to make effective use of public deposits for promoting maximum social good to the society. In fact, the performance of modern commercial banks especially the performance of public sector commercial banks, is judged by their contribution to the attainment of socio economic objectives and to the economic development of the country as per the national policies and national priorities determined by the Government.

Commercial banks are also required to ensure that banking is not confined only to a few elite, but is thrown open to the masses in remote rural areas. The concept of social good also suggests that banks should not regard that bank lending is a patronage or privilege shown by them to the masses but their bounden duty to see that no useful economic activity falters.

The Rotated Factor Matrix for the variable defining factor-4 with their loading and commonality for motivating customers by the Indian Bank is presented in Table 6.5.

**TABLE 6.5**  
**Variables in Responsiveness**

<b>Sl. No</b>	<b>Variables</b>	<b>Factor Loading</b>	<b>Commonality</b>
1	Encouraging the customers of all categories even the self help groups	0.814	0.516
2	Make the employees responsible to the customers' needs.	0.736	0.500
3	Inform the latest schemes, products and services to the customers.	0.504	0.663

**Source:** Computed data

Table 6.5 clearly explains that attributes such as, 'encouraging the customers of all category even the self help groups', 'make the employees responsible to the customers' needs', and 'inform the latest schemes, products and services to the customers' with high factor loading constituted factor-4. These above said attributes with higher factor loadings on factor-4 are characterized as "Responsiveness". All the three attributes have a high commonality indicating that the attributes within factor-4 have very high association among them. The higher

value of commonality indicates that higher amount of variance is explained by the extracted factors.

#### **Factor - 5**

#### **TRANSPARENCY**

Banks provide the general public and the markets with all relevant information on its strategy, assessments and policy decision as well as its procedures of various banking transactions. Today, the commercial banks, including the Indian Bank consider transparency as crucial. This is true especially for their monetary policy frame work. Indian Bank gives a high priority to communicating effectively with the public. Transparency helps the public to understand the monetary policy. Better public understanding makes the policy more credible and effective. If the customers have access to timely and reliable information which enables them to assess a bank's activities and the risks inherent in those activities. Improved public disclosure strengthens market participants' ability to encourage safe and sound banking practices.

The Rotated Factor Matrix for the variables defining factor 5 with their loading and commonality for motivating customers by the bank is presented in Table 6.6.



**TABLE 6.6****Variables in Transparency**

<b>Sl. No</b>	<b>Variables</b>	<b>Factor Loading</b>	<b>Commonality</b>
1	All the information provided are transparent in nature.	0.814	0.555
2	The mode of charging interest on loans is made known to the customers.	0.621	0.671
3	Loan pre- closures and settlement procedures are very clear.	0.493	0.757

**Source:** Computed data

It is vivid from Table 6.6 that attributes such as, ‘All the information provided are transparent in nature’, ‘The mode of charging interest on loans is made known to the customers’, and ‘Loan pre-closures and settlement procedures are so clear’, with high factor loading constituted factor-5. These above said attributes with higher factor loadings on factor-5 are characterized as “transparency”. All the three attributes have a high commonality indicating that the attributes within factor-5 have very high association among them. The higher value of commonality indicates that higher amount of variance is explained by the extracted factors.

**Factor – 6****SERVICE QUALITY**

Service quality is the conformation of services to the customer’s specifications and expectations. The quality of service therefore depends on the ability of the server to meet the expectations of the customer. The quality of service may differ from person to person and from situation to situation. Inorder to

become customer friendly and competitive, the banks have to satisfy customers' wants and expectation. There is also a general guideline for all the banks to improve the quality of service. Though the Indian banking sector has been growing and contributing impressively to the national economy, the service distribution demographically and geographically is unequal. It is a challenge to the banking industry to achieve equal distribution by way of reaching the unreached. The importance of quality is recognized everywhere. The concept seems to refer to several areas namely quality of the output, quality of the process, quality of the delivery system and quality of the organisation. Quality is viewed from the point of view of the service provider to set up standards or specifications in the manufacturing process as well as the output which is totally objective and technical in nature. The customer service quality occurs only when the service firm provides services to the customers as per the specifications that satisfy their needs. The idea of quality here is to be strongly linked to the needs and expectations of the customers.

The Rotated Factor Matrix for the variable defining factor 6 with their loading and commonality for motivating customers by the Indian Bank is presented in Table 6.7.

**TABLE 6.7****Variables in Service Quality**

<b>Sl. No</b>	<b>Variables</b>	<b>Factor Loading</b>	<b>Commonality</b>
1	Complaints and queries are rectified without any delay	0.738	0.695
2	Banks render quick and prompt services	0.487	0.517
3	Customers are highly entertained	0.457	0.553

**Source:** Computed data

It is observed from Table 6.7 that attributes such as, ‘complaints and queries are rectified without any delay’, ‘banks render quick and prompt service’, and ‘customers are highly entertained,’ with high factor loading constituted factor-6. These above said attributes with higher factor loadings on factor-6 are characterized as “Service Quality”. All the three attributes have a high commonality indicating that the attributes within factor-6 have very high association among them. The higher value of commonality indicates that higher amount of variance is explained by the extracted factors.

**Factor - 7****LOCATION**

Location of a bank is more important for a customer. Proximity of a bank facilitates easy access to the customers for executing their work with ease and comfort. The location of the bank must have sufficient physical connectivity with adequate transport facilities. Despite the widespread use of electronic banking products, bank location remained the most important factor customers consider when choosing their financial institution

The Rotated Factor Matrix for the variable defining factor 7 with their loading and commonality for motivating customers by the Indian Bank is presented in Table 6.8.

**TABLE 6.8**  
**Variables in Location**

<b>Sl. No</b>	<b>Variables</b>	<b>Factor Loading</b>	<b>Commonality</b>
1	Bank is located very near to residence/office	0.810	0.694
2	Frequent conveyance facilities are available to reach the bank	0.674	0.538

**Source:** Computed data

It is evident from Table 6.8 that among the factors of location, there are two variables with higher factor loadings such as, ‘Bank is located very near to residence/office.’ ‘Frequent conveyance facilities are available to reach the bank’, constituted factor-7. These variables with higher factor loadings on factor-7 are characterized as “Location”. This attribute has a high commonality indicating that the attribute within factor-7 has very high association among them. The higher value of commonality indicates that higher amount of variance is explained by the extracted factors.

#### **6.4 SUMMARY**

Seven factors that influence the decision making behavior of the customers were selected. They were safety, tangibility, reliability, responsiveness, transparency, service quality and location. Factor analysis was applied. Each factor had more than one variable. Each variable was expressed as a linear combination of the underlying factors. The amount of variance a variable shares with all the other variables included in the analysis was referred to as commonality. Among all the attributes formed under each factor there was high association.

## **SUMMARY OF FINDINGS, SUGGESTIONS AND CONCLUSION**

### **7.1 INTRODUCTION**

In the modern days if commercial banks are to enlarge their banking operations they have to necessarily give importance to customers, by not only retaining their existing customers but also by getting new customers, which is possible only by the better understanding of their customer requirements. Banks have to make their customers aware of the various services extended by which the customers are benefited. For example, consumer loan, housing loan, education loan, portfolio investment are some of the services. In addition to this, customers needs of various groups like corporate, Government, voluntary organizations have to be met. Banks have to update the services to customers by introducing modern technology such as e-Banking, internet banking, tele banking etc.

The present study has been undertaken to analyse the customers' satisfaction towards the services of Indian Bank with particular reference to Kanyakumari District. Among the public sector banks, the Indian Bank selected for the study has been striving hard to improve the quality of various services they offer to the public. The study is primarily based on primary data. The concepts and the methodology were formulated according to the objectives of the study with the help of comprehensive review of previous studies. The required primary data were collected from the customers of Indian Bank. The secondary data were collected from journals, books and websites. The collected primary data were

analysed with the help of statistical tools like ANOVA, Chi-square, Garrett's Ranking Technique, 'F' Test and Factor Analysis. A summary of finding, suggestions, conclusion and scope for further research are included in this final chapter.

## **7.2 SUMMARY OF FINDINGS**

The following findings reveal the customers' satisfaction towards the services of Indian Bank in Kanyakumari District.

### **7.2.1 Indian Bank and its Services**

An attempt is made to trace the historical perspective of banking in India, the services marketed by commercial banks and the branch network, services rendered to self help groups, students, various deposits, priority sector lending, social lending, awards received and the new initiatives undertaken by the Indian Bank.

### **7.2.2 Demographic Profile of the Respondents**

The personal information of the respondents namely age, sex, literacy level, income level, reasons or purposes of opening an account, marital status, place of residence, size of family and the types of accounts were analyzed with the various common services, such as safe custody, deposit of funds, tax consultancy, types of accounts, demand draft purchase, withdrawal, cheque collection and jewel loan.

All the 450 respondents of the Indian Bank have been classified as employees, businessmen, and others {agriculturalists, home makers, students, and self help groups}. Out of 450 respondents 225 (50 per cent) were employees, 150

(33 per cent) businessmen and 75 (17 per cent) others. A total of 113 respondents were in the age group of below 35 years followed by 215 in 35-45 years category and 122 respondents were above 45 years category. A majority of the respondents who were employees with the age group of 35 – 45 age group have availed of all the services rendered by the Indian Bank in the study area. Out of the 450 respondents, 306 respondents were male and 144 respondents were female. As far as the various services such as safe custody, deposit of funds, tax consultancy, types of accounts, demand draft purchase, withdrawal, cheque collection and jewel loan are considered, a majority of male respondents who were employees availed almost all the services rendered by the Indian Bank.

Among the 450 respondents, 126 had educational qualification upto higher secondary, 175 were graduates and 149 were post graduates. Among the services availed by the respondents, a majority of the employee type of respondents had education only upto Higher Secondary School level who availed all the services.

There were 115 respondents with an annual income of less than Rs.50,000, 250 with annual income between Rs.50,000 and Rs.1,00,000 and 85 respondents with annual income of more than Rs.1,00,000. A majority of respondents were employees whose annual income lies between Rs.50,000/- and Rs.1,00,000/- were availed all the services. Among the 450 respondents 131 have opened account to avail overdraft facilities, 80 respondents to avail loan and 122 respondents to open account for receiving salary. It was found that majority of the respondents of employee type opened account for the purpose of overdraft only.

Among the 450 respondents, 294 (65.33 per cent) were married and 156 (34.67 per cent) respondents were unmarried. The services like safe custody,



deposit of funds, tax consultancy, types of accounts, demand draft purchase, withdrawal, cheque collection and jewel loan were availed by a majority of married respondents who belong to the category of employees type. Out of the 450 respondents, 146 and 304 respondents were from rural and urban areas respectively.

There were 173 respondents in the category of small family with less than three members, 204 from among the medium type of family between 3 and 5 members and 73 respondents were from large size family with above 5 members. A majority of employee type of the respondents of small family availed all the services of Indian Bank in the study area. Out of the 450 respondents, 200 respondents had only one account, 150 had two or three accounts and 100 respondents had more than three accounts. The employee type of respondents having one account had availed majority of services like safe custody, tax consultancy, type of accounts, cheque collection and jewel loan. The other services like deposit of funds, demand draft purchase and withdrawal of funds were availed by the businessmen having only one account.

### **7.2.3 Problems Faced by the Respondents**

The respondents of the study area were put in a lot of difficulties and inconveniences. But the major problems faced by majority of the respondents in availing of banking services were categorized as safe custody related problems, consultancy related problems, operation of accounts related problems, enquiry counter related problems, ATM center related problems, ATM machine related problems, jewel loan related problems, personal/home loan related problems and collection of cheques related problems.

The various problems faced by the Indian Bank respondents were tested with the help of Garrett's Ranking Technique. This method was suggested by Garrett for converting the ranks into scores when a number of items ranked differed from respondent to respondent.

The causes for the safe custody related problems were 'delay in getting the safe', 'restricted access', 'size of the safe', 'users' inconvenience', 'locker rent', 'charge on maintenance of the locker', 'restricted usage' and 'non-availability'. The main cause namely 'restricted access' has topped the list with the highest mean score of 69.72, as not more than one time a day it is made available to the users.

The various factors of consultancy related problems were 'getting appointment for consultancy', 'insufficient advice' and 'extraordinary fees on consultancy', 'difficulty in extracting perfect calculations' and 'complete procedures', 'negative response' and delay in getting the services. Among the causes leading to consultancy related problems, 'delay in getting the services' has ranked first with the highest mean score of 66.05.

The various problems on operation of accounts were 'seeking for an introducer', 'restriction on number of operations', 'charges during non-operations', 'unattractive rate of interest', 'absence of ATM centres' and 'absence of evening and holiday counters', 'improper entries in passbook' and 'delay in sanctioning'. Among all the causes leading to operation of accounts related problems, 'Seeking for an introducer' has ranked the first with a mean score of 70.82 as it is a difficult task to get a person known to both the banker and the customer.

‘Non-availability of enquiring counter’, ‘non-availability of staff at the enquiry counter’, ‘inadequate information’, ‘un-courteous response’, ‘staff impatient and unhappy response’ are some of the important causes for enquiry counter related problems faced by the respondents, at the enquiry counter. In most of the banks in the study area there is no enquiry counter and hence the factor ‘non-availability of enquiry counter’ ranked first with a mean score of 66.33.

The various causes of ATM Center related problems were ‘single ATM Machine in cities’, ‘insufficient cash’, ‘long queue’, ‘break down of ATM machine’, ‘less secured and no provision of CCTV’. The factor ‘Single ATM Machine in cities’ has ranked first with a mean score of 64.70.

The problems related to ATM machines were ‘card locking’, ‘delay in card delivery’, ‘machine complexity’, ‘failure to maintain sufficient balance’ and ‘power failure’. Among the problems, card locking has ranked first with a mean score of 67.63.

On availing the jewel loan, one faces a lot of inconveniences. They were ‘more of profit oriented nature’, ‘compounding rate of interest’, ‘time-consuming process’, ‘absence of prompt communication service’, ‘legal proceedings on default’ and ‘high rate of interest’, ‘more time taken for release of jewels’ and ‘publishing in newspaper’. Among the causes of jewel loan related problems, the factor ‘compounding rate of interest’ has ranked first with a high mean score of 70.62.

In offering personal/home loan services also the customers were put to many difficulties. They are in the form of ‘cumbersome procedures’, ‘for

fixed/fluctuating rate of interest', 'high rate of interest', 'penal interest', 'exorbitant service charges', 'extremely difficult to avail', 'collateral securities' and 'option on interest rates'. Among the various causes leading to personal/home loan related problems, 'cumbersome procedures' ranked first with a higher mean score of 66.35.

While availing collection service facility also the customers face some difficulties such as 'inordinate delay', 'exorbitant collection charges', 'restriction on time of deposit of cheques or drafts deposited for collection' and 'low preference to this work'. Among the causes responsible for the problem arising out of collection of out-station cheques, 'inordinate delay' topped the list with a highest mean score of 66.62.

#### **7.2.4 Level of Satisfaction**

The level of satisfaction of the respondents was studied with the help of ten components namely, age of the respondents, gender of the respondents, literacy level of the respondents, income level of the respondents, type of occupation of the respondents, marital status of the respondents, place of the respondents, family size of the respondents, number of accounts held by the respondents and types of credit card/debit card availed by the respondents.

Inorder to measure the level of customer's satisfaction, ten components were identified. The variations were measured using Likert's five point scale. Out of 450 sample respondents, 106 (23.5 per cent) respondents had high level of satisfaction, 260 (57.8 per cent) had a medium level and 84 (18.7 per cent) had a

low level of satisfaction regarding the performance of banking services in the study area.

Inorder to find whether there is any relationship between the age and the level of satisfaction, the respondents were divided into three age-groups, namely below 35 years, 35-45 and above 45 years. Out of 215 sample respondents of the age group of 35-45 years, 51 (23.7 per cent), 124 (57.7 per cent) and 40 (18.6 per cent) had a high, medium and low levels of satisfaction respectively. There is a significant relationship between the age group and the level of satisfaction of the sample respondents in the banking services.

Out of 306 male respondents, 69 (22.67 per cent), 177 (57.8 per cent) and 60 (19.6 per cent) had high, medium and low levels of satisfaction respectively. Out of 144 female respondents 37 (25.7 per cent), 83 (57.6 per cent) and 24 (16.7) had high, medium and low levels of satisfaction respectively. There is a significant relationship between the gender and the level of satisfaction of the sample respondents in the banking services.

Out of 126 respondents, who had education upto higher secondary level, 36 (28.6 per cent), 77 (61.1 per cent) and 13(10.3 per cent) had high, medium and low levels of satisfaction respectively. There is a significant relationship between the literacy and the level of satisfaction of the respondents in the study area.

Out of the 115 respondents, with an annual income of less than 0.5 lakhs, 22 (19.1 per cent), 65(56.6 per cent) and 28 (24.3 per cent) had high, medium and low levels of satisfaction respectively. Out of the 250 respondents with an annual income between 0.5–1 lakh 60 (24.0 per cent), 147 (58.8 per cent) and 43 (17.2 per cent) had high, medium and low levels of satisfaction respectively. Out of the 85

respondents with an annual income of more than Rs.1 lakh 24 (28.24 per cent), 48 (56.5 per cent) and 13 (15.3 per cent) had high, medium and low levels of satisfaction. It is concluded that there is a significant relationship between annual income and the level of satisfaction of the sample respondents towards the banking services in the study area.

Out of the 150 respondents, whose occupation was business, 33 (22.7 per cent), 94 (62.7 per cent) and 23 (15.3 per cent) had high, medium and low levels of satisfaction respectively. Out of the 134 professionals 32 (23.9 per cent), 70 (52.2 per cent) and 32 (23.9 per cent) had high, medium and low levels of satisfaction respectively. Out of the 91 agriculturalists 24 (26.3 per cent), 56 (61.5 per cent) and 11 (12.2 per cent) had high, medium and low levels of satisfaction respectively. Out of the 75 respondents who were considered as others (homemakers students and self help group) 17 (22.7 per cent), 40 (53.3 per cent) and 18 (24.0 per cent) had high, medium and low levels of satisfaction respectively. It is concluded that there is no significant relationship between the occupation and the level of satisfaction of the respondents towards the banking services in the study area.

It is observed that out of the 294 married respondents 79 (26.9 per cent), 170 (57.8 per cent) and 45 (15.3 per cent) had high, medium, and low levels of satisfaction respectively. Out of the 156 unmarried respondents, 27 (17.3 per cent), 90 (57.7 per cent) and 39 (25.0 per cent) had high, medium and low levels of satisfaction. It is concluded that there is a significant relationship between the marital status and level of satisfaction of the sample respondents towards the services rendered by Indian Bank in the study area.

Out of 146 respondents of rural area, 40 (27.5 per cent), 80 (54.7 per cent) and 26 (17.8 per cent) had high, medium and low levels of satisfaction respectively. Out of the 304 respondents of urban area, 66 (21.7 per cent), 180 (59.2 per cent) and 58 (19.1 per cent) had high, medium and low levels of satisfaction. It is concluded that there is no significant relationship between the place and the level of satisfaction of the respondents in the study area.

Out of the 170 respondents, 40 (23.5 per cent), 107 (62.9 per cent) and 23 (13.6 per cent) had high, medium and low levels of satisfaction respectively. Out of the 204 respondents, 47 (23.0 per cent), 114 (55.9 per cent) and 43 (21.1 per cent) had high, medium and low levels of satisfaction respectively. It is concluded that there is no significant relationship between the types of card held and the level of satisfaction of the sample respondents towards the banking services.

It is observed that out of the 225 respondents who had savings account, 34 (15.1 per cent), 140 (62.3 per cent) and 51 (22.6 per cent) had high, medium and low levels of satisfaction respectively. Out of the 150 respondents holding current account, 47 (31.3 per cent), 80 (53.4 per cent) and 23 (15.3 per cent) had high, medium and low levels of satisfaction respectively. Out of the 75 respondents having recurring deposits account, 25(33.3 per cent), 40 (53.4 per cent), and 10 (13.3 per cent) had high, medium and low levels of satisfaction respectively. Hence it is concluded that there is significant relationship between the accounts operated and the level of satisfaction of the respondents towards the banking services used in the study area. Out of the 173 respondents 43(24.8 per cent), 107(61.9 per cent) and 23 (13.3 per cent) had high, medium and low levels of satisfaction respectively. Out of the 204 respondents, 47 (23.0 per cent), 114 (55.9

per cent) and 43 (21.1 per cent) had high, medium and low levels of satisfaction respectively. It is concluded that there is no significant relationship between the type of card held and the level of satisfaction of the sample respondents towards the banking services in the study area.

#### **7.2.5 Perception of the Respondents on the Services Rendered by the Indian Bank**

The analysis infers that the employee category was poor in their perception on the attitude towards the facility of technology innovation or aided services when compared to businessmen and the other type of respondents. The index reveals the existence of poor perception towards technology innovation services among the employees and better perception among the other two categories of respondents.

The analysis infers that the businessmen category was poor in their perception towards the facility car loan when compared to employees and the other type of respondents. It reveals the existence of poor perception towards car loan facility among the businessmen had better attitude among the other two categories of respondents.

The analysis infers that the businessmen were poor in their perception on the attitude towards the physical facility compared to the other type of respondents and the employees respondents. The index reveals the existence of poor perception towards canteen facilities among the businessmen and better attitude among the other two categories of respondents.

The study reveals that the employees category is poor in their perception on the attitude towards the availability of ATM services when compared to the other group of respondents. The index inferred that there prevails a poor attitude



towards ATM service among the employees and better attitude among the other two categories of respondents.

The analysis infers that the other type of respondents were poor in their perception towards the facilities of charges on financial services when compared to businessmen and the employees group of respondents. The index reveals the existence of poor attitude towards the charges on financial services among the other type of respondents and better attitude among the other two categories of respondents.

The analysis infers that the employees category was poor in their perception on the attitude towards the facility safe custody deposits when compared to businessmen and the other type of employees. The Index reveals existence of poor perception towards safe custody deposits service among the employees and better perception among the other two categories of respondents.

In total, a maximum of 74 per cent of the respondents had OSI of 50-75 per cent; 32.11 per cent of the respondents had OSI of 25-50 and 17.23 per cent of the respondents had OSI of 75-100 per cent. The number of respondents of employees having OSI of 50-75 per cent constituted 50.66 per cent of its total; whereas businessmen type of respondents having OSI of 50-75 per cent constituted 74 per cent. In case of other type of respondents having OSI of 50-75 per cent constituted 66.67 per cent of its total. At the same time employees type of respondent had OSI of 25-50 per cent constituted 32.11 per cent to its total and the businessmen type of respondents having OSI of 25-50 per cent constituted 16 per cent. In the case of other type of respondents it was 20 per cent. Regarding respondents with 75-100

per cent of the OSI, customers of employees type constituted 17.23 per cent, respondents of employees and others constituted 10 per cent and 13.33 per cent respectively. From the forgoing analysis, it may be inferred that 67.12 per cent of the respondents come under more than 50 per cent of the OSI. It implies that overall banking services rendered to the customers in the study area is satisfactory and there is a good scope for further development of customers' perception in the study area.

#### **7.2.6 Selected Factors Motivating the Respondents**

In total, 25 variables were selected to analyze the motivational factors of customers. The factor analysis deleted the four variables because of its non eligibility. Hence, only 21 variables were factorized into seven factors. The rotated factor loadings for the twenty one statements (variables) which motivates the respondents. All the twenty one statements have been extracted into seven factors namely safety, tangibility, reliability, responsiveness, transparency, service quality and location.

Among the variables of safety, the variables with higher factor loading such as 'opening an account in a bank is the basic need of life,' 'having an account gives a sense of security,' 'operating an account provides timely help,' 'holding an account minimizes the risk,' and 'a bank account will help a lot during emergencies' constituted factor-1. All the five attributes have a high commonality indicating that the attributes with in factor-1 have very high association among them. The higher value of commonality indicates that higher amount of variance is explained by the extracted factors.

Among the variables of ‘tangibility’, physical evidence of the service is necessary, and ‘implementing modern innovative technologies’ constituted factor-2. These two variables with higher factor loadings on factor-2 are characterized as “Tangibility”. All the two attributes have a high commonality indicating that the attributes within factor-2 have very high association among them. The higher value of commonality indicates that higher amount of variance is explained by the extracted factors.

Among the variables of ‘reliability’, the variables with higher factor loadings such as, ‘Customers are delighted and satisfied by the reliable services,’ ‘Keeping up their promises in rendering satisfactory service,’ and ‘maintaining error free accounts,’ constituted factor-3. These three variables with higher factor loadings on factor-3 are characterized as “Reliability”. All the three attributes have a high commonality indicating that the attributes within factor-3 have very high association among them. The higher value of commonality indicates that higher amount of variance is explained by the extracted factors.

The attributes such as, ‘encouraging the customers of all categories even the self help groups’, ‘make the employees responsible to the customer’s needs,’ and ‘inform the latest schemes, products and services to the customers’ with high factor loading constituted factor-4. These above said attributes with higher factor loadings on factor-4 are characterized as “Responsiveness”. All the three attributes have a high commonality indicating that the attributes within factor-4 have very high association among them. The higher value of commonality indicates that higher amount of variance is explained by the extracted factors.

The attributes such as, ‘all the information provided are transparent in nature,’ ‘the mode of charging interest on loans is made known to the customers,’ and ‘loan pre-closures and settlement procedures are so clear,’ with high factor loading constituted factor-5. These above said attributes with higher factor loadings on factor-5 are characterized as “Transparency”. All the three attributes have a high commonality indicating that the attributes with in factor-5 have very high association among them. The higher value of commonality indicates that higher amount of variance is explained by the extracted factors.

The attributes such as, ‘complaints and queries are rectified without any delay,’ ‘banks render quick and prompt service,’ and ‘customers are highly entertained,’ with high factor loading constituted factor-6. These above said attributes with higher factor loadings on factor-6 are characterized as “Service Quality”. All the three attributes have a high commonality indicating that the attributes with in factor-6 have very high association among them. The higher value of commonality indicates that higher amount of variance is explained by the extracted factors.

Among the variables of location, the only variable with higher factor loadings such as, ‘Bank located very nearer to residence/office.’ ‘Frequent conveyance facilities are available to reach the bank’, constituted factor-7. These variables with higher factor loadings on factor-7 are characterized as “Location”. This attribute has a high commonality indicating that the attribute with in factor-7 has very high association among them. The higher value of commonality indicates that higher amount of variance is explained by the extracted factors.

### **7.3 SUGGESTIONS**

Based on the above findings, the following suggestions are made to improve the customers' satisfaction towards the services of Indian Bank in Kanyakumari District:

#### **Safe Custody**

The bank can increase number of times for access in a day for safe custody and provide locker facilities in all the branches in order to satisfy its customers in the study area.

#### **Day to day transactions**

Another important problem faced by customers is delay in getting the services. In order to avoid this type of problem, the bank can instruct its customers to use ATM/debit cards which may be used by all eligible SB/CA holders. All the card holders may be advised to use ATM centers for all withdrawals and other activities. Cash counters should be operated in time, with necessary staff. Customers shall be encouraged to use IT advantages like net banking, mobile banking to reduce their physical appearance in banks to perform normal and nominal transactions. In order to encourage the customers to use e-banking facilities, the bank can reduce the charges for these facilities.

#### **Opening an account**

In order to avoid the problem of seeking for an introducer, the bank can allow the public to open an account by referring their identity proof like voters ID, PAN card, driving licence etc.

**May I help you (or) Enquiry counters**

The bank can provide enquiry counters in all the branches especially in rural areas of this district.

**ATM Machines**

Now the bank has 17 ATMs in the study area. The bank can increase the number of ATMs in various places especially in rural areas and choose suitable locations. The bank can install more modern ATMs and proper maintenance and verification should be made at regular intervals in order to avoid card locking problems. The bank can store the high quality currency notes, since the poor quality increases the breakdown of the machine. Most of the respondents in rural area faces the problem of operating the machine. So, the bank can introduce the user friendly ATM and give assistance for operation of a machine. The bank can increase the safety and security measures inside and outside ATMs.

**Jewel / Personal Loans**

In order to satisfy the customers, the bank can reduce the rate of interest for jewel loan. The bank can reduce rate of interest for jewel loans and offer simplified rules and procedures for applying personal loans.

**Smart Student's Loan**

The bank may offer smart students loan in order to complete their carrier successfully. This type of loan is given to students who are brilliant and economically poor. They must be given option in the moratorium period and repayment period. The repayment shall be allowed as either in lump sum or in installment with variable rate of interest.

**Retention strategy**

Gone are the days when a customer would walk to the branch to fulfil their basic banking needs. Today, it is all about pro-active marketing of products and selling products and services through a direct sales force. Maintenance and servicing of accounts is an important retention strategy to be followed by the Indian Bank.

Previously banks focused on attracting new customers by offering a different experience which was often technology aided, but the rapid adoption of digital tool has rendered the retention of existing customers a key priority. The existing customers should be satisfied by rendering satisfactory services.

**Micro Insurance**

Micro insurance is expected to play a crucial role in mitigating the risks arising out of unforeseeable natural calamities and other disasters. It is a short simple less expensive insurance policy designed to meet the needs of the poor. Micro insurance products may be offered to cover the low income households who have little savings and are tailored to have lower valued assets and compensate for illness, injury and death. Thus its services are extended to the needs of the under privileged poor through micro insurance.

**Special services for its customers**

Besides the regular services, banks shall offer special services through meals (campaign), housing loan, small enterprises loan, and consumable loan may be offered in these camps. Concessional rate of interest extension in credit terms, waiver, in processing and other charges.

**Concessional rate of interest**

Special concession in the form of reduction in the rate of interest may be granted to those who are prompt in the repayment of loans within a very short period of time.

**Willful Defaulters**

Defaulters are of two types namely willful defaulters and occasional defaulters. It is the duty of the banks higher officials to identify these defaulters and take necessary steps to recover the loans remain unpaid for a long time. Legal action may be taken against these defaulters by compulsory acquisition of their property or rights.

**Role of Banks**

Banks have a vital role to play in addressing several problems faced by the respondents today. Banks have to view themselves not just as providers of credit but to act as legal and financial advisers in the growth of businessmen, professionals, agriculturalists and Self Help Groups.

**Women customers**

The Indian Bank may extend its service to female customers by opening a branch specially for women customers so as to strengthen the activities of self help groups and women entrepreneurs.

**Customer's expectation**

Customer's level of satisfaction is poor in certain instances since they always expect when the government will waive off the loans or interest, because in anticipation of the parliament election, the government had waived of the agriculture loan and interest on education loan. There is also a greater possibility



for the chances of occurrence of bad debts. In order to recover those debts special recovery officers are to be appointed by the banks.

### **Policies of Government**

The change in the policies of Government has an impact on the repaying attitude of the customers. Just before the Lok Sabha election, promises given by the ruling party, politicians affect the customers attitude to a larger extend.

### **Charges in Rural area**

In order to promote more satisfactory services to rural area, the service charges collected from the customers may be comparatively less than in urban area.

### **Follow up contact**

Complaints should be handled then and there. Regarding complaints, customers should receive follow up contact.

### **Biometric card**

Dissatisfaction with ATM card facilities can be minimized by providing biometric cards to all the ATM card holders. This will reduce the periodical renewal of ATM cards. Number of ATM machines can be increased in rural areas to provide better satisfactory service to the rural customers. Electronic banking facility is one of the best way to reduce personal transactions in banks. Charges for electronic transactions can be reduced so that the customers prefer these type of transactions. In order to make internet banking more popular, banks must separate their customers based on demographic priority (i.e., age, gender, occupation etc.) and customize e-Banking services as per their needs and requirements. Banks are suggested to make it multilingual to benefit people effectively.

## **5.4 CONCLUSION**

Banks are accessible even to a common man and their activities are extended to areas hitherto untouched. Apart from their traditional business oriented functions, they have come out to fulfill national responsibilities also. The recent developments in banking technology and expansion of telecommunication network in the hinterlands of the country have provided a perfect launch pad for extending banking outposts to remote locations without having to open bank branches. The services of Indian Bank have positive impact on the customer satisfaction. Some services have very high customer satisfaction whereas some have the lower customer satisfaction level which is the major concern area for the bank and there is a need to pay more attention, therefore the bank needs to keep those factors in consideration while designing the strategies to enhance the customer satisfaction.

### **Titles recommended for further study**

The study also paves the way for understanding similar studies in the area of banking sector, based on the experience of the researcher. The following issues may be taken up for further research:

- Financial inclusion of Indian Bank in Kanyakumari District.
- Innovative technologies in promoting banking services of Indian Bank.
- A comparative study of Indian Bank in rural and urban areas.
- Customers' perception of service quality of Indian Bank – A factor analysis.
- Pros and cons of implementing Central Government's 'Jan-Dhan Yojana' by the Indian Bank in Kanyakumari District.

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