

A Study on Growth Factors And Customer Perception Towards Retail Banking

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Abstract- Today most of the banking services are streamed automatically via ATM'S or through virtual retail banking known as online banking. Retail banking deals with lending money to customers which includes a variety of loans, credit cards etc. Retail banking is termed as the part of banks operations which provides services to small account holders. However the study is based on the review of the retail banking in india with a comparative study related to public and private sector banks.

The purpose of the study is to examine whether the customers of banks have maximum satisfaction regarding the service quality in both public and private banks.

The review of literature is made by the works done by the academician and professionals in the fields of banking. The literature review is generally a published work relates to the information based on evolution, management, working and challenges of banking. This study surveys the divergence of opinion of customer of banks related to dimensions of service quality with SBI to other private banks.

Keywords- Retail banking, public and private banks, satisfaction ,services.

I. INTRODUCTION

Retail banking is one of the emerging trend in banking sector, which refers to the dealing of commercial banks with individual customers, both on liabilities and assets sides of the balance sheet. Fixed, current / savings accounts on the liabilities side; and mortgages, loans (e.g., personal, housing, auto, and educational) on the assets side, are the more important products offered by banks. Related ancillary services include credit cards, or depository services. Today's retail banking sector is characterized by three basic characteristics:

- Multiple products (deposits, credit cards, insurance, investments and securities);
- Multiple channels of distribution (branch, internet);and

- Multiple customer groups (consumer, small business, and corporate)

II. RETAIL BANKING IN INDIA

Retail banking in India is not a new phenomenon. It has always been prevalent in India in various forms. For the last few years it has become synonymous with mainstream banking for many banks.

The typical products offered in the Indian retail banking segment are housing loans, consumption loans for purchase of durables, auto loans, credit cards and educational loans.

In recent past retail lending has turned out to be a key profit driver for banks with retail portfolio constituting 21.5 per cent of total outstanding advances as on March 2017.

While new generation private sector banks have been able to create a niche in this regard, the public sector banks have not lagged behind. By international standards, however, there is still much scope for retail banking in India. After all, retail loans constitute less than 7 percent cent of GDP in India about 35 per cent for other Asian economies - South Korea (55 per cent), Taiwan (52 per cent), Malaysia (33 per cent) and Thailand (18 per cent).

III. REVIEW OF LITERATURE

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

Aparna Mishra and Kamini Tandon (2011) who studied "Customer centric approach towards retail banking services" find that the important factor affecting customer satisfaction in retail banking is service quality. The customer retention can be ensured only through the quality of service provided by the banks.

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

Madhavi (2013) is of the opinion that retail banking is the most tremendous area to be looked after by the banks. The rising population of higher income earning middle class, who are ready to take risk, has increased the scope of retail banking. So banks should concentrate on this elite group of customers through product innovation and offer them quality service in time.

Mittal and Pachauri (2013) in their study on promotional tools and techniques adopted for retail banking compared the public sector banks and private sector banks. Their finding is that the perception of customers with regard to the type of promotional tools and the techniques adopted significantly vary between public sector and private sector banks.

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

IV. OBJECTIVES OF THE STUDY

- To study the growth and performance of retail banking in India.
- To understand the customers perception on the service delivery of the bank.
- To provide suggestions for better functioning of business.

V. SCOPE OF THE STUDY

There is a wide scope to extend this study in the future. Future researchers may continue the study by taking number of private or public sector banks, to bring about the potential of retail banking industry

- All round increase in Indian economy.
- Increasing in purchasing power .the rural areas have the large purchasing power at their disposal and this is an opportunity to market retail banking.
- Some tax benefits are available. Example: in case of house loans.

VI. METHODOLOGY

In order to understand the growth and customer perception towards retail banking, we did two types of research methodology, primary data and secondary data.

- **Primary data:** prepared questionnaire for collecting of required data.
- **Secondary data:** in order to understanding the sector of retail banking we have gone through various websites, books etc.

VII. LIMITATION OF THE STUDY

- The data from the sample may not reflect the universe; since it is restricted only 50 customers.
- There were also time limitations. As the topic is wide, all matters regarding the study could not be analyzed.
- The scope of the study will be restricted to selected banks.
- Many of the respondents did not think hard enough while choosing the specific point. This could have led to a biased view and thus affected the analysis.
- Survey is limited to particular area.

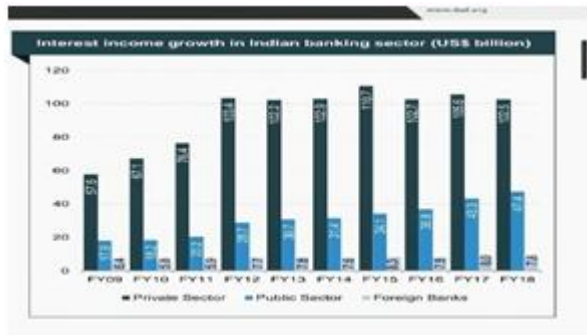
VIII. DATA ANALYSIS AND INTERPRETATION

8.1 Towards Demographic / Behavioural factors



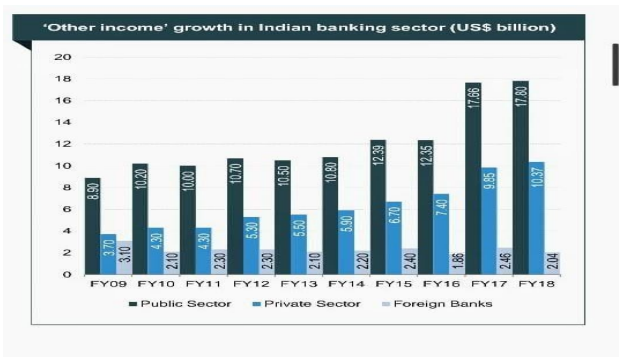
Interpretation: From the above data it can be observed that the India occupies 3rd place with 9.2 % of the people are using retail banking services while compared to other countries.

8.2 Interest income growth in Indian Banking sector



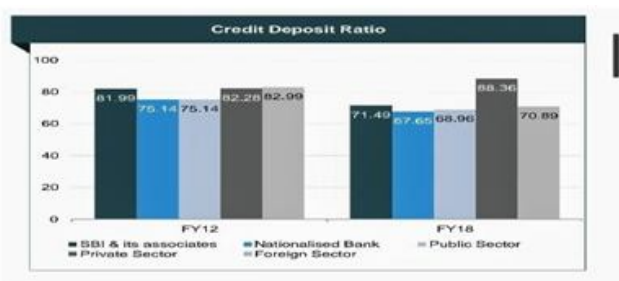
Interpretation: From the above data it can be observed that public sector banks are gradually increasing by year by year where as private sectors have slightly fluctuated up and down where the foreign bank is constant.

8.3 Other income growth



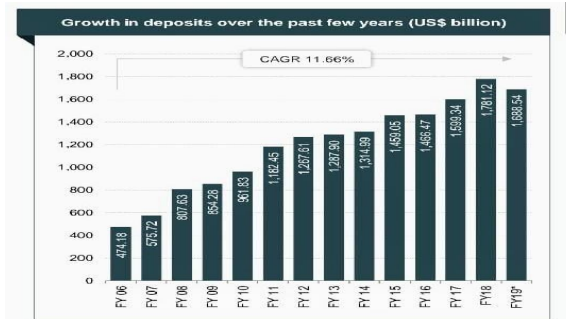
Interpretation: From the above data it can be observed that both private and public sector banks are gradually increasing from FY09 to FY18 where as foreign banks have declined to 2.04% when compared to previous year 2.46.

8.4 Growth of Credit deposit rate:



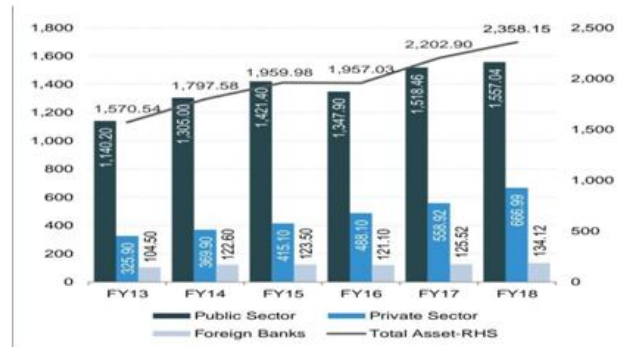
Interpretation: From the above data it can be observed that current credit deposit ratio of the sbi is declined to 10% from its previous financial year and also the same to nationalized and public, foreign banks except private banks which shows 6% increasing

8.5 Growth in deposits up to 2018



Interpretation: From the above data it can be observed that growth of the deposits are continuously increasing year by year.

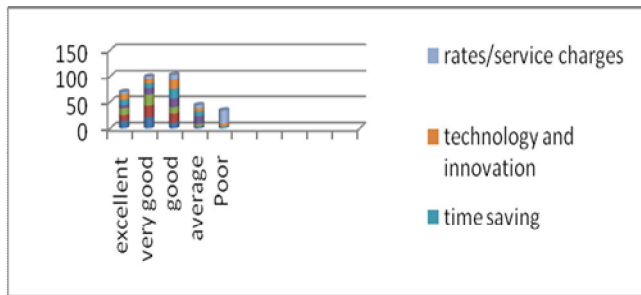
8.6 Growth of total banking sector Assets



Interpretation: From the above data it can be observed that the growth of total assets of the banks of public, private and foreign banks are gradually increased.

8.7 Customer satisfaction levels towards

preferences	excellent	very good	good	average	poor
Customer service	14	21	11	4	0
Working hours	11	22	17	0	0
Staff response	13	21	12	4	0
Transaction cost	6	12	17	15	0
Time saving	10	9	18	9	4
Technology and innovation	11	10	18	6	5
Rates/service charges	4	5	10	6	25



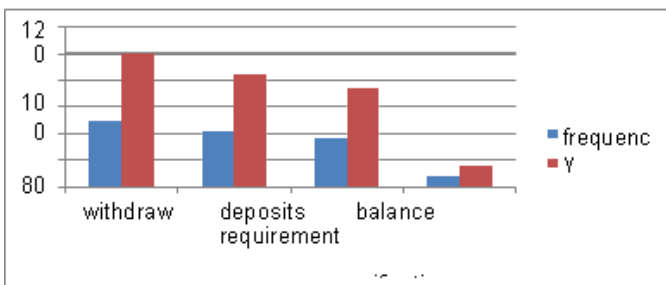
Interpretation: the above data represents about the satisfaction levels of customers towards bank services.

8.8 Retail Services provided by the bank:

ATM service Facilities

ATM services	Frequency	Percentage
Withdraw	50	100
Deposits	42	84
balance verification	37	74
requirement for check book / statement	8	16

Graphical representation of ATM service facilities aware by no of respondents

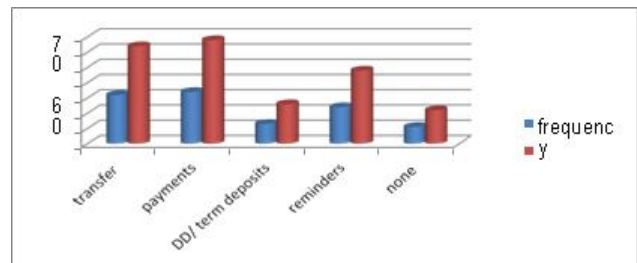


Interpretation: from the above data it is observed that the maximum no respondents are aware of withdraw facility provided by the bank. Where as only 16% of respondents are aware of requirement facility of check book / statement.

8.9 Internet Banking facilities

Internet banking	Frequency	percentage
transfer of funds	32	64
Payments of bills	34	68
DD/ term deposits	13	26
Reminders/alerts	24	48
none of the above	11	22

Graphical representation of no of respondents who aware of internet banking

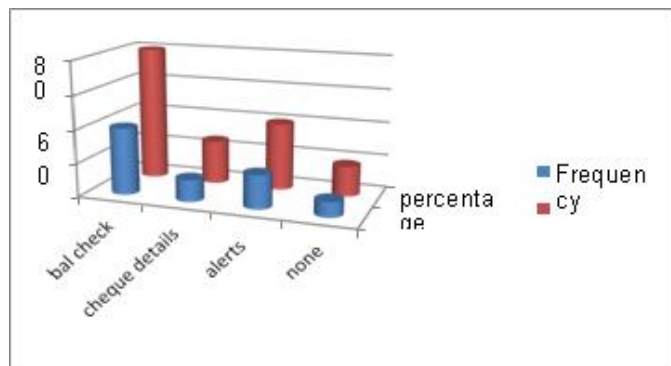


Interpretation: from the above Data it is above that 68% of respondents are aware of internet banking facilities. only 22% are not aware of IB.

8.10 Mobile banking services

Mobile banking	frequency	Percentage
balance check	40	80
cheque details	13	26
Alerts	20	40
None	9	18

graphical representation of no of respondents who aware of Mobile Banking services



Interpretation: from the above data it can be seen that more no of respondents(41%) are aware of mobile banking where as only 9 respondents are not aware of MB.

IX. FINDINGS

- 42% of the respondents have rated the bank very good with regard to the courtesy level of the bank's personnel/staff.
- 44% of the respondents have rated the bank as very good with regard to the working hours of the bank.
- 43.7% of the respondents have rated the bank as very good with regard to the bank staff's knowledge in answering/ solving the customers' queries...
- 37.5% of the respondents have rated the bank good with regard to the product/ service innovation in the past two years.
- 75.3% of the respondents have rated the bank very good with regard to the comfort facilities it offer.
- 76% of the respondents have rated the bank average with regard to the interest rate currently being offered..
- Only 23% of the respondents are aware of the facility such as requirement for cheque book/ statement through the ATM.
- Only 30% and 23.3% of the respondents use the mobile and internet banking facility of the bank respectively.
- India's economy grew at an average rate of 9.2 percent and continues to grow at almost the same rate.
- Total assets of public and private sector have been increasing year by year.

X. SUGGESTIONS

- 76% of the respondents felt that the interest rates on loan were high and hence the interest rates may be reduced to attract more customers.
- Banks should improve access and communications using remote channels, and increase customer awareness of such offerings.

- Banks must think about the services they promise to customers versus what they actually deliver, and address deficiencies.
- Banks must focus on reaching more no of customers through more attractive innovation.

XI. CONCLUSION

Customers always look for more user- friendly products and better interest rates when compared to other banks they have account with, so, through product innovation and competitive pricing strategy the bank can foster business relationship with its customers. The gap analyzed can be minimized by better technology, customer service and also by creating awareness about the various services; thereby increasing the customer base. So as to retain the existing customers and to build up customer loyalty, Customer Relationship Management should be given more importance.

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