



Role and Significance of Retail Banking Sector to Provide SERVQUAL in India

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Abstract:

Retail banking is considered to be one of the new financial services offered by various commercial banks (Public as well as private Sector Banks and foreign banks. The main product of retail banking such as ATMs, insurance, online banking, loan, deposit and other retail services. India has also developed a commercial banking sector and accounted for one-fifth of all banks due to favorable macroeconomic, changes in financial markets etc. and led to a change in perspective on banking marketing strategies. Banking in India has quickly emerged as one of the leading drivers in the global banking industry and has seen tremendous growth in the past. Commercial banking services include savings and checking accounts, deductions, loans, bank cards, credit cards and more. Retail Banking is now considered an important and attractive part of the market that offers opportunities for growth and profit. Typical products offered in the Indian banking sector are home loans, utility loans, car loans, credit cards and education loans.

Keywords: Retail banking, Commercial banking services, Indian banking sector

Introduction

Retail Banking is also called a consumer bank. As the name suggests, it is part of a commercial banking system associated with the general public and individual customers. Commercial banking programs aim to provide banking services such as checking accounts, opening accounts, savings accounts, loans, bank cards, and more to citizens. The program addresses members of the general public and their financial management needs. It excludes companies, businesses, and companies that may require sophisticated banking solutions.

For most people, four banks refer to commercial banking services such as savings, transactions, mortgages, bank cards, credit cards and more. In India, this may not be a new phenomenon, but changes in the number of customers and technological growth have made this an important part of day-to-day operations. Commercial banking takes place at local branches of commercial banks. It should be noted that it is not just the banking department that manages the individual needs to save and spend money.

Literature Review

*Edwin and Fatima (2011)*³ concluded that there is a close link between customers' perception on the service quality factors and customer satisfaction. *Haidar & Islam (2011)*⁴ considered six dimensions of service quality, viz., accessibility, reliability, tangibles, empathy, security, and assurance in determining the service quality factors of private



commercial banks. The study finds that tangibility is the most important factor in determining the service quality of private commercial banks followed by reliability, empathy, accessibility, and assurance. They point out that customers do not perceive quality in one-dimensional way rather evaluate quality based on multiple factors. *Kumbhar (2011)*⁵ pointed out that there is a significant difference in the customers' perception in internet banking services provided by the public and private sector banks. Private sector banks are providing better service quality of internet banking than the public sector banks. *Lau et. al. (2013)*⁶ the study suggests that SERVQUAL is a suitable instrument for measuring service quality in the retail banking sectors. *Lenka, and et. al (2009)*⁷ in a case study of Orissa state analyzed service quality of Indian commercial banks that fosters customer loyalty and found that better human, technical, and tangible aspects of service quality increases customer satisfaction. Human aspects of service quality were found to influence customer satisfaction more than the technical and tangible aspects. *Pushpaganthan (2006)*⁸ evaluated the quality of customer service rendered by public sector banks, private sector banks and foreign sector banks and found that in regards to facilities and amenities in public sector banks, the customers' expectations are not fulfilled when compared to foreign banks and private sector banks. The study reveals that customers are dissatisfied with the behavior of bank's staff in both public and private sector banks. *S. Shah (2014)*⁹ points out that in regards to e-banking services, customers of private banks are happier compared to public banks; and suggest that banks should try in all the ways to ensure e-banking is working 24 hours round the clock and service is available to customers hassle-free. It is evident from various studies that service quality is the key determinant of customer satisfaction. Therefore, it is important to know whether banks are offering services as per customers' requirements, and whether the customers are satisfied with the services. Against this backdrop, this study is an attempt to examine the service quality of commercial banks and the impact of such services on customer satisfaction.

Objectives of the study

The purpose of this paper is to explain the changing banking situation, analyze the opportunities and challenges of retail banking in India.

The main objectives of the study are:

1. To understand the important priorities of banks in India
2. To analyze the prevailing competition in retail banking services
3. To Highlighting various opportunities and benefits for retail banking in India

Research methodology

This study is descriptive type of study the result of a special reference in the Indian context of secondary data in the retail banking sector. To accomplish this, information from various books, journals, and periodicals has been considered, many reports on this particular area have been considered, and an Internet search has also been conducted.

Retail Banking Services Provided by Banks

The advent of banking technology has seen a dramatic change in the performance and functioning of commercial banks in India. Banks have used the latest technology to reach clients, meet their needs and expectations and learn how to conduct customer behavior, increase productivity, improve staff performance, increase sales and manage money. The various banking services offered by banks include a range of financial products that can be categorized as commercial deposit products, loan services, and payment services. The following are a few of the banking solutions and services offered by banks to its customers.

1. **Savings Bank Accounts:** This is a type of bank account that customers can open in a bank, which provides banking services that sell deposits and earn interest.



2. **Current Account:** Some of the terms used to refer to this type of commercial bank bank account are: account check, transaction account, and deposit claim account. Available to the account holder according to their need. The account owner can make multiple transactions with it.
3. **Debit Card:** A plastic debit card that is used instead of cash to pay at ATMs and other locations. Most banks offer this card for each current or savings account.
4. **Credit Card:** Like bank cards, this is a plastic card for making payments instead of money. Banks allow credit cardholders to pay off credit by promising to pay the bank the amount deducted and agree on additional amounts.
5. **ATM Cards:** These cards are prohibited from withdrawing and conducting other ATM transactions.
6. **Loans:** Banks lend money to their customers for a variety of purposes. Loans in India through retail banks include home loans, new / used car loans, consumer loans, education loans, and mortgage loans for farmers, small business loans.
7. **Other products** offered by commercial banks include a term deposit account, a fixed deposit, a recurring deposit account, a balance salary account, and a citizen savings account at a high interest rate. In addition to the aforementioned features of commercial banking, banks allow their clients to obtain secure deposit slips so that they can be kept securely of their essentials at the annual rates. Money transfers, NEFT, RTGS, Core Banking Solutions, Internet banking, mobile banking, information system, electronic clearings service, clearance, remittances, settlement and other important services provided by commercial banks. Commercial banking is an ancient example of a technological revolution that transforms the banking system.

Significance of Retail Banking

Commercial banking is an alternative for banks and individual customers. The value of commercial banking emphasizes the benefits of the services offered by banks. Unlike commercial banking, commercial banks focus on small units and individuals in the income. Over the years, it has shown that there is more revenue and more businesses. It has reduced operating costs and helped banks to establish a brand image in the public market. In addition, banks have improved customer-customer relationships. This increased and strengthened the customer base.

The retail sector contributes significantly to banking and economic development. It reduces the risk to banks if they rely on their mortgage loans. Plus, it offers a safe way to keep your money and your money safe.

Retail Banking Trends in India

In the past 10 years, the banking industry has undergone a major evolution. Due to the rise of competition, the IT revolution, emergence of Fintech and non-financial services, and changing customer demographics and expectations have prompted banks to adopt new strategies and techniques. Banks are moving towards the digital transformation that offers better customer experience, reduction in operating costs and lower cost for banking transactions. Meanwhile, internet banking and mobile banking are the most rapidly emerging trends in the retail banking sector. Technological innovation has made banking easy and convenient. This trend is predicted to result in a drop in bank visits drastically in the coming years. Use of artificial intelligence and voice assistants to deliver personalized and contextualized services are technologically-forward innovations expected to change banking systems. Adoption of biometrics authentication and KYC systems are a few changing trends that are expected to lower risks of fraud and fraudulent activities.



Conclusion

As mentioned, retail banking has numerous advantages. This is one of the reasons why it is a huge success for banks and customers. Today, it is an attractive banking segment that has drawn immense attention from investors and accelerators. Technology is constantly evolving that makes the future of retail banking in India uncertain. Digital transformation is just the beginning, there is much more in the pipeline that is about to change the business of money. While retail banking offers great growth opportunities, the challenges are equally difficult. How far a commercial bank can lead in the banking industry in the future will depend on the capacity of banks to meet challenges and take advantage of opportunities. However, advances in technology and job efficiency can contribute to the success of a banking retail business. Moreover, in all of this the will of the customers is very important. Therefore, it is important for banks to improve their customer service and cut down on hunting loan strategies, especially in the area of interest to credit cards. Finally we say that commercial banks are one of the biggest areas to be taken care of by the banking industry.

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