



**A STUDY ON CONSUMER ATTITUDE TOWARDS RETAIL BANKING WITH
RESPECT TO STATE BANK OF INDIA**

Mrs.B.Chitra
Assistant Professor,
Department of Commerce (UA-DAY),
PSG College of Arts and Science,
Coimbatore -14
chithu.b@gmail.com

Abstract

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. The loans are marketed under attractive brand names to differentiate the products offered by different banks. The loans are generally for duration of five to seven years with housing loans granted for a longer duration of 15 years. Credit card is another rapidly growing sub-segment of this product group. While new generation private sector banks have been able to create a niche in this regard, the public sector banks have not lagged behind. Leveraging their vast branch network and outreach, public sector banks have aggressively forayed to garner a larger slice of the retail pie. By international standards, however, there is still much scope for retail banking in India. As retail banking in India is still growing from modest base, there is a likelihood that the growth numbers seem to get somewhat exaggerated. One has to exercise caution in interpreting the growth of retail banking in India.

This paper had written in respect to Customers and their satisfaction towards retail banking with respect to SBI.

INTRODUCTION

Banks are among the main participants of the financial system in India. Banking offers several facilities and opportunities. Banks in India were started on the British pattern in the beginning of the 19th century. In the first half of the 19th century, The East India Company established 3 banks The Bank of Bengal, The Bank of Bombay and The Bank of Madras. These three banks were known as Presidency Banks. In 1920 these three banks were amalgamated and The Imperial Bank of India was formed. In those days, all the banks were joint stock banks and a large number of them were small and weak. At the time of the 2nd world war about 1500 joint stock banks were operating in India out of which 1400 were non-scheduled banks. Bad and dishonest management managed quite a few of them and there were a number of bank failures. Hence the government had to step in and the Banking Company's Act (subsequently named as the Banking Regulation Act) was enacted which led to the elimination of the weak banks that were not in a position to fulfill the various requirements of the Act. In order to strengthen their weak units and review public confidence in the banking system, a new section 45 was enacted in the Banking Regulation Act in the year 1960, empowering the Government of India to compulsory amalgamate weak units with the stronger ones on the recommendation of the RBI. Today banks are broadly classified into 2 groups namely—



(a) Scheduled banks.

(b) Non-Scheduled banks.

RETAIL BANKING

Retail Banking 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 of the 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).

RETAIL BANKING IN INDIA:

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STATEMENT OF PROBLEM

To keep in pace with the ever changing customer needs and preferences, banking sector is undergoing a rapid evolution in the recent past. New financial products are being innovated day by day. The bankers being aware of the fact that the plain old products cannot satisfy the demanding customers, several other products have been developed. One such product is the introduction of retail banking services. As the retail banking segment is continuously undergoing innovations, product re-engineering, adjustments and alignments, it is important to know the customers' perception towards these services. Thus, this study is conducted to find out the same, with respect to The State Bank of India, the largest Indian banking and financial services company.

OBJECTIVES

- To study the awareness level of various retail banking services offered by SBI
- To study the effectiveness of advertisements for various retail services provided by SBI.
- To study the customer attitude towards the retail services offered by SBI.



- To study various problems faced by customer related to retail services offered by SBI.
- To study satisfaction level of customer relating to retail services offered by SBI.

METHODOLOGY

SOURCE OF DATA:

Primary data is collected by personal interviews through Questionnaire. Some data is collected through Secondary data from sources like Magazines, books, journals and internet

AREA OF STUDY:

The area of study is restricted to Tirupur city (Tamil Nadu)..

SAMPLE SIZE:

For the purpose of the study, a sample of 200 respondents was selected and questionnaires were distributed to express their views. In the analysis and interpretation of the data, percentage analysis has been used.

LIMITATION OF STUDY:

- ❖ As the study is conducted only in Tirupur city (Tamil Nadu), the findings of the study cannot be considered universal.
- ❖ Due to lack of time, only 4 out of 8 branches in Tirupur city (Tamil Nadu). are selected for the study.

OVERVIEW OF STATE BANK OF INDIA

State Bank of India (SBI) is the largest Indian banking and financial services company (by turnover and total assets) with its headquarters in Mumbai, India. It is state-owned. The bank traces its ancestry to British India, through the Imperial Bank of India, to the founding in 1806 of the Bank of Calcutta, making it the oldest commercial bank in the Indian Subcontinent. Bank of Madras merged into the other two presidency banks, Bank of Calcutta and Bank of Bombay to form Imperial Bank of India, which in turn became State Bank of India. The government of India nationalised the Imperial Bank of India in 1955, with the Reserve Bank of India taking a 60% stake, and renamed it the State Bank of India. In 2008, the government took over the stake held by the Reserve Bank of India.

SBI provides a range of banking products through its vast network of branches in India and overseas, including products aimed at non-resident Indians (NRIs). The State Bank Group, with over 16,000 branches, has the largest banking branch network in India. SBI has 14 Local Head Offices and 57 Zonal Offices that are located at important cities throughout the country. It also has around 130 branches overseas.

With an asset base of \$352 billion and \$285 billion in deposits, SBI is a regional banking behemoth and is one of the largest financial institutions in the world. It has a market share among Indian commercial banks of about 20% in deposits and loans. The State Bank of India is the 29th most reputed company in the world according to *Forbes*. Also SBI is the only bank featured in the coveted “**Top 10 Brands of India**” list in an annual survey conducted by Brand Finance and *The Economic Times* in 2010.



The State Bank of India is the largest of the Big Four banks of India, along with ICICI Bank, Punjab National Bank and HDFC Bank—its main competitors.

The roots of the State Bank of India rest in the first decade of 19th century, when the Bank of Calcutta, later renamed the Bank of Bengal, was established on 2 June 1806. The Bank of Bengal was one of three Presidency banks, the other two being the Bank of Bombay (incorporated on 15 April 1840) and the Bank of Madras (incorporated on 1 July 1843). All three Presidency banks were incorporated as joint stock companies and were the result of the royal charters. These three banks received the exclusive right to issue paper currency in 1861 with the Paper Currency Act, a right they retained until the formation of the Reserve Bank of India. The Presidency banks amalgamated on 27 January 1921, and the reorganised banking entity took as its name: Imperial Bank of India. The Imperial Bank of India remained a joint stock company.

Pursuant to the provisions of the State Bank of India Act (1955), the Reserve Bank of India, which is India's central bank, acquired a controlling interest in the Imperial Bank of India. On 30 April 1955, the Imperial Bank of India became the State Bank of India. The government of India recently acquired the Reserve Bank of India's stake in SBI so as to remove any conflict of interest because the RBI is the country's banking regulatory authority.

In 1959, the government passed the State Bank of India (Subsidiary Banks) Act, enabling the State Bank of India to take over eight former state-associated banks as its subsidiaries. On 13 September 2008, the State Bank of Saurashtra, one of its associate banks, merged with the State Bank of India.

SBI has acquired local banks in rescues. For instance, in 1985, it acquired the Bank of Cochin in Kerala, which had 120 branches. SBI was the acquirer as its affiliate, the State Bank of Travancore, already had an extensive network in Kerala.

At present, SBI has 131 branches in 32 countries all over the world. The subsidiary banks of the SBI include:

- State Bank of Indore
- State Bank of Bikaner & Jaipur
- State Bank of Hyderabad
- State Bank of Mysore
- State Bank of Patiala
- State Bank of Travancore

The various services offered by SBI can be divided into 6 main segments. These are:

- Personal Banking
- Agricultural or Rural Banking
- NRI Services
- Corporate Banking
- International Banking
- Other Services

RESEARCH RESULTS & DISCUSSIONS

- Majority of the respondents belong to the age group 20 years – 30 years.
- Majority of the respondents are male.
- Majority of the respondents are married.
- Majority of the respondents are graduates.
- Majority of the respondents are employed.



- Majority of the respondents earn less than ₹ 120,000.
- Majority of the respondents have been a customer of SBI for 1-3 years.
- Majority of the respondent hold Savings bank in SBI.
- Majority of the respondents use mobile banking services of SBI
- Majority of the respondents haven't taken a loan from SBI.
- Majority of the respondents use the ATM services of SBI.
- Majority of the respondents are aware of the services of SBI through Friends and relatives.
- Majority of the respondents are found the advertisements of SBI attractive
- Majority of the respondents feel that the advertisements portray necessary information regarding the services in the advertisements.
- Majority of the respondents feel that the advertisements do justice to the quality of the services provided.
- Majority of the respondents feel that the advertisements are neither too long nor too short.
- Majority of the respondents have been using the ATM services for 1-5 years.
- Majority of the respondents feel that the quality of services offered by SBI is better than those offered by other banks.
- Majority of the respondents think SBI need not conduct more promotional activities.
- Majority of the respondents are unsatisfied with the user friendliness of SBI.
- Majority of the respondents are unsatisfied with speed of service at SBI.
- Majority of the respondents are neutrally satisfied with cost of service at SBI.
- Majority of the respondents are unsatisfied with the quality of services offered by SBI.
- Majority of the respondents are neutrally satisfied with the formalities for the services offered by SBI.
- Majority of the respondents are satisfied with the interest rates.
- Majority of the respondents did not face any problems regarding services offered by SBI.
- Majority of the respondents found the service providers helpful.
- Majority of the respondents found the service providers customer-friendly.
- The expectations of majority of the respondents were met through the services offered by SBI.
- The queries of majority of the respondents were attended to promptly with satisfactory answers.
- Majority of the respondents rated the explanation of services as very good.
- Majority of the respondents rated the timeliness as good.
- Majority of the respondents rated the help provided by the staff as good.
- Majority of the respondents rated the staff as good for understanding their needs.
- Majority of the respondents rated the staff as good for explaining the products well.
- Majority of the respondents rated the information provided to them regarding the services were average.
- Majority of the respondents rated the attitude of staff towards the customers as average.
- Majority of the respondents rated the letters and brochures of SBI as good.
- Majority of the respondents rated the communication of status of accounts as good.
- Majority of the respondents rated the clearing of doubts by the staff as average.
- Majority of the respondents are, on an average, satisfied with the services provided by SBI.
- Majority of the respondents stated that they will recommend SBI's services to their family and friends.



SUGGESTIONS:

- **SERVICES SHOULD BE MADE MORE ACCESSIBLE**
Accessibility of the services was rated average by majority of the respondents.
Services should be made more accessible.
- **MORE ADVERTISEMENTS FOR SERVICES**
Majority of the respondents are aware of the retail banking services of SBI through friends and relatives. In order to increase awareness, SBI should advertise its services more.
- **ADVERTISEMENTS SHOULD BE MORE ATTRACTIVE**
The advertisements should be made more attractive.
- **SERVICES SHOULD BE MORE USER-FRIENDLY**
Majority of the respondents are unsatisfied with the services being less user- friendly.
Therefore, services can be made more user- friendly.
- **IMPROVEMENTS REQUIRED IN SPEED, COST AND QUALITY OF THE SERVICES**
Majority of the respondents had problems with the speed, cost, and quality of service and expressed their dissatisfaction over it. It should be improved.
- **STAFF TO BE MORE HELPFUL**
The staff should be able to help the customers better.

CONCLUSION:

Retail banking services are becoming popular day by day. Due to cut-throat competition among various banks, it is important for a bank to offer quality services at competitive prices. SBI has branches all over the country as well as abroad, making it one of the biggest and most popular banks for Indians in the country and abroad. In addition to being popular, the bank also retains its customers by providing excellent quality services at competitive prices.

The consumers are provided with various services like ATM, mobile & internet banking, various loans etc., at good interest rates making it more attractive. Therefore, they possess all features which attract customers and satisfy them.

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