PREFACE

In India, the banking industry has entered several new activities in the areas of merchant banking, leasing housing finance, venture capital and financial services in general. The range of services provided by the banks stretches from rural finance at one end to international banking at the other. The banking scenario worldwide is now undergoing a rapid diversification and technological change and Indian banking is not an exception with the changing policy of the Government of India in the areas of industrial, trade and exchange rate policies. The functions of the bank have changed to cope with the changes. The Indian banking has seen momentous changes in the post-liberalization era. It has witnessed a remarkable shift in its operating environment during the last decade. Every aspect of the functioning of the Indian banking industry is undergoing dramatic changes. The market has changed drastically and has become largely customer centric.

In these days of intense competition, the banks are very particular in identifying the needs of their customer and how effectively that can be met. They continuously struggle and develop new strategies to differentiate themselves from their competitors by providing their customers with high quality banking services and high technology innovative products. It is to be noted here that technical superiority and innovative products alone will not bring success; it is the quality of service determines the success of any bank. In India, the PSB’s and old private sector banks realized their new role and also welcomed the new generation banks – HDFC bank, ICICI bank, IDBI bank, Axis bank, etc. These new banks had the advantage of starting with a clean slate, adequate capital resources, well trained and professional manpower, handful of branches in chosen centers, new variety of products and services etc. The customer acts as a propagandist in revealing the goodness of banking with a particular bank. A satisfied customer, thus becomes a source to attract new customers to a bank. As a result, in order to survive in the present world of intense competition, the banking sector has transcended the normal banking activities and has diversified into insurance, merchant banking, factoring and advisory services.

It is therefore important to understand the customer expectation properly and delivering actual performances that exceed expectations so as to make them delighted customers. Hence the researcher has made an attempt to study the service quality for customer satisfaction and Loyalty in Indian public sector and private sector banks.

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