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**STUDY ON VIEWS OF EXECUTIVES ON RETAIL BANKING  
PRODUCTS OF BANKING INDUSTRY IN KRISHNA DISTRICT**

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**ABSTRACT**

Retail banking is when a bank executes transactions directly with consumers, rather than corporations or other banks. Services offered include savings and transactional accounts, mortgages, personal loans, debit cards, and credit cards. Today, retail banking is being considered as one of the most innovative financial services provided by the various commercial Public Sector Banks (PSBs), private sector and foreign banks. Retail banking has a huge potential considering the growing demand for its products namely, term deposits, consumer durable loans, auto loans, debit card, credit cards, ATM facilities, insurance, online banking, etc.

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**INTRODUCTION**

India is a developing country. The factors hindering development of the country are many. Some of them can be attributed to the low per capita income and larger chunk of the population living under the poverty line. India is a country with poor people but with rich natural resources. It can be said that the country's potential is either the human resource or the natural resources are not adequately utilized to the maximum extent and that resulted in low per capita income. India is an agrarian economy. The economy is marred with unemployment and under employment. Since the economy is basically agrarian, disguised unemployment is also rampant among the farmer community.

Apart from the reasons mentioned, the money market as well as capital market witnessed the presence of private moneylenders, landlords etc. They have acted as bankers for centuries and have amassed major wealth from people of India that adversely affected capital formation. The need for a better financial institution and credit infrastructure was thus felt necessary by the planning commission when the five-year plans were initiated.

An efficient banking system and well functioning capital market, capable of mobilizing the savings & channeling them to productive uses, are essential if the efforts at economic restructuring are to succeed. While both the banking systems and capital markets have shown impressive growth in

the volume of operations. Unless major reforms were initiated it was difficult to achieve the acceleration of growth and increase in competitiveness. For this purpose, a committee was constituted under the Chairmanship of Sri M.Narasimham, which gave its report during November 1991 and a number of steps have been initiated subsequently.

Modern commercial banks in order to diversify their activities, entered into new non-traditional areas of business, such as mutual funds, merchant-banking activities, portfolio management, corporate counseling, and hire purchase finance, equipment leasing, venture capital and factoring service. These new activities result in the development of industry and trade in the country. In brief, it can be said that banks constitute the very lifeblood of economic society.

### **Need for the Study**

The Banking industry has undergone rapid changes in the recent past after reforms in the financial sector especially after reforms with banking sector. The nature, size and structure of banking sector underwent severe threats and challenges. Retail banking is one of the areas which have drawn attention of the policy makers, executives and customers. It is in this context, the present study assumes significance.

### **Nature of the Study**

The present study makes a comparative analysis of the select banks on products relating to Retail Banking.

### **Scope of the Study**

Scope of the study is to understand the various services and the products offered by the banks to the individual customers and to find out the gaps in the services being offered and the customer expectations. An effort is also made to suggest the banks as to where the gaps exist and what needs to be done to close the gaps. The study also covered the problems faced by the executives in providing retail banking products to customers. The study is confined to Krishna Dist as the investigator has more access to the officials of the banks as well as customers of the banks. The present study includes the retail products and services which are offered by select banks like Savings Bank a/c, FDRs, loans, technical services, mutual funds and insurances etc. The problems of both customers and executives are also analyzed in utilizing and providing these services.

### **Objectives of the Study**

The following are the objectives of the study.

1. To discuss the growth and development of banking in India before and after reforms.
2. To present the frame work relating to retail banking, its constituents, problems, prospects etc.
3. To study the profiles of select banks and also to understand their retail banking practices.
4. To understand the opinions of executives about the implementation of retail banking practices of select banks.
5. To offer suggestions to the decision making authorities after drawing conclusion from the study.

### **Methodology of the Study**

#### **1. Sample**

The investigator wrote to almost all the public and private sector banks to their head quarters to give permission to study their Retail Banking practices. However, with lot of efforts he could obtain permission from three banks to collect information in Krishna district, they are

1. **State Bank of India** (a leading largest bank operating at National level).
2. **ICICI** (a leading bank in private sector).
3. **Andhra Bank** (A leading bank operating at regional level).

The investigator planned to collect data from 300 executives. But due to resistance from executives and also due to various other constraints the investigator could collect responses from 162 executives of select banks in the district. It is to be noted that convenience sampling technique has been employed in the study.

**Sources of Data**

- a. Primary data.
- b. Secondary data

**Primary Data**

Primary data are those that are original in character and are collected afresh as the primary data is information collected for the first time. Primary data can be mainly collected by a well designed questionnaire. There are several methods in which the data is collected.

**SECONDARY DATA**

Secondary data refers to the use of information already collected and published or unpublished.

**Sources of Secondary data**

- ❖ Annual reports of the banks.
- ❖ Textual information available in the library.
- ❖ Web sites.
- ❖ Magazines.

**Data analysis**

This is the process which helps to eliminate the unnecessary data and to collect relevant information which helps in problem solving and to overcome the problem of an enterprise or an organization. The collected data was analyzed with the help of statistical tools like percentages, Weighted Average, Standard Deviation, Mann-Whitney U test, Kurtosis & Skewness, Co-efficient of Variance, one way ANOVA etc, The tools are briefly explained as under.

**Table 1 :Personal Retail Banking Products offered to the customers by your bank**

Retail Banking Products	No. of Respondents	Percentage (%)	SBI		AB		ICICI	
			N	%	N	%	N	%
SB & FDR	45	11.17	17	9.34	5	5.15	23	18.55
Personnel Loans	59	14.64	23	12.64	17	17.53	19	15.32
Technical Services	51	12.66	24	13.19	12	12.37	15	12.10
MF & Insurance	43	10.67	24	13.19	18	18.56	1	0.81
All of the above	205	50.87	94	51.65	45	46.39	66	53.23
<b>TOTAL</b>	<b>403</b>	<b>100</b>	<b>182</b>	<b>100</b>	<b>97</b>	<b>100</b>	<b>124</b>	<b>100</b>

The respondent executives are asked to give a list of personal retail banking products offered to the customers by their banks. Almost all the respondent executives expressed that they are offering retail products like SB & FDR, Personal loans, technical services, Mutual funds and insurance. Table 1 confirms this analysis. Thus, there are no significant differences which are observed in the views of respondent executives.

**Table 2 :Retail banking products mostly used by the customers of your bank**

Retail Banking Products	No. of Respondents	Percentage (%)	SBI		AB		ICICI	
			N	%	N	%	N	%
SB & FDR	36	8.72	14	7.33	10	10.99	12	9.16
Personnel Loans	63	15.25	26	13.61	18	19.78	19	14.50
Technical Services	65	15.74	21	10.99	21	23.08	23	17.56
MF & Insurance	26	6.30	12	6.28	10	10.99	4	3.05
All of the above	223	54.00	118	61.78	32	35.16	73	55.73
<b>TOTAL</b>	<b>413</b>	<b>100</b>	<b>191</b>	<b>100</b>	<b>91</b>	<b>100</b>	<b>131</b>	<b>100</b>

All the retail banking products are offered by these banks as well as used by the customers of the banks. This information is given in table 2. Thus, there are no significant differences which are observed in case of usage of retail banking products by the customers of the select banks as viewed by the respondent executives.

**Table 3 :Time taken to open Savings Bank Account**

Time Taken	No. of Respondents	Percentage (%)	SBI		AB		ICICI	
			N	%	N	%	N	%
Less than 25 minutes	20	12.35	8	10.53	4	12.50	8	14.81
25 to 35 minutes	85	52.47	36	47.37	18	56.25	31	57.41
35 to 45 minutes	32	19.75	17	22.37	6	18.75	9	16.67
More than 45 minutes	25	15.43	15	19.74	4	12.50	6	11.11
<b>TOTAL</b>	<b>162</b>	<b>100</b>	<b>76</b>	<b>100</b>	<b>32</b>	<b>100</b>	<b>54</b>	<b>100</b>

The respondent executives are asked their views on various aspects relating to the retail banking products. As a part of this analysis the respondent executives are asked to give their views on time taken to open savings bank account. 25-35 minutes was the answered by majority of respondent executives of the select banks. In table 3 the responses are presented. This analysis reveals that there are no significant differences in the responses of respondent executives of select banks.

**Table 4 : Times taken to deposit money**

Time Taken	No. of Respondents	Percentage (%)	SBI		AB		ICICI	
			N	%	N	%	N	%
Less than 25 minutes	34	20.99	12	15.79	8	25.00	14	25.93
25 to 35 minutes	84	51.85	41	53.95	12	37.50	31	57.41
35 to 45 minutes	27	16.67	14	18.42	8	25.00	5	9.26
More than 45 minutes	17	10.49	9	11.84	4	12.50	4	7.41
<b>TOTAL</b>	<b>162</b>	<b>100</b>	<b>76</b>	<b>100</b>	<b>32</b>	<b>100</b>	<b>54</b>	<b>100</b>

The time taken to deposit money in a majority of cases is 25-35 minutes as expressed by majority of the respondent executives. In table 4 these responses are recoded. A similar observation is found in case of respondent executives of select banks. This reveals that there are no significant differences in the views of respondent executives of sample banks under study.

**Table 5: Time taken for withdrawal**

Time Taken	No. of Respondents	Percentage (%)	SBI		AB		ICICI	
			N	%	N	%	N	%
Less than 25 minutes	98	60.49	43	56.58	15	46.88	40	74.07
25 to 35 minutes	42	25.93	27	35.53	8	25.00	7	12.96
35 to 45 minutes	18	11.11	5	6.58	7	21.88	6	11.11
More than 45 minutes	4	2.47	1	1.32	2	6.25	1	1.85
<b>TOTAL</b>	<b>162</b>	<b>100</b>	<b>76</b>	<b>100</b>	<b>32</b>	<b>100</b>	<b>54</b>	<b>100</b>

The time taken for withdrawal of money is given in table 5. The customers who approach branches to withdraw money have been decreasing with the ATM which is established in many places. However a very few customers approach the bank for withdrawal. The response of the respondent executives shows that in less than 25 minutes they are providing facility for withdrawals in their respective banks.

**Table 6 :Reasons for opening savings account with this bank**

Reasons	No. of Respondents	Percentage (%)	SBI		AB		ICICI	
			N	%	N	%	N	%
Convenient Timings	18	11.11	4	5.26	4	12.50	10	18.52
Location of the Bank	25	15.43	18	23.68	4	12.50	3	5.56
Image of the bank	84	51.85	32	42.11	17	53.13	35	64.81
Rules & Procedures of the bank	24	14.81	16	21.05	5	15.63	3	5.56
Staff behaviour	11	6.79	6	7.89	2	6.25	3	5.56
<b>TOTAL</b>	<b>162</b>	<b>100</b>	<b>76</b>	<b>100</b>	<b>32</b>	<b>100</b>	<b>54</b>	<b>100</b>

Image of the bank played an important role in opening savings account with this bank as observed by majority of the respondent executives. Other reasons like location of the bank and

convenient timings are also viewed as few reasons for opening savings bank account with this bank. The views are available from Table 6. It can be calculated that there are no significant differences in the views of respondent executives on the reason for opening savings account with the respective banks.

**Table 7: Opinion about opening an account is simplified after Computerization**

Opinion	No. of Respondents	Percentage (%)	SBI		AB		ICICI	
			N	%	N	%	N	%
Simplified	54	33.33	27	35.53	9	28.13	18	33.33
Highly simplified	90	55.56	46	60.53	12	37.50	32	59.26
Become difficult	7	4.32	2	2.63	4	12.50	1	1.85
No change	11	6.79	1	1.32	7	21.88	3	5.56
<b>TOTAL</b>	<b>162</b>	<b>100</b>	<b>76</b>	<b>100</b>	<b>32</b>	<b>100</b>	<b>54</b>	<b>100</b>

The respondent executives are asked to give their opinion on opening account after computerization. They opined that it is highly simplified after computerization. The analysis is observed in Table 7. Thus it can be concluded that there are no significant differences in the view of the respondent executives on the opinion about opening an account after computerization.

#### FINDINGS

1. All the banks which are under study offer a good number of personal retail banking products viz., Saving Bank, FDR's, technical services like ATM's, Net Banking, Mobile Banking etc. all types of mutual funds and insurance services.
2. The customers of the select banks use almost all the above retail banking products offered by the banks as observed by executives of select banks.
3. The analysis across individual retail banking products is also presented. The analysis is presented with reference to aspects like time taken for various transactions, specific reasons for selecting these banks, problems faced in case of utilization of various retail banking products etc.
4. There are no significant differences in the views of respondent executives of sample banks on few aspects relating Saving Banks A/C. In case of time taken to open savings bank a/c and the time taken to deposit money, the majority of executive respondents are of the view that it has taken only 15-20 minutes to complete these transactions.
5. Since almost all the banks are having ATM's the time taken to withdraw money is few minutes. Even in case of respondents who visit bank branches to withdraw money the time taken is less than 15 minutes.
6. Issues of cheque books when the accounts are opened, takes less than a week in case of all banks which are under study.

#### SUGGESTIONS

- Since the service quality in the banks is the buzzword in banking industry, banks should analyze the perception and expectation of the consumers on a continuous basis. Then only, they can go for personal banking and also obtain customers loyalty. For that the banks are advised to establish a section called 'customer relationship management' in their banks. They should be assigned duties related to the customer events.
- The switching behavior among the customers is high. The customers never hesitate to switch over to some other banks. The important causes for such switching are service failures, delayed services and pricing problems. Since the cost of having a new customer is greater than the cost of retaining the existing customer, the banks should plan for retaining the existing customers at any cost.
- Since price is the prime factor for competition banks should concentrate more on non-price factors. The non-price competition among the banks may create a corporate image without damaging their profitability. The banks are asked to establish a research and development department to create a new product, which includes the value added services to their customers.

- The market orientation in banks is a highly essential element today. Hence, the banks have to arrange separate orientation courses to improve their market orientation. Then only they can deliver the right service to the right customer at the right time on the right price. The market orientation towards retail products adds a new dimension to the marketing of services of banks.
- Retail customers like to interface with their bank through multiple channels. Therefore, banks should try to give high quality service across all service channels like branches, Internet, ATMs, etc.

## CONCLUSION

There is a need of constant innovation in retail banking. In bracing for tomorrow, a paradigm shift in bank financing through innovative products and mechanisms involving constant up gradation and revalidation of the banks' internal systems and processes is called for. Banks now need to use retail as a growth trigger. This requires product development and differentiation, innovation and business process reengineering, micro-planning, marketing, prudent pricing, customization, technological up gradation, home / electronic / mobile banking, cost reduction and cross-selling. However, the kind of technology used and the efficiency of operations would provide the much needed competitive edge for success in retail banking business. Furthermore, in all these customers' interest is of paramount importance. So, it is vital for banks to improve their customer services and cut off predatory lending strategies, particularly in the area of interest on credit cards. Finally we say that retail banking is one of the most tremendous areas now days to be looked after by the banking industry

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