

**Major Research Project On**

**AN ANALYSIS OF UNDERSTANDING  
CONSUMER OPINIONS ON RETAIL BANKING**

Submitted by  
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2K22/DMBA/60

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## **CERTIFICATE**

This is to certify that **Khushi Pandey 2K22/DMBA/60** has submitted the project report titled **“A Study on Consumer Perception Towards Retail Banking”** in partial fulfillment of the requirements for the award of the degree of Master of Business Administration (MBA) from Delhi School of Management, Delhi Technological University, New Delhi during the academic year 2023-24.

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## **DECLARATION**

I, **Khushi Pandey**, student of Delhi School of Management, Delhi Technological University hereby declare that the Major Research Project report titled “**A Study on Consumer Perception Towards Retail Banking**” submitted in partial fulfillment of the requirements for the award of the degree of Master of Business Administration (MBA) is the original work conducted by me. I also confirm that neither I nor any other person has submitted this project report to any other institution or university for any other degree or diploma. I further declare that the information collected from various sources has been duly acknowledged in this project.

**Khushi Pandey**

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Place: Delhi, India

Date:

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I would extend my gratitude to the almighty for giving me this opportunity. The moral support of my friends and family has been great for making this report in its present form.

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**Khushi pandey**

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## **EXECUTIVE SUMMARY**

In India, the banking sector is essential to the nation's economic progress and serves as the backbone of the money market. One of India's largest service industries and its main engine of economic expansion is the banking sector. Currently, it has a dynamic issue that affects both its consumer base and performance to offer effective services to its clients. By offering higher-quality services, banks are working hard to win the happiness of their customers. Banks' focus nowadays has switched from customer acquisition to customer retention and satisfaction. Banking services play a significant role in customer satisfaction in today's competitive economy, and service quality has emerged as one of the key factors.

The provision of better services to customers has thus recently become one of the focal points of the service agenda of banks, and it is only the quality of competitive banking. It has also been realized that the key to surviving the fierce competition is not only to retain the old customers but also to attract the new customers. The typical bank customer, however, is currently not entirely pleased with the services provided by the banks alone. This is because now and then, and from person to person, perception changes. Because of this shift in a customer's view of the service he receives, it becomes harder to please him at all times. Therefore, banks must constantly evaluate and reevaluate how customers perceive the services, what are the new and rising customer expectations, and how these expectations can be met consistently.

The objective of the study is to find the factors that are critical to consumers based on their demographic profile in availing the retail banking services. The study also tries to delve deeper into the scenario of the Indian banking industry and its evolution over the years. As consumer perception is dependent on various criteria at a particular point in time and is also influenced by different external and internal factors, it becomes imperative to study the psychological perception of consumers while choosing bank services.

This report aims at studying the factors affecting the consumer perception of choosing a particular bank. The data was collected through a structured questionnaire and analyzed using different statistical tools.

## TABLE OF CONTENTS

Certificate	ii
Declaration	iii
Acknowledgement	iv
Executive Summary	v
1. Introduction	
1.1. Background	1
1.2. Scope of the Study	3
1.3. Objectives of the Study	3
1.4. Problem Statement	4
2. Literature Review	5
3. Research Methodology	10
4. Case Study	
4.1 Introduction to the case	11
4.2 Data Collection	16
4.3 Data analysis	16
4.4 Findings and Recommendations	35
4.5 Limitations	37
5. Conclusion	38
References	39
Annexure	41
Similarity Report	45

# CHAPTER 1

## INTRODUCTION

### 1.1 Background

Retail banking, a cornerstone of the broader banking industry, has evolved significantly over the decades. Traditionally characterized by face-to-face interactions and manual transactions, the retail banking sector has transformed into a highly digitalized and customer-centric industry. This evolution has been driven by technological advancements, regulatory changes, shifting consumer expectations, and increased competition. Banks today seek to play an important role in a country's monetary development. They amassthe assets of vast swaths of the population dispersed across the country. Which of these could have remained ideal and insufficient without banks? For meeting the needs, these dispersed aggregates are gathered, pooled, and made available for trade and exchange. Banks provide essential resources for completing numerous projects that are now underway in the monetary new development pattern. Clients are grouped as the banking industry changes. Clients are thebank's greatest power, and it benefits by providing various forms of assistance to them. Individuals or businesses that do business with the bank are referred to as clients. In regular hewho has a record in a bank will be treated as a client of that particular bank. To fulfill the premium and interest the clients by far most of the banks are endeavoring to make their wholemonetary action through the online stage.

Today's banks aim to contribute significantly to the monetary advancement of a nation. They gather the wealth of sizable populations scattered all over the nation. Which of these would have remained perfect and inadequate in the absence of banks? These dispersed aggregates are gathered, pooled, and made available for trade and exchange in order to meet the needs. For many projects that are currently under progress in the monetary new development pattern, banks supply crucial resources. Clientele is divided into groups as the banking sector evolves. The bank's greatest asset is its customer base, and by helping them in various ways, it gains. Clients are people or companies that transact business with the bank. He who has a record with a bank will often be regarded as a client of that specific bank. The vast majority of banks are attempting to do all of their financial transactions online in order to satisfy the desire and interest of their customers.

The generation and distribution of customer value has recently drawn a lot of attention from

marketers due to a growing interest in relationship marketing as the most crucial role of marketing strategy. The fact that consumers in the retail banking industry are more likely to reevaluate their relationship with financial institutions during a recession has caused marketing specialists to concentrate on a fresh look at the aspects that generate and boost client value. In the financial markets, value creation, and customer delivery have been seen as a competitive objective and a crucial element of an organization's long-term success.

India has become one of the world's fastest-growing financial markets as a result of liberalizing and deregulating its banking sector. It will therefore surpass China and the United States to become the third-largest global banking industry by 2025. Private sector banks and foreign banks have changed the bureaucratic structure of the Indian banking system, giving customers more options when selecting their bank to satisfy their financial needs and wants in the contemporary Indian banking system.

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As a result, the Indian banking industry is quickly becoming a free market, where "high-touch" banking is an important differentiator in the standardization of "high-tech" banking in India. Hence, the public sector banks (PSBs), which are nationalized, are under increased competitive pressure to survive in the Indian market as a result of the severe competition created by new private and international participants in the Indian banking sector. Therefore, to better serve their target customers by providing them with higher service quality (SQ) and customer value than their private peers, PSBs must comprehend their needs and demands. It is also crucial to have a



system by which customer satisfaction (CS) and bank image can be continuously monitored to improve the Indian banking sector.

The advent of digital technology has revolutionized retail banking. Innovations such as online banking, mobile banking apps, and automated teller machines (ATMs) have made banking more accessible and convenient for consumers. Fintech companies, leveraging technology to offer financial services, have further disrupted the traditional banking model by providing innovative solutions that enhance customer experiences. Technologies like artificial intelligence (AI), machine learning, and blockchain are now being integrated into banking processes, enabling personalized services, improved security, and efficient transaction processing.

The retail banking sector is facing heightened competition from both traditional banks and new entrants. Fintech startups and tech giants, such as Apple and Google, have entered the financial services market, offering innovative and customer-friendly solutions. These competitors often have the advantage of advanced technology, agile operations, and a focus on user experience. To stay competitive, traditional banks must differentiate themselves by leveraging their strengths, such as extensive branch networks, established customer relationships, and regulatory expertise.

In this dynamic environment, understanding consumer perception has become paramount for retail banks. Consumer perception encompasses the attitudes, beliefs, and opinions that customers hold about a bank's services and overall brand. It is influenced by various factors, including service quality, customer service, product offerings, pricing, convenience, and trust. Positive consumer perceptions can lead to higher customer satisfaction, loyalty, and positive word-of-mouth, all of which are critical for a bank's success. Conversely, negative perceptions can result in customer attrition, reputational damage, and financial losses.

The retail banking sector is at a crossroads, facing unprecedented challenges and opportunities. By gaining a deeper understanding of consumer opinions and perceptions, banks can develop strategies that enhance customer satisfaction, foster loyalty, and drive long-term success. This study seeks to contribute to this understanding, offering valuable insights that can inform both academic research and practical applications in the retail banking industry.

## **1.2 Scope of the study**

The study aims to provide a comprehensive understanding of consumer opinions towards retail banking, focusing on key issues faced by both customers and banks. It will explore new trends

in the competitive market for banking services, offering insights that can help the government and the Reserve Bank of India (RBI) in developing and enforcing regulatory and legislative reforms in this sector. The scope includes:

- **Geographical Focus:** The study targets individuals availing bank facilities in Delhi and Uttar Pradesh, covering a diverse demographic to ensure comprehensive insights.
- **Demographic Profile:** It considers individuals above the age of 18, ensuring a wide range of consumer perspectives.
- **Service Quality Evaluation:** The study investigates the aspects of service quality provided by the Indian banking industry and their impact on consumer satisfaction.
- **Consumer Perception and Expectations:** By leveraging the discrepancy between consumer expectations and actual service delivery, the study aims to identify key factors that influence consumer opinions on retail banking.
- **Recommendations for Improvement:** Based on the findings, the study will offer recommendations to enhance the quality of services provided by public, commercial, and international banks.

### 1.3 Objectives of the study

By utilizing the discrepancy between consumer expectations and perceptions of the services provided by the banking sector, the study aims to investigate aspects of service quality provided by the Indian banking industry and its impact on specific customers.

- Researching the popularity of retail banking services and the variables that lead people to choose them.
- To determine the degree to which customers are satisfied with the retail banking services offered by a select group of commercial banks.
- To offer recommendations for enhancing the caliber of services provided by public, commercial, and international banks.

### 1.4 Problem Statement

The retail banking sector is undergoing significant changes due to technological advancements, increasing regulations, and the rise of digital channels. These changes have heightened customer expectations, posing a major challenge for financial institutions.

Customers now demand seamless, quick, and user-friendly experiences, akin to those provided by tech giants like Apple and Amazon. Retail banks that fail to adapt to these evolving expectations risk falling behind in the competitive landscape. This study addresses the critical need for banks to understand and meet these changing consumer demands to retain and attract customers effectively.

## CHAPTER 2

### LITERATURE REVIEW

#### *Employee Courtesy*

Customer relations are regarded to be centered on employee civility, and performance is seen as one of the most important success factors. As a result, these are significant components in financial institutions, particularly in the banking industry. About these actions and problems, Hart et al. (1990)<sup>[4]</sup> claimed that poor customer service and problem-solving abilities are the main reasons why clients switch service providers. As a result, how customer complaints are handled might affect customer satisfaction and retention (Fornell and Wernerfelt, 1987; Ueno, 2010)<sup>[5]</sup>.

But, to handle complaints effectively, the personnel of retail banks must be courteous. The customer service department is a significant factor in performance evaluations made by bank customers, particularly those who interact with the front desk. Performance reviews are a crucial component of the employee review process, particularly in the banking industry (Hart et al., 1990; Ghasemi et al., 2012)<sup>[7]</sup>. Workers should anticipate that their performance on the job, not their personality or job title, would be reviewed. So, delivering service correctly the first time and demonstrating genuine concern in resolving customers' issues would instantly boost the bank's reputation, which could have a beneficial effect on how the consumers perceive the bank. Yet, tidy presentation and timely service increasingly improve consumer view of the caliber of retail banking services.

#### *Measuring Service Quality*

The key element influencing customer satisfaction in retail banking, according to Aparna Mishra and Kamini Tandon (2011)<sup>[4]</sup> who researched the "Customer-centric approach towards retail banking services," is service quality. The quality of service offered by the bank is the only way to guarantee customer retention.

According to Madhavi (2013)<sup>[8]</sup>, retail banking is the most important sector for banks to focus on. The breadth of retail banking has expanded as a result of the growing middle class with higher incomes who are willing to take risks. Therefore, banks should focus on this exclusive group of consumers through product innovation and provide them with prompt, high-quality service.

In their study, Gokilamani and Natarajan (2014) <sup>[13]</sup> claim that Indian commercial banks' consumers are responding favorably to retail banking. To maintain their competitive edge, banks must prioritize providing high-quality services while allocating their limited resources to the personal banking sector. They also hold the opinion that technological advancements, product innovation, and retail customer retention techniques will all play a role in how successful a retail bank is.

### *Perceived customer value*

In marketing, the idea of perceived customer value has been studied for many years. A universal conception hasn't been agreed upon because the research into the phenomenon is quite diverse.

In their article, Zaker -UI-Oman (2017) <sup>[12]</sup> noted "consumer perception on retail banking in India," with the primary goal of their study being to analyze customer awareness and satisfaction with the retail services offered by banks. According to the study's findings, 28 out of 50 consumers are happy with the way banking is doing, according to the author's essay. The study's last finding was that since most banks offer identical retail products, clients can easily switch to a bank that provides better service at a more affordable price.

The most thorough categorization of the customer value idea and two conceptualizations of customer perceived value are provided by Sanchez-Fernandez et al. (2009) <sup>[14]</sup>. The multidimensional customer value strategy, however, seems to be more suitable for the retail financial services sector. It describes customer perceived value as a two-part construct made up of benefits obtained (economic, social, and relational) and sacrifices made by the customer (price, time, effort, risk, and convenience) (Teas & Agarwal, 2000; Cronin et al., 2000; Kumar & Grisafe, 2004; Roig et al., 2006; Gounaris et al., 2007) <sup>[15]</sup>.

A study on consumers' perceptions of bank services in Ahmedabad's City was undertaken in 2012 by Bootwala and Gokhru <sup>[12]</sup>. They made a concerted effort to systematically study customer-perspective service quality issues in the Indian banking sector. The three categories of banks—public sector, private sector, and foreign banks—that operate in Ahmedabad have been compared for this purpose based on eight different measures of service quality, including dependability, responsiveness, assurance, empathy, tangibles, core services, systematization of service delivery, and social responsibility. Research on the elements impacting customer satisfaction in retail banking was done by Chavan and Ahmad (2013) <sup>[8]</sup>. The primary goal of the study was to identify the key elements that influence customer satisfaction in retail banking

in Western Maharashtra, India.

Izquierdo et al. (2006) <sup>[6]</sup> divided the characteristics of customer perceived value into the following three categories based on their study of Spanish retail banking customers:

- 1) Functional value, obtained as a greater utility from banking services through the brand's quality, dependability, warranty, added services, and the professionalism of the personnel;
- 2) Affective value, which is such when the customer, while using bank services, perceives both social and emotional benefits, gained from frequent contact with bank personnel, preferential treatment, emotional links, identification, and social integration; and
- 3) Saving value, which is created by creating savings through the use of bank services (better economic conditions, lower search and information costs).

In the banking sector, Roig et al. (2006, 2009) <sup>[7]</sup> proposed a perceived value construct with six dimensions: the functional value of the installations of the establishment (bank entity); the functional value of the contact personnel; a functional value of the service (quality); functional value price; social value; and emotional value. They assert that the functional value of the service is the most important factor while fostering customer loyalty when emotional value is the second most important factor.

### ***Perception on retail banking services***

Customer satisfaction, which is strongly correlated with customer satisfaction in the banking industry, has been a growing area of research interest (Holliday, 1996). This is mostly due to the increased amount of competition that the banking industry is experiencing. Few studies have examined the bank selection criteria or the factors that influence customers' decisions to bank with particular institutions (Khazeh and Decker, 1992; Levesque and McDougall, 1996; Ghasemi et al., 2012; Ueno, 2010) <sup>[7]</sup>. The primary factors were identified, including the perception of convenient services, branch availability, internet banking capabilities, online bill payment, and others. Yet, as a result of the increased competition, many financial institutions are increasingly concentrating on enhancing quality in order to boost client satisfaction and customer retention through their services.

A study on the elements influencing customer satisfaction in the current, fiercely competitive banking business was done by Dawar (2013) and Bharathi et al (2008) <sup>[14]</sup>. She made an effort to pinpoint the key elements that affect consumer satisfaction in the banking sector. Five

elements connected to customer satisfaction in the banking industry were identified by the study. They are Privacy, Technology, Empathy, Commitment, and Reliability.

Although the purpose of the service provider is to satisfy the consumer, different metrics are employed because of research done in the banking business. Yet, according to Shahin and Samea (2010) and Yi (1990) <sup>[12]</sup>, customer pleasure may and should be seen as an attitude. For instance, the consumer and service provider have an ongoing relationship in retail banking. In this case, customer happiness is determined by reviewing several interactions. For the sake of this inquiry, contentment is defined as a composite of overall consumer perceptions of the service provider that take into account several metrics. Retail banks should, as a result, make more concerted efforts to strengthen their long-term competitive position and be responsive to client needs and wants to foster favorable consumer impressions and customer satisfaction.

### ***Banking Facilities***

Dr. Supreet Singh et al. (2015) <sup>[7]</sup>, in their article examined that “customer preferences and expectation for retail banking services”, the main objectives of his study is to analyze the customers preferences of retail banking services. The researcher concluded based on the findings that location of the bank, opening hours, security of deposits, security of customer information and customer waiting period to be key reason for choosing a particular retail bank. Similarly, the survey found that the second most common reason for customers to leave retail banks was due to staff attitude and the poor service associated with it.

Retail banks must, therefore, concentrate and focus on service quality (Chaoprasert and Elsey, 2004) <sup>[4]</sup>. Yet, there are a few elements that go into banking facilities, including facility structure, maintenance, service kind, and customer-helping tendencies (Brown et al., 1993; Ghasemi et al., 2012) <sup>[5]</sup>.

According to PWC Report (2020) <sup>[10]</sup>, in their article titled "Retail Banking 2020 Evolution or Revolution," powerful forces are changing the banking industry. These forces include changing consumer expectations, technological advancements, regulatory requirements, demographic trends, and economic conditions. Banks must not only carry out the demands of today, but also radically innovate and alter themselves for the future in order to stay ahead of these problems and triumph in the next period. According to the researcher's findings in his analysis, the banking industry is undergoing significant change as a result of legislation, technology, demographics, shifting customer expectations, more competition, and problems with banks' old operating and business models. Also, customers' favorable opinions and contentment are linked

to the services provided. In light of these circumstances, the primary element that emerges is the financial infrastructure, according to Ueno (2010)<sup>[14]</sup>, who said that an unnecessary banking infrastructure increases consumer happiness.

The fundamental motivating elements in choosing a consumer bank were studied by Safakli in 2007 using data from Northern Cyprus. The study concentrated on comprehending customer selection criteria for banks. According to the study, the primary elements influencing consumers' choice of bank include service effectiveness and quality, bank image, convenient location, parking options, financial factors, and affected opinion. The study also shows that different demographic traits of respondents may need to be handled as discrete segments with varied priorities in their bank-choosing process.



## **CHAPTER 3**

### **RESEARCH METHODOLOGY**

India's banking system differs greatly from that of other Asian countries due to the nation's distinct geographic, social, and economic qualities. India has a sizable population, a wide area, a diverse culture, and stark income differences between its regions. The country has a large pool of managerial and technologically advanced talent, and a large portion of its population is highly literate. However, only about 30 to 40 percent of the population lives in urban or metro areas, with the remainder dispersed across various semi-urban and rural centers.

Intense rivalry and a focus on profits have ushered in new marketing strategies in the Indian banking industry while also putting client pleasure front and center. For the banks, maintaining and growing their current customer base has become of utmost importance. As there are more banks, clients have higher expectations for the caliber of the services they receive. It has become essential to examine the bank's level of service quality for the service providers to evaluate their performance and pinpoint areas in need of improvement. One of the key variables in determining customer happiness is service quality.

The research design emphasizes the merits of quantitative research as data collection is concerned, recording procedures, and the instrument of research is concerned.

Data was collected and administered personally via Google Forms. Convenience sampling was used. Statistical techniques were used to determine validity, reliability and statistical significance because they are standardized.

Data was analyzed using SPSS version 29.

## **CHAPTER 4**

### **CASE STUDY**

#### **4.1 Introduction to Retail Banking**

In the dynamic landscape of India's banking sector, marked by rapid technological advancements, shifting consumer preferences, and intensifying competition, the role of retail banking services has become increasingly crucial. As the financial ecosystem evolves, so do the expectations and demands of consumers. In this intricate dance between innovation and consumer satisfaction, banks must navigate a terrain fraught with challenges and opportunities.

As IDBI Bank embarks on a journey of strategic growth and transformation, fueled by a relentless pursuit of innovation and customer-centricity, the need to delve deep into consumer perceptions, preferences, and experiences with its retail banking offerings becomes paramount. Against the backdrop of a rapidly evolving banking landscape, characterized by heightened competition and evolving regulatory frameworks, IDBI Bank must navigate the intricacies of consumer sentiment with precision and foresight.

In this context, this case study endeavors to embark on a comprehensive analysis of consumer perceptions, preferences, and experiences with IDBI Bank's retail banking offerings. By unraveling the underlying motivations, emotions, and aspirations that shape consumer behaviors, this study aims to provide actionable insights that will inform strategic decision-making, drive operational excellence, and foster customer-centric innovation within the organization.

Through a judicious blend of qualitative and quantitative research methodologies, this study seeks to uncover the nuances of consumer opinions on retail banking services provided by IDBI Bank. From assessing service quality and digital banking experiences to exploring product innovation and customer support, this case study aims to offer a holistic understanding of the factors influencing consumer sentiments and behaviors in the realm of retail banking.

##### **4.1.1 Evolution of the Banking Industry in India**

89 scheduled commercial banks, 21 private sector banks, 12 public sector banks, and 45 foreign banks make up the current banking structure. Retail loans are becoming more appealing to Indian banks than industrial loans. Additionally, private banks have been steadily increasing their

market share. The entire amount of outstanding loans held by Indian banks as of the end of March 2001 was 5.1 trillion rupees, or 23.9% of the GDP of the nation at the time. The amount increased to \$130.4 trillion by September 2022, or 50.3% of GDP. Even while the expansion seems rapid, it's interesting to note that Indian banking has been stagnant for more than a decade. Since March 2009, bank lending has remained between 50 and 53 percent of the GDP (except in 2020 and 2021 owing to COVID-19), and bank deposits have stayed between 67 and 80 percent. The bulk of private and nationalized banks are listed and actively traded on the Indian stock exchanges. India's existing financial structure was created over several decades to satisfy the needs of the country.

The banking sector contributes significantly to the mobilization of savings and the encouragement of economic growth. The banking industry's performance and strength have increased following the financial sector reforms. One of the best banking systems in the world in terms of financial soundness is the Indian banking system. Urban regions were the only places where banking was permitted before the nationalization. With nationalization, the Indian banking sector saw rapid expansion in deposit mobilization, loan approvals, and general banking activity.

The nation's banking and financial systems had an unsound and inefficient banking industry by 1990. based on the 1991 Committee on Financial Sector Reform's recommendations. The RBI implemented many changes, such as lowering reserve requirements, deregulating interest rates, enacting prudential standards, stepping up bank supervision, and enhancing the system's competitiveness by enabling the entry of private banks. To address the challenges related to health, the RBI also implemented Basel II regulations of minimum capital requirements for banks. The 1998 Committee on Banking Sector Reforms considered topics such as bolstering the financial system, modernizing technology, and developing human resources. The report gave special attention to two elements of banking regulation: adequate capital and the identification and treatment of non-performing assets (NPA).

The banking industry has to deal with a variety of problems, such as ongoing technological advancements and changes in banking, strict prudential standards, increasing competition, a high level of nonperforming assets, rising customer expectations, pressure on profitability, and mounting pressure on interest, liquidity, and credit risk management.

The Indian banking sector has been more resilient over the years due to numerous policy initiatives and reform measures, and it has occasionally been able to weather challenging economic and financial situations. The system's resilience in the face of the recent financial crisis—while the banking systems of many nations experienced negative effects—made its

soundness clear. The deregulation of interest rates, the easing of directed credit controls, the lowering of the statutory liquidity ratio and cash reserve ratio, the easing of the licensing requirements for new private sector banks, and the lowering of entrance barriers for international players are examples of reforms.

The deregulation process began, allowing for new entrants and the development of information technology, increasing competition and leading to demands for better goods and services.

Globalization, Basel Norms, and liberalization have all had an impact on the banking business in India. The ongoing diversification across business sectors, geographic areas, and product categories reflects this.

#### **4.1.2 Retail segment taking over**

Banks used to lend mostly to industry for decades, but that has been changing. Bank lending to industry reached a peak of 22.4% of the GDP at the end of March 2013. Since then, it has decreased and as of September 2022, it was 12.5%. Continued to decline - industry credit growth slowed sharply to 5.4% year-on-year in October 2023, down from 13.5% a year ago. RBI data suggests a projected decline for 2023 and possibly 2024 compared to 2022.

In contrast, retail loans from banks increased from 9% in March 2013 to 14.3% of the GDP as of September 2023. The total amount of outstanding retail loans increased by 16.1% annually between March 2013 and September 2023, measured in absolute terms. Banks prefer to offer more consumer loans than business loans.

#### **4.1.3 Factors Affecting Retail Banking in India**

The Reserve Bank of India (RBI) has been instrumental in implementing significant banking reforms aimed at strengthening the banking sector's health, performance, and profitability. These reforms have sought to elevate regulatory standards, foster healthy competition, and ensure the effective functioning of the banking sector. Consequently, the landscape of Indian banking has witnessed increased competition, technological advancement, international integration, and the emergence of new banking products.

In the context of these reforms, understanding the factors influencing bank profitability has become crucial for stakeholders across the board, including bank management, shareholders, depositors, staff, customers, the Indian government, and the RBI. Researchers studying the banking industry have increasingly focused on identifying the determinants of bank performance, with profitability factors categorized into macroeconomic, industry-specific, and

bank-specific domains.

Against this backdrop, the retail banking sector, including IDBI Bank, operates in a landscape that is continually evolving, especially in the aftermath of the COVID-19 pandemic. The pandemic has reshaped the socioeconomic environment, leading to shifting customer demands and expectations. In response to these changes, retail banks must adapt and innovate to meet evolving customer needs.

Key considerations for IDBI Bank in navigating the evolving retail banking landscape include:

- 1. Customers:** Accelerating customer expectations necessitates a focus on providing seamless and customized experiences. IDBI Bank can enhance its market share by excelling in customer-centricity and delivering personalized services.
- 2. Competition:** Non-traditional players such as neo-banks are challenging established banks. IDBI Bank must prioritize meeting customer demands effectively to retain and attract customers in the face of heightened competition.
- 3. Economic Environment:** The pandemic-induced economic challenges may exert pressure on retail banking margins. IDBI Bank should explore avenues for profitable growth by leveraging digital platforms and diversifying its operations.
- 4. Regulatory Environment:** Adherence to regulatory requirements is essential for IDBI Bank to boost competition, support vulnerable clients, enhance resilience, and strengthen cybersecurity measures.
- 5. Technological Advancements:** Investment in technology is crucial for IDBI Bank to support profitable expansion and streamline operations. Automation can help lower operating expenses while enhancing efficiency and customer service.

In navigating these challenges and opportunities, IDBI Bank must adopt a forward-thinking approach, leveraging its strengths while embracing innovation to maintain competitiveness and ensure sustainable growth in the dynamic retail banking landscape. The factors that affect bank profitability in particular and the determinants of bank performance in general, have drawn more attention from researchers studying the banking industry.

#### **4.1.4 Opportunities and challenges for retail banking**

In a developing nation like India, there is much potential for the retail banking sector. Indian households with middle to high incomes are on the rise, and this trend is anticipated to continue. Another factor is that younger people have more purchasing power than older people do, and they also have more comfort with taking on personal debt than earlier generations did.

For IDBI Bank, capitalizing on these opportunities while navigating the associated challenges is essential for sustainable growth and market leadership in the retail banking segment.

### **Opportunities:**

- 1. Rising Middle to High-Income Households:** IDBI Bank can tap into the growing segment of middle to high-income households by offering tailored banking solutions, investment products, and wealth management services to cater to their evolving financial needs.
- 2. Youthful Demographics:** Targeting younger demographics with innovative banking products and digital banking solutions can help IDBI Bank capture a significant market share among tech-savvy consumers who are increasingly reliant on digital channels for banking services.
- 3. Expanding Retail Industry:** As India's retail industry continues to grow, IDBI Bank can collaborate with retailers to offer co-branded credit cards, consumer financing options, and merchant services, thereby deepening its penetration in the retail market.

### **Challenges:**

- 1. Customer Retention and Acquisition:** In a fiercely competitive market, retaining existing customers while attracting new ones remains a significant challenge for IDBI Bank. Adopting a customer-centric approach, enhancing service quality, and leveraging data analytics to personalize offerings can help address this challenge.
- 2. Increasing Debt Levels:** The surge in personal debt levels poses a risk for retail banking institutions, including IDBI Bank. Implementing robust risk management practices, conducting thorough credit assessments, and offering financial literacy programs can mitigate the risk associated with rising debt levels.
- 3. Fintech Disruption:** The emergence of disruptive fintech trends presents both opportunities and threats for traditional banks like IDBI Bank. Embracing innovation, forging strategic partnerships with fintech firms, and investing in digital capabilities can help IDBI Bank stay ahead of the curve and remain competitive in the rapidly evolving retail banking landscape.
- 4. Multi-channel Banking:** Meeting the demand for retail banking services across multiple channels, including physical branches and online platforms, poses operational challenges for IDBI Bank. Streamlining processes, optimizing omni-channel experiences, and investing in technology infrastructure are essential to ensure seamless service delivery across all channels.

In navigating these opportunities and challenges, IDBI Bank must leverage its strengths, embrace innovation, and prioritize customer-centricity to solidify its position as a leading player in India's burgeoning retail banking sector.

#### **4.1.5 Future of retail banking in India**

Simply put, the old banking business model cannot support the overall expansion of the economy. Here are priorities for the future of retail banking that would move India one step closer to complete financial inclusion. Banks must take a stand against the uncertain future landscape. In the context of IDBI Bank and the evolving banking landscape in India, here are priorities for the future of retail banking that can drive the journey towards complete financial inclusion:

- 1. Customer-Centric Business Model:** IDBI Bank should transition towards a customer-centric approach, organizing its operations around the needs and preferences of individual clients. By understanding and addressing the unique demands of each customer, IDBI Bank can design tailored offerings that enhance customer satisfaction and loyalty.
- 2. Engaging Through Social Media:** Leveraging social media as a primary channel for retail banking communication can enable IDBI Bank to connect with customers, involve them in banking activities, and educate them about financial products and services. Additionally, social media platforms can serve as tools for customers to compare offerings and make informed decisions.
- 3. Building Strong Customer Relationships:** Enhancing client trust should be a top priority for IDBI Bank. By acting responsibly towards society and actively engaging in public discussions on financial literacy, IDBI Bank can establish itself as a trusted partner for customers. Educating the public about core financial concepts and banking advantages can further strengthen relationships and foster financial inclusion.
- 4. Prioritizing Cybersecurity:** Given the increasing concerns around data privacy and security, IDBI Bank must invest in robust cybersecurity measures to protect customer information and maintain long-term client connections. Plans should be aligned with operational needs, risk management procedures, and legal constraints to ensure comprehensive protection of customer data.
- 5. Business Process Outsourcing:** IDBI Bank can explore outsourcing certain retail banking processes to streamline operations, reduce time, and cut operational costs. This will enable the bank to focus more on core business activities such as marketing, brand

development, and customer service, thereby enhancing overall efficiency and effectiveness.

By embracing these priorities, IDBI Bank can adapt to the changing banking landscape, strengthen its position in the market, and contribute significantly to India's journey towards complete financial inclusion.

## **4.2 Data Collection**

The population of the study consists individuals who are availing banking facilities through public or private banks in India. Data was collected using structured questionnaires to collect relevant data pertaining to the said research and were personally administered.

The data was collected through a questionnaire of 20 questions. The questionnaire was on Likert scale and was coded as follows:

Strongly Disagree = 1; Disagree = 2; Neutral = 3; Agree = 4; Strongly Agree = 5

In surveys, Likert scale questions are frequently used to collect data for social science research. It enables researchers to gauge participants' attitudes, beliefs, and perceptions towards a specific subject. It is simpler to examine the data and make useful inferences thanks to the number codes supplied to each response. An Excel file including a Google Form was made to make it easier to collect the data. For the quantitative analysis in this study, convenience sampling was used.

The potential to reach a huge number of responders, convenience of use, and minimal cost are just a few benefits of using a Google Form to gather data.

## **4.3 Data Analysis**

Data analysis is a “process of organizing and synthesizing data in such a way that research questions can be answered and hypothesis tested”. The term analysis refers to the computation of certain resources along with searching for patterns of relationship that exist among data groups.

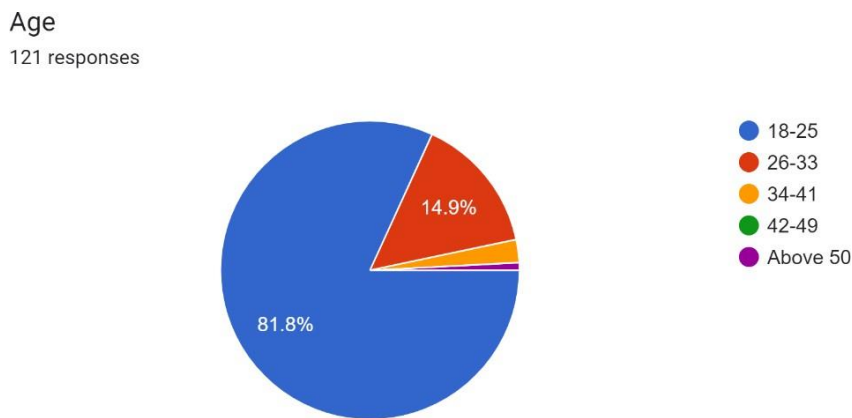


The gathered information was methodically cleaned, tallied, and prepared for analysis and interpretation. A survey was used to gather information on how consumers felt about the banking industry in both the public and private sectors. The results were categorized, collated, and subjected to some tests to ensure the accuracy and validity of the information gathered.

A synopsis of the responses collected through the questionnaire along with the analysis is as follows-

#### 4.1.1 Synopsis of responses

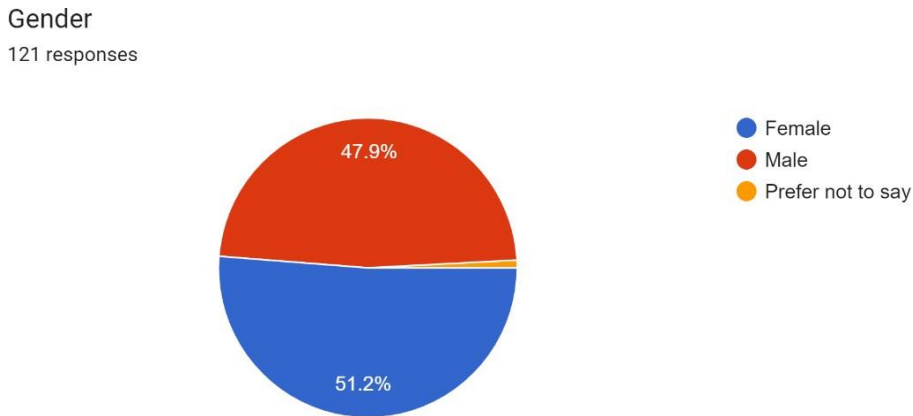
**Figure 4.1:** Age classification



**Source:** Own Analysis

Majority of respondents lie in the age group of 18-25 constituting 81.8% of total respondents.

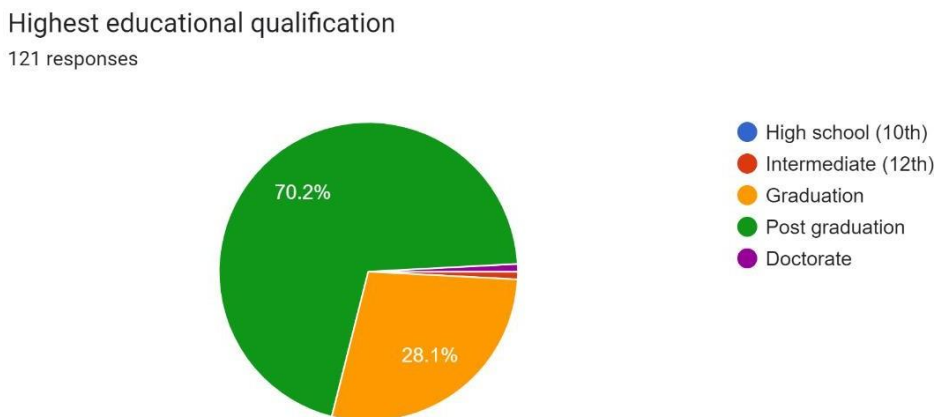
**Figure 4.2** Gender Classification



**Source:** Own Analysis

Out of 121 respondents 62 of them are females and 58 are males. One respondent did not prefer to say its identity.

**Figure 4.3** Educational qualification classification

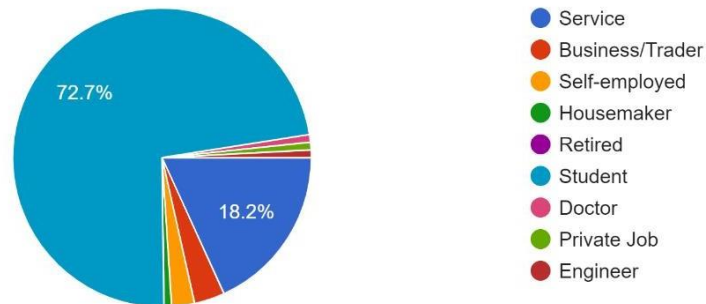


**Source:** Own Analysis

85 respondents are post-graduates followed by 34 graduates.

**Figure 4.4** Occupation Classification

Occupation  
121 responses

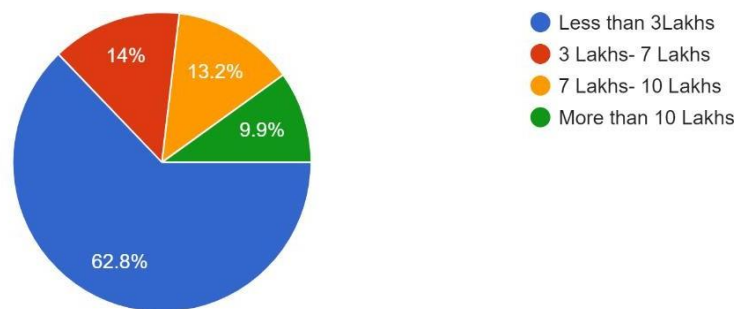


**Source:** Own Analysis

Majority respondents were students constituting 88 respondents followed by other professions.

**Figure 4.5** Personal Annual Income classification

Personal annual Income  
121 responses



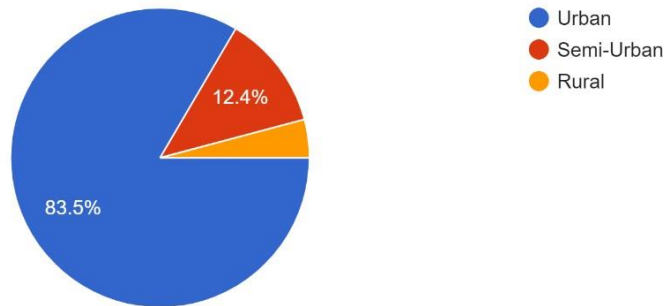
**Source:** Own Analysis

Most of the respondents have personal annual income less than 3Lakh.

**Figure 4.6** Location of respondents

Where do you live?

121 responses



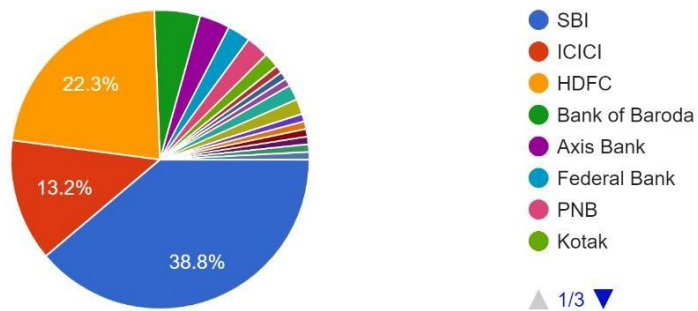
**Source:** Own Analysis

Geographical location of most respondents (83.5%) lives in urban area followed by 12.4% semi-urban respondents.

**Figure 4.7** Preferred bank account of respondents

Which is your preferred bank account?

121 responses



**Source:** Own Analysis

38.8% respondents have their preferred bank as State Bank of India (SBI).

**Figure 4.8** Reason for choosing the preferred bank

Which is the most relevant reason for choosing the preferred bank?

121 responses



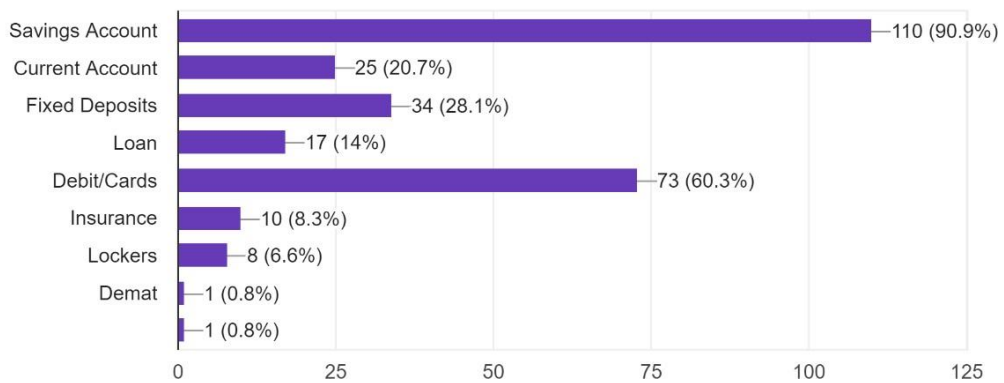
Source: Own Analysis

The respondents have chosen the preferred bank due to the services offered by the bank.

**Figure 4.9** Bank services availed by respondents

Which of the following products/services you are availing from the bank?

121 responses



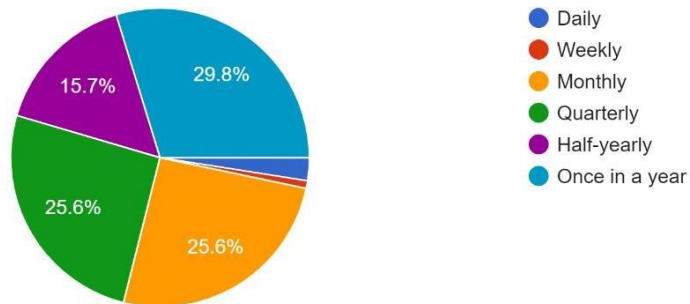
Source: Own Analysis

Out of 121 respondents, 110 are availing the savings account feature.

**Figure 4.10** Frequency of bank branch visit

How often do you visit your nearest bank branch?

121 responses



**Source:** Own Analysis

Majority respondents are visiting the bank branch once in a year.

#### 4.1.2 Reliability Analysis

Reliability analysis can be used to examine the features of measuring scales and their constituent parts. The reliability analysis technique also generates a number of commonly used scale reliability measures in addition to data on correlations between the scale's individual items. Below is the result of Cronbach's alpha value for different factors. The value between 0.6-0.9 for Cronbach Alpha is considered reliable. The reliability factors for customers which constitute timely delivery of services, maintaining confidentiality and privacy of customers had the least value for alpha i.e., 0.413.

**Table 4.1:** Reliability analysis of variables

DIMENSIONS	ITEMS	CRONBACH'S ALPHA VALUE
Functional Value (Price)	Bank service fee is reasonable. Deposit interest rate is good.	0.627

Customer Value Perception	<p>Bank is providing high technological services.</p> <p>Bank offers wide range of banking services.</p> <p>Bank provides high quality of customer service.</p>	0.781
Physical Environment	<p>The bank has modern looking equipment.</p> <p>The bank has convenient operating hours.</p>	0.671
Emotional Value	<p>I feel safe keeping my deposit in this bank.</p> <p>I feel trust and confidence in this bank.</p>	0.824
Employee Competence	<p>Personnel in this bank provide all necessary and valuable information.</p> <p>The queries and complaints are handled immediately.</p>	0.794
Social Value	<p>This bank strives to establish long-term relationship with customer.</p> <p>Growth of my bank is better than others.</p>	0.770
Reliability	<p>The bank is charging low interest rates on loans.</p>	0.413

	<p>The bank takes care of confidentiality and privacy of its customers.</p> <p>Time taken by the bank for sanctioning loan is comparatively less.</p>	
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**Source:** Own Analysis

**Price:** Customers are willing to pay more for high-quality services, hence price is a significant factor in retail banking. This aspect needs to be taken into account when examining how customers perceive retail banking.

**Customer Value Perception:** The level of service provided by the retail bank to its customers is referred to as service quality. To determine how clients feel about the level of service provided by their retail bank, this factor should be assessed.

**Physical Environment:** The retail bank's physical setting might affect customers' perceptions. When using a retail bank's services, customers should be able to visit a welcoming and well-kept location.

**Emotional value:** Customers should have a strong emotional connection to their retail bank and the services they offer. When assessing customer perception of retail banking, this issue should be taken into consideration.

**Social Value:** The degree to which customers believe their local bank is a part of their community is measured by social value. This aspect needs to be taken into account when examining how customers perceive retail banking.

**Employee Competence:** How competent and trustworthy the retail bank's staff are may have an impact on how customers perceive the bank. Customers should have confidence that the retail bank's staff members are knowledgeable and trustworthy.

**Reliability:** It is the degree to which the customers can rely on the bank for its services with respect to ease of loan sanction and maintaining the confidentiality of personal data.



Each of these elements should be considered when examining how consumers perceive retail banking.

### 4.3.2 Demographic Analysis

Demographic analysis can be used in a research paper to understand the characteristics of a population, such as age, gender, ethnicity, or income. It can be used to study the trends within a population over time or to compare different populations.

**Table 4.2:** Demographic analysis

		Gender	
		Female	Male
		Count	Count
Age	18-25	53	46
	26-33	8	10
	34-41	1	2
	Above 50	0	1
Highest Educational Qualification	Doctorate	0	1
	Graduation	18	16
	Intermediate (12th)	1	0
	Post graduation	43	42
Occupation	Business/Trader	0	4
	Doctor	0	1
	Engineer	1	0
	Housemaker	1	0
	Private Job	0	1
	Self-employed	1	2
	Service	10	12
	Student	49	39
Personal Annual Income	3 Lakhs- 7 Lakhs	8	9
	7 Lakhs- 10 Lakhs	10	6
	Less than 3Lakhs	41	35
	More than 10 Lakhs	3	9
Residence	Rural	3	2
	Semi-Urban	8	7
	Urban	51	50

**Source:** Own Analysis

### 4.3.3 Frequency Analysis

Frequency analysis is used to forecast the frequency of a variable phenomenon and assess how accurate the forecast was.

**Table 4.3:** Reason for choosing preferred bank

Reason For Choosing Preferred wBank					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Brand Name	28	23.1	23.1	23.1
	Commercials	2	1.7	1.7	24.8
	Ease of use	1	0.8	0.8	25.6
	Family/friend recommendation	17	14.0	14.0	39.7
	Friendly and quick service	1	0.8	0.8	40.5
	It is domestic systemically important bank	1	0.8	0.8	41.3
	Just because I was told in school to open a bank account in Dena Bank for the deposit of my precious life saving pocket money:)	1	0.8	0.8	42.1
	Nearness of bank branch	20	16.5	16.5	58.7
	Personal banking is easy with ICICI	1	0.8	0.8	59.5
	Services offered by the bank	48	39.7	39.7	99.2
	The bank is too big to fail.	1	0.8	0.8	100.0
	Total	121	100.0	100.0	

**Source:** Own Analysis

The table displays the findings of a poll on the factors influencing people's choice of bank. The poll includes 121 respondents in total. The respondents were asked to indicate one or more factors that led them to select their favourite bank.

"Services offered by the bank," which was chosen by 39.7% of respondents, was the most often cited factor in choosing a preferred bank. Following this were "brand name" (23.1%), "family/friend recommendation" (14.0%), and "nearness of bank branch" (16.5%).

Furthermore, "commercials" (1.7%), "ease of use" (0.8%), "friendly and quick service" (0.8%), "it is a domestic systemically important bank" (0.8%), "personal banking is easy with ICICI" (0.8%), and "the bank is too big to fail" (0.8%) were mentioned as reasons for selecting a preferred bank. It's important to keep in mind that several respondents listed many factors in choosing their preferred bank, thus the overall proportion is higher than 100%.

### 4.3.3 Variability Analysis

The level of variability or dispersion of the data is indicated in the "Std. Deviation" column. The data is more skewed the larger the standard deviation. For instance, SerQua's standard deviation of 2.63 demonstrates how widely the ratings for service quality might vary.

Another measure of variability is found in the "Variance" column, which is the square of the standard deviation.

Finally, the number of cases with non-missing data for all variables is shown in the "Valid N (listwise)" column. All 121 of these cases contain complete data.

The distribution and variability of the data for each variable are summarised by these statistics, which can be used to compare the data and draw inferences about it.

**Table 4.4** Descriptive Statistics

Descriptive Statistics						
	N	Minimum	Maximum	Mean	Std. Deviation	Variance
Price	121	2.00	10.00	6.7107	1.70508	2.907
SerQua	121	3.00	15.00	11.5702	2.63890	6.964
PhyEnv	121	2.00	10.00	6.9421	1.63451	2.672
EmoVal	121	2.00	10.00	7.9091	1.75594	3.083

EmpComp	121	2.00	10.00	7.4711	1.87116	3.501
SocVal	121	2.00	10.00	7.5702	1.78805	3.197
Reliability	121	5.00	15.00	9.9917	1.98114	3.925
Valid N (listwise)	121					

Source: Own Analysis

Comparing the ranking of the mean value is crucial after examining the variations in mean values for customer perceptions of service quality since it shows how the customer prioritises the different things. The category with the highest mean score among the seven was service quality (11.57), which was followed by reliability (9.99), emotional value (7.90), social value (7.57), physical environment (6.94), and pricing (6.71). The average score for services was 11.57, which showed that the majority of respondents valued retail banking services in the sense that the bank offered cutting-edge services, a solid internet banking platform, convenient ATM locations, and a wide choice of services. The price component, which covers deposit interest rates and bank service charges, had the lowest score of 6.71.

#### 4.3.4 Correlation Analysis

To ascertain the connection between various variables affecting customer perception towards bank facilities, a Pearson correlation coefficient was calculated.

The correlation matrix between the different factors affecting consumer satisfaction for availing bank facilities.

Table 4.5 Correlation Analysis

Correlations					
		SV	ValSoc	eval	EmComp
SV	Pearson Correlation	1	.635**	.675**	.548**
	Sig. (2-tailed)		0.000	0.000	0.000
	N	121	121	121	121
ValSoc	Pearson Correlation	.635**	1	.749**	.671**
	Sig. (2-tailed)	0.000		0.000	0.000
	N	121	121	121	121

Eval	Pearson Correlation	.675**	.749**	1	.531**
	Sig. (2-tailed)	0.000	0.000		0.000
	N	121	121	121	121
EmComp	Pearson Correlation	.548**	.671**	.531**	1
	Sig. (2-tailed)	0.000	0.000	0.000	
	N	121	121	121	121
**. Correlation is significant at the 0.01 level (2-tailed).					

**Source:** Own Analysis

All the variables have positive relationship with each other. The highest correlation is noted between emotional value and social value i.e., (0.74).

The Pearson correlation coefficient, which runs from -1 to +1 and represents the perfect negative correlation (-1), no correlation (0), and the perfect positive correlation (+1), evaluates the strength of the linear link between two variables.

**Correlation between customer value perception (SV) and social value (ValSoc):** There is a positive significant relationship between customer value perception and social value as Pearson correlation coefficient is 0.63 which is moderately strong positive. Hence, it can be concluded that customer value perception is linked to social value the bank holds.

**Correlation between customer value perception (SV) and emotional value (eval):** There is a positive significant relationship between customer value perception and emotional value as Pearson correlation coefficient is 0.67 which is moderately strong positive. Hence, it can be concluded that customer value perception is linked to emotional value the bank provides.

**Correlation between customer value perception (SV) and employee competence (EmComp):** There is a positive significant relationship between customer value perception and emotional value as Pearson correlation coefficient is 0.54 which is moderately positive. Hence, it can be concluded that customer value perception is linked to the bank's employee competence.

The other following variable pairings have the strongest relationships.

- eval and EmComp (r = 0.53)

- ValSoc and EmComp ( $r = 0.67$ )

Overall, the findings point to strong connections between these factors, which may shed light on their underlying relationships. It is crucial to remember that correlation does not imply causation, and more investigation is required to determine the causal connections between these factors.

#### 4.3.5 Hypothesis Testing

##### Hypothesis 1

**H0:** Customer value perception is not significantly impacted by social value the bank holds.

**H1:** Customer value perception is significantly impacted by social value the bank holds.

**Table 4.6** Hypothesis Testing 1

Variables Entered/Removed <sup>a</sup>			
Model	Variables Entered	Variables Removed	Method
1	ValSoc <sup>b</sup>		Enter
a. Dependent Variable: SV			
b. All requested variables entered.			

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.635 <sup>a</sup>	0.403	0.398	0.68224
a. Predictors: (Constant), ValSoc				

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	37.462	1	37.462	80.484	<.001 <sup>b</sup>
	Residual	55.389	119	0.465		
	Total	92.850	120			
a. Dependent Variable: SV						
b. Predictors: (Constant), ValSoc						

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.491	0.271		5.505	<.001
	ValSoc	0.625	0.070	0.635	8.971	<.001
a. Dependent Variable: SV						

Source: Own Analysis

**R-square:** The value is 0.63 explains that the variation in the dependent variable is 63% because of independent variables in the model.

**F- value:** F stat value of 80.48 explained that the model is fit for regression as the significance level is less than 0.005 as shown in the table.

**T test:** T test statistics is used in this test to determine that the significance level is less than 0.05 which rejects the null hypothesis.

T-stat value is **8.97** which is greater than equal to **1.96** and has a significance level of <0.001. Hence, null hypothesis is rejected and alternate hypothesis is accepted.

## Hypothesis 2

**H0:** Customer value perception is not significantly impacted by employee competence.

**H1:** Customer value perception is significantly impacted by employee competence.

**Table 4.7** Hypothesis Testing 2

Variables Entered/Removed <sup>a</sup>			
Model	Variables Entered	Variables Removed	Method
1	EmComp <sup>b</sup>		Enter
a. Dependent Variable: SV			
b. All requested variables entered.			

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.548a	0.300	0.294	0.73909
a Predictors: (Constant), EmComp				

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	27.847	1	27.847	50.978	<.001 <sup>b</sup>
	Residual	65.004	119	0.546		
	Total	92.850	120			
a. Dependent Variable: SV						
b. Predictors: (Constant), EmComp						



Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.933	0.278		6.964	<.001
	EmComp	0.515	0.072	0.548	7.140	<.001

a. Dependent Variable: SV

Source: Own Analysis

**R-square:** The value is 0.54 explains that the variation in the dependent variable is 54% because of independent variables in the model.

**F- value:** F stat value of 50.97 explained that the model is fit for regression as the significance level is less than 0.005 as shown in the table.

**T test:** T test statistics is used in this test to determine that the significance level is less than 0.05 which rejects the null hypothesis.

T-stat value is **7.14** which is greater than equal to **1.96** and has a significance level of <0.001. Hence, null hypothesis is rejected and alternate hypothesis is accepted.

### Hypothesis 3

**H0:** Customer value perception is not significantly impacted by emotional value provides.

**H1:** Customer value perception is not significantly impacted by emotional value provides.

**Table 4.8 Hypothesis Testing 3**

<b>Variables Entered/Removed<sup>a</sup></b>			
Model	Variables Entered	Variables Removed	Method
1	eval <sup>b</sup>		Enter
a. Dependent Variable: SV			
b. All requested variables entered.			

<b>Model Summary</b>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.675 <sup>a</sup>	0.455	0.451	0.65182
a Predictors: (Constant), eval				

<b>ANOVA<sup>a</sup></b>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	42.291	1	42.291	99.540	<.001 <sup>b</sup>
	Residual	50.559	119	0.425		
	Total	92.850	120			
a. Dependent Variable: SV						
b. Predictors: (Constant), eval						

<b>Coefficients<sup>a</sup></b>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.183	0.274		4.309	<.001
	eval	0.676	0.068	0.675	9.977	<.001
a. Dependent Variable: SV						

Source: Own Analysis

**R-square:** The value is 0.45 explains that the variation in the dependent variable is 67% because of independent variables in the model.

**F- value:** F stat value of 99.54 explained that the model is fit for regression as the significance level is less than 0.005 as shown in the figure.

**T test:** T test statistics is used in this test to determine that the significance level is less than 0.05 which rejects the null hypothesis.

T-stat value is **9.97** which is greater than **1.96** and has a significance level of  $<0.001$ . Hence, null hypothesis is rejected and alternate hypothesis is accepted.

## 4.4 Findings and Recommendations

### 4.4.1 Findings

The following conclusions were drawn from a poll on consumer knowledge of retail banking:

1. Based on the first objective of this study, following findings were drawn to find the preference of customers choosing a particular bank-

i. "Services offered by the bank," which was chosen by 39.7% of respondents, was the most popular justification for selecting a preferred bank.

ii. With 16.5% of respondents, "Nearness of bank branch" was the second most popular factor in picking a preferred bank.

iii. 14.0% of respondents indicated that "family/friend recommendation" was the factor that led them to select their favourite bank.

iv. According to 23.1% of respondents, from the result of frequency analysis it is interpreted that brand value affects the most consumer decision while choosing the bank "brand name" was an important consideration when deciding on a preferred bank.

v. "Commercials," "ease of use," "friendly and quick service," and "personal banking is easy with ICICI" were other considerations in choosing a preferred bank.

2. State bank of India has majority customers, which shows that customers rely more on public sector banks.

3. Most of the customers avail savings bank account feature that shows India is moving towards financial literacy.

4. Customer value perception factors are most important for customers, which includes overall services provided by the banks to provide maximum ease to customers in carrying out financial transactions.

5. Customer value perception is enhanced by employee competence, emotional value and social value the bank provides.

#### **4.4.2 Recommendations**

The following suggestions can be made based on the survey's results to raise public knowledge of retail banking:

1. Banks should concentrate on offering top-notch services that satisfy the demands and expectations of their clients. Offering affordable interest rates, adaptable loan terms, and practical banking options are a few examples of how to do this.

2. To increase consumer accessibility, banks should think about growing their branch network. This can be done by establishing new branches in densely populated areas or by collaborating with other companies to offer financial services.

3. Banks should think about developing referral programmes to entice clients to refer their products to friends and family. This may aid in spreading brand awareness and drawing in new clients.

4. Banks should spend money on marketing and advertising initiatives to raise consumer knowledge of their brands. This can involve internet advertising on social media and search engines as well as traditional media channels like TV, radio, and newspapers.

5. In order to satisfy the expectations of clients who want to bank online or through mobile devices, banks should concentrate on offering simple and convenient digital banking services.

6. Finally, to assist students in making educated decisions when selecting a bank and managing their accounts, banks should think about collaborating with educational institutions to offer financial literacy instruction to students.

## 4.5 Limitations

The study's shortcomings should be considered when evaluating the findings about consumer knowledge of retail banking:

1. **Sample Size:** With only 121 responders, the sample size is somewhat small and might not be representative of the whole population. A larger sample size might give a more accurate picture of how informed consumers are of retail banking.
2. **Sampling Bias:** Because the poll was completed online, sampling bias may have occurred. Those who are more inclined to take part in online surveys could behave and hold different attitudes towards retail banking than those who do not.
3. **Self-Reporting Bias:** Since the results in the survey were self-reported, biases such as social desirability bias and recall bias may have been present. It's possible that respondents gave responses they believed to be socially acceptable or that they had trouble remembering their justifications for picking a favourite bank.
4. **Time Restrictions:** Since the study was carried out at a given time, attitudes and behaviours of consumers towards retail banking may have altered since then.

The study's shortcomings should be considered when interpreting the findings, and they should be addressed in follow-up studies to offer a more thorough picture of consumer awareness of retail banking.

## **CHAPTER 5**

### **CONCLUSION**

One of the most significant institutions in any contemporary economy is the bank since the efficient operation of any financial system depends heavily on money and the timely availability of that money. As a result, several new domestic and international commercial banks have entered liberalised India, and all of the government-owned banks have established branches around the nation. As a result, there is fierce competition among India's commercial banks. Banks are providing a variety of services to their consumers in an effort to attract more business, making it harder for a retail banking customer to choose a bank.

The vast majority of people in the age range of 25 to 60 who have discretionary incomes are affected by retail banking. Regulators and policy makers must assume responsibility for assisting banks' efficient performance of their duties. The issues listed above cannot be solved.

One of the most crucial factors in ensuring that India develops and becomes a worldwide economic superpower would be the expansion of the banking industry.

According to the findings of the above study it is imperative for the banks to enhance customer value perception by improving the service quality provided which will ultimately leverage the emotional and social value the bank provides to its customers. Having well informed employees in the bank also gives assurance to the customers in the banking services.

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## ANNEXURE

### Demographic Details

1. Age
  - 18-25
  - 26-33
  - 34-41
  - 42-49
  - Above 50
  
2. Gender
  - Female
  - Male
  - Prefer not to say
  
3. Highest Educational Qualification
  - High school (10th)
  - Intermediate (12th)
  - Graduation
  - Post graduation
  - Doctorate
  
4. Occupation
  - Service
  - Business/Trader
  - Self-employed
  - Housemaker
  - Retired
  - Student
  - Other
  
5. Personal annual Income
  - Less than 3Lakhs
  - 3 Lakhs- 7 Lakhs
  - 7 Lakhs- 10 Lakhs
  - More than 10 Lakhs

6. Where do you live?

- Urban
- Semi-Urban
- Rural

### **Bank Preference Details**

1. Which is your preferred bank account?

- SBI
- ICICI
- HDFC
- Bank of Baroda
- IDBI Bank
- Federal Bank
- Other

2. Which is the most relevant reason for choosing the preferred bank?

- Brand Name
- Nearness of bank branch
- Commercials
- Services offered by the bank
- Family/friend recommendation
- Other

3. Which of the following products/services you are availing from the bank?

- Savings Account
- Current Account
- Fixed Deposits
- Loan
- Debit/Cards
- Insurance
- Lockers
- Other

4. How often do you visit your nearest bank branch?

- Daily
- Weekly

- Monthly
- Quarterly
- Half-yearly
- Once in a year

**Below are the few questions to understand your perception towards banking facilities provided by your preferred bank, which has following ratings-**

- 1- Strongly Disagree
- 2- Disagree
- 3- Neutral
- 4- Agree
- 5- Strongly Agree

### **1. Price**

- i. The bank's service fee is reasonable
- ii. Deposit interest rate in this bank is good

### **2. Customer Value Perception**

- i. The bank is providing high technological services (includes internet banking, mobile app features, SMS feature, OTP Authentication)
- ii. The bank offers wide range of banking services (ATM facility, insurance, gold deposits, different types of loans)
- iii. The bank provides high quality of customer service (in terms of helpline number, chatbot feature etc.)

### **3. Reliability**

- i. The bank is charging low interest rates on loans.
- ii. The bank takes care of confidentiality and privacy of its customers.
- iii. Time taken by the bank for sanctioning loan is comparatively less.

### **4. Physical Environment**

- i. The bank has modern looking interior and has clean environment.
- ii. The bank has convenient operating hours.

### **5. Emotional Value**

- i. I am happy with my decision to keep my deposit in this bank.
- ii. I feel trust and confidence in this bank.

**6. Employee competence**

- i. Personnel in this bank provide all necessary and valuable information.
- ii. The queries and complaints are handled immediately.

**7. Social Value**

- i. This bank strives to establish long-term relationship with customer.
- ii. Growth of my bank is better than others. (In terms of market share and overall performance).



