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"Effect of Trust and Service Quality on Consumer Perception: A Study on Private Banking Sector of South West Delhi"

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ABSTRACT

This thesis aims to conduct a review of the literature and investigate to know what people thought towards the services provided by private banking sectors. The goal of this thesis is to close the knowledge gap between the customers and banks towards the different banking services. This thesis helps to bank to upgrade their services and removes the hurdles for the satisfaction of customers which directly helps for the growth and development of the banking sectors.

INTRODUCTION

The banking sector is the strength of the economy in a country. Banking organization plays a dynamic role in the growth & development of a country. Poor banking system cannot help the country in economic development. A well- functioning banking system has a key role in economic growth of the particular country customer loyalty has been a real concern in the banking sector because of serious rivalry and higher client expectations.

It has cause in an increased rivalry between banks to attract a greater number of customers by delivering quality services. Customer loyalty was identified as a key factor for the profitability of a business. Banks can never run smoothly for a long period of time without loyal customers.

Customer loyalty can be accomplished by classifying customers' needs, managing them and satisfying them. Customer loyalty is observed as a key construction and desire to hierarchical achievement, advantage and business performance Loyal customers will permanently give positive remarks about the banking sector. Banks can increase levels of profitability by providing secure products and services to the customers.

In order to increase customer loyalty, several banks have announced innovative products and services Firms can increase level of profitability by providing safe and sound products and services to loyal customers. There is a positive direct, relationship between services or products quality, customer satisfaction and consumer loyalty.

REVIEW OF LITERATURE

1. Hammoud *et al.*, (2018) analyzed the impact of E –Banking service Quality on customer satisfaction Evidence from the Lebanese Banking Sector. The objective of this study is to examine the relationship between the dimensions of E –Banking service quality and customer satisfaction to determine which dimensions can potentially have the strongest influence on customer satisfaction. In this Research Data were gathered using a survey instrument Bank client were given questionnaire to fill for the purpose of collecting the data.

2. Paul *et al.*, (2016) studied on impact of service quality on customer satisfaction in private and public sectors bank. The purpose of the study is to examine the various impacts of service quality on banking sectors. The data were collected from 500 respondent in India and the respond rate was 65%. In this research paper survey method was used to collect data and structure questionnaire which based on SERVQOAL model was used.

3. Singh and Gupta, (2016) measured the customer perception and satisfaction towards service of public and private sector banks. The

objective of this study is to examine the relative customer satisfaction levels of private and public sector banks. In this study a survey method (Well-structure) questionnaire was used to collect data. A convenience (non-random) sampling technique was used.

4. Hasan *et al.*, (2014) studied effects of perceived value and trust on customer loyalty towards foreign Banks in Sabah, Malaysia. The objective of this study is to examine level of customer loyalty towards foreign banks in Malaysia and to investigate factors such as perceived value and trust effects customer loyalty. In this research methodology a survey method was used in which customers were given questionnaire to fill for the purpose of collecting the data. A convenience non-random sampling technique was used.

5. Karim and Chowdhury, (2014) analyzed the customer satisfaction and service quality in private commercial banking sector in Bangladesh. The main objective of the research is to discover the impact of service quality on consumer satisfaction in private sector banks. In this study a structure questionnaire with 5-point Likert scale was used to collect data by conducting survey. A convenience (non-random) sampling technique was used.

6. Khan and Fasih, (2014) investigated the impact of service quality on customer satisfaction and customer loyalty in Pakistan. The objective of this research paper is to determine the satisfaction level & loyalty of the customers towards the service provided by the different banks. In this study a survey method was used to collect data. A stratified random sampling technique had been used.

7. Seiler *et al.*, (2013) studied on the influence of socio-demographic variables on customer satisfaction and loyalty in the private banking industry. The objective of this research to indicate the impact of customer demographics on service value, customer satisfaction, and customer loyalty.

8. Saghier and Nathan, (2013) investigated the quality perception of bank customer in Egypt and the differences in relative importance they attach to the various qualify dimension using servqual model. The objective of this research was to understand the main factors that affect customer satisfaction and propose a model that would support decision maker enhance the quality service.

9. Mohammad and alhamadani, (2011) conducted research on title “service quality perspective and customer satisfaction in commercial banks working in Jordan. The aim of this research was to examine the level of service quality as perceived by customer of commercial bank working in Jordan and its effect on customer satisfaction.

10. Kheng et al., (2010) studied the impact of service quality on customer loyalty in bank in Malaysia. The objective of this research was to evaluate the impact of service quality on customer loyalty among bank customers in Malaysia. The development and advancement in banking channel such as internet banking, ATM and so on have forced bankers to explore the importance of customer loyalty.

RESEARCH METHODOLOGY

Conduct a thorough literature review to understand existing theories, models, and empirical studies related to risk management in the banking sector. Look for articles, journals, books, and reports that discuss
international banking, risk management strategies, and the challenges banks face in global markets.

Gather data from various sources such as academic databases, financial reports, regulatory filings, and industry publications. Depending on the research objectives, collect quantitative data (financial metrics, risk indicators) and qualitative data (interviews, case studies) to provide a comprehensive understanding of risk management practices in the banking sector.

Choose an appropriate research design based on the research questions and objectives. For example, if you're interested in analysing the effectiveness of risk management frameworks in multinational banks, a comparative analysis between different banks or countries could be suitable. If you're exploring the impact of regulatory changes on risk management practices, a longitudinal study over multiple time periods may be necessary.

CONCLUSION

While maintaining a consistent core business and essence, banks should also be flexible in their market positioning and risk management strategies. This could involve divesting from less lucrative markets or business lines while pursuing new opportunities where growth potential is higher.

Banks need to be proactive in identifying and mitigating risks, both before and after entering new markets or launching new products/services. This might include investing in redundancy measures, leveraging technology for risk assessment, and fostering a culture of risk awareness and responsiveness throughout the organization.

Timely access to accurate information is crucial for effective risk management in the banking sector. Banks should prioritize the collection and analysis of relevant data to inform their risk management decisions and response strategies.

Banks can adopt a risk-avoidance strategy by aligning their offerings with market demands and focusing on sustainable growth. This might involve diversifying revenue streams, ensuring compliance with regulations, and prioritizing customer-centric approaches to banking services.

RECOMMENDATION

Conduct a comprehensive review of existing risk management frameworks in the banking sector, focusing on their applicability to international expansion strategies.

Explore case studies of banks that have successfully expanded internationally, identifying key risk factors and mitigation strategies employed.

Engage with practitioners in the banking industry to gather insights and perspectives on current risk management practices and challenges in the context of internationalization.

Develop a theoretical framework for risk management tailored specifically to banks venturing into international markets, considering factors such as regulatory environments, geopolitical risks, and cultural nuances.

Validate the proposed framework through empirical research, leveraging data from a representative sample of international banks and their experiences with risk management during expansion efforts.

Provide practical guidelines and recommendations for banking practitioners on how to integrate the proposed risk management framework into their international business plans, highlighting industry-specific considerations and best practice.

LIMITATION

Banks operate within a highly regulated environment governed by various local, national, and international laws and regulations. These regulations are designed to ensure financial stability, protect consumers, prevent money laundering, and combat terrorism financing, among other objectives. However, navigating this complex regulatory landscape imposes significant costs and administrative burdens on banks.

Moreover, regulatory requirements are subject to frequent updates and amendments, making it challenging for banks to keep pace with evolving standards while simultaneously managing day-to-day operations. Non-compliance can result in severe penalties, reputational damage, and even legal repercussions, further underscoring the importance of regulatory adherence.

Thus, the regulatory burden represents a significant limitation for banks, constraining their flexibility, increasing operational costs, and diverting resources away from innovation and growth initiatives.

Additionally, the increasing digitization of banking services and the adoption of fintech solutions further expand the attack surface, requiring continuous investment in cybersecurity infrastructure and proactive risk management strategies.

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