

COMPETITIVE ANALYSIS OF INDIAN BANKS: A COMPARISON OF PUBLIC SECTOR AND PRIVATE SECTOR BANKS IN INDIA

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ABSTRACT

Thus, the competition in the Indian banking sector has increased since the introduction of the financial reforms in this sector since 1991. The highly controlled and regulated banking system transformed itself into one described by competition, prudence and openness. The competition created by the new private sector banks by the innovation with the technology, new business practices and the new products had undoubtedly re-energized the Indian banking sector as a whole. However, there exists a non-price competition in the banking sector. The banks in the banking industry distinguish their products from the competitors on the basis of non-price attributes like far-reaching distribution, customer oriented approach, simple process, minimum documentation, quicker service and any other non-price competitive advantage. Thus, the use of effective non-pricing competitive strategies and can certainly prove to be helpful in differentiating their product from those of rivals. The paper aims to study and compare the competitive strategies of the public sector and private sector banks in India.

Keywords: banking sector, financial reforms, regulated banking, competition.

INTRODUCTION:

Prior to 1991, most of the commercial banks were under the control of public sector and the banking sector was over regulated and over controlled. The new model of financial reforms, commonly known as the Liberalisation, Privatisation and Globalisation policy was introduced in 1991. The objective of these reforms in banking sector was to make the economy open and escalate the role of the private sector. The actions were taken to promote a diversified, well-organized and a competitive financial system. The reforms covered the areas like deregulating the interest rates, directed credit regulations, legislative pre-emptions and entry deregulation for both domestic and foreign banks.

Thus, the competition in the Indian banking sector has increased since the introduction of the financial reforms in this sector since 1991. The highly controlled and regulated banking system transformed itself into one described by competition, prudence and openness. The competition created by the new private sector banks by the innovation with the technology, new business practices and the new products had undoubtedly re-energized the Indian banking sector as a whole (Mohan and Ray, 2004).

However, keeping in mind the fact that most of the products or services provided by public and private sector banks in India and the price charged by these banks for their products and services are identical, it can be said that there exists a non-price competition in the banking sector. The banks in the banking industry distinguish their products from the competitors on the basis of non-price attributes like extensive distribution, customer focus, or any other non-price competitive advantage. Thus, the use of effective non-pricing competitive strategies and can certainly prove to be helpful in differentiating their product from those of rivals.

REVIEW OF LITRATURE:

Day and Winsley (1988) stated that performance of business in a better manner requires a business to gain an edge over competitors. For this, the management must first know the current strengths and weaknesses of the business and the probability that the competitors will not reach to their level of performance. Without proper understanding, managers cannot choose the best moves to safeguard or improve the present position. They recognized two methodologies that can help the management to know the areas that distinguish their business from that of competitors' business. The first methodology starts with the market and is customer centered and the other is mainly competitor centered. Customer centered approach work backwards from customer to company and begins with point by point examination of customer advantages within end-use segments. Competitor's focused assessments are based on direct comparison of management with a couple of target competitors.

Parasuraman et al. (1991) stated that customers are the center of any organisation and in this way of prime significance for the marketers. Consequently, understanding customer expectations is essential for conveying superior service. Since customers see next to no distinction in the banking products as any new offering is quickly matched by the competitors, diverse strategies must be figured by the banks to hold the customer. It is essential for the service providers to know the level of customer expectations so that they can meet and even surpass them to gain maximum customer satisfaction and loyalty.

Kay (1993) found that the strategy of the firm is a match between its internal abilities and its outside connections. It depicts how it reacts to its suppliers, its customers, its rivals, and the social and monetary environment in which it works. The resources, all by themselves, can't make the capabilities required to accomplish a sustainable competitive advantage, they need to be judiciously applied by the prudent formulation and application of strategy by management. The term advantage is a relative and is meaningful just when contrasted with different firms in the business. More than one firm in an industry can likewise have a competitive advantage.

Keaveney, S.M. (1995) discussed the significance of service recovery in different industries in the world. He discovered the reasons for the customers' switching the service providers. He found that core service failure was the main cause of switching of customers to the other service

providers. This low quality in service causes customer switching, which in turn results in lost customer lifetime value. He suggested that the managers should understand the reasons for service switching from the customers' perspective so that they can design the strategies to mitigate the effect of customer switching on the revenue reduction.

Chandan (1997) observed that the change in factors of the business environment has made the environment extremely impulsive and unpredictable. In this dense and complex environment, a comprehensive analysis of the firm's strengths, weaknesses, opportunities and threats is essential to know the efforts needed to enhance its competitiveness. The analysis of the strengths and weaknesses of a firm helps management to discover the exclusive skills and resources that give a competitive advantage to an organisation. The competitive advantage is an aggregate of better quality, greater efficiency, more innovation, and higher customer responsiveness.

Kangis and Voukelatos (1997) analysed that service quality issues are becoming the centre of attention of all banking institutions. For comparing the services for the banking sector there is not much differentiation in the service product and price of private sector and public sector banks. The main factor that differentiates the banking services provided by different sectors of banks in banking industry is service quality. They found that quality expectations were marginally higher in the private sector than public sector banks and they concluded that private sector banks are providing better service than public banks.

Terpstra and Sarathy (2000) stated that the organisations should devise and execute marketing strategies for attaining a long term competitive advantage. A firm may get the differentiation advantage as compared to the other competitors in the market as a consequence of superior quality, dependability, more durability, improved service, better design or performance. The marketing strategy of a firm also needs to be adjusted in accordance with the change in technology, law of the foreign country or conditions of the overseas markets.

Dixit, V.C. (2004) inferred that with a specific end goal to make marketing more convincing, it is imperative to recognize the customer needs and accordingly outline new items to suit their needs. He further suggested that the first step in customer service is a courtesy as customers are now-a day's becoming more aware and more unwilling to be treated generically. The staff ought to be all around furnished with satisfactory knowledge to satisfy the customer's necessities. There ought to be a long term technique to change over the whole organisation into a customer-oriented one.

Soutiman (2005) observed that banks have begun concentrating on core area and outsourcing that part which they accept can be all the more effectively taken care of by specialists in perspective of giving quality customer services. They have begun outsourcing exercises like IT operations, including innovation, structural planning, IT framework and network management. The banks today, consider the utilization of innovation as a vital instrument for understanding the intend to give world class client services in a competitive environment.

Biswas (2009) in his paper observed that, there has been a rapid change in the operating environment of banks since 1991. The rivalry has been escalated likewise due to advancement of information technology. This has exposed the banking sector to various challenges. Deregulation, Competition, Non-Performing Assets (NPAs) Management, Profitability, Risk Management, Technology, Phishing, Managing Standards and Quality, Customer Retention and Loyalty, the Internal Customer Management are the major challenges of the banking sector. To survive and succeed in this competitive environment, SWOT analysis should be undertaken by the banks and suitable strategies must be defined.

Pal, M.N. & Choudhury, K. (2009) studied the dimensions of service quality in context of the Indian retail banking industry He observed that to gain and sustain competitive advantages in the fast changing retail banking industry in India, it is vital for banks to comprehend inside and out what clients see to be the key dimensions of service quality. Numerous retail banks have coordinated their techniques towards expanding consumer satisfaction and loyalty through improved service quality so as to enhance their market positions. Also, with the appearance of global banking and innovations in the market place, customers are confronting more noteworthy trouble in selecting one bank from another.

Rashmi and Krishnakumar (2015) stated that the increase in the number of service providers has aggravated the competition and customer acquisition costs in this industry. Under these circumstances, retaining the existing customers by enhancing customer loyalty and customer value has become a core marketing strategy of the service providers. It is revealed that factors like service quality, price, customer relationship management and corporate image contribute to customer satisfaction which ultimately increases customer loyalty in the mobile telecom sector. It has also revealed that apart from satisfaction, trust is also a significant factor affecting customer loyalty.

Lakhani Uday (2016) Bank marketing is not just advertising and promotion campaign but a managerial process by which services are matched with market. Banking is a personalized service oriented industry and hence should provide services which satisfy the customer's needs. To meet these needs, the steps are being taken to interface the marketing variables - Product, Price, Place, Promotion and People, Process and Physical evidence, to satisfy the requirement of the customers. Lacking of any of these elements makes the service failure.

OBJECTIVE OF STUDY:

The objectives of the study are as under:

- To compare the competitive strategies adopted by the public sector and private sector banks in India for marketing of their loan products.
- To compare the competitive strategies adopted by the selected public sector banks for marketing of their loan products.
- To compare the competitive strategies adopted by the selected private sector banks for marketing of their loan products.

RESEARCH METHDOLOGY:

The universe of the study is the banks operating in the states of Punjab, Haryana and Union Territory of Chandigarh. The study include 10 leading banks out of which 5 are from public sector (SBI, PNB, OBC, UCOBank and Corporation Bank), and 5 from private sector (ICICI Bank Ltd., HDFC Bank Ltd., AXIS Bank, TheFederal Bank Ltd. and ING Vysya Bank Ltd). The officials of 10 leading banks were contacted for the purpose of the study. A sample of 500 officials were selected from the above banks. The sample scheme comprised of 250 officials from each sector bank. The data collection was collected from respondents who are presently handling banking services through structured questionnaire. An effort was made to make the sample more representative. T-test and F-Test are used to test the various hypothesis.

HYPOTHESIS:

The following null hypothesis has been framed for the purpose of the study:

H01a: There is no statistical significant difference between the mean values of variables relevant for examining the competitive strategies adopted in marketing of loan products by the selected public sector and private sector banks in modern era.

H01b: There is no statistical significant difference among the mean values of variables relevant for examining the competitive strategies in marketing of loan products by the selected public sector banks.

H01c: There is no statistical significant difference among the mean values of variables relevant for examining the competitive strategies in marketing of loan products by the selected private sector banks.

DISCUSSION AND ANALYSIS:

Competitive analysis is a very significant part of the marketing plan of any organization which helps that organization to evaluate the uniqueness of its product or service. It includes evaluation of all the attributes which are included in any product to attract the target market. In the present chapter, ten different attributes of loan products are studied to examine the competitive strategies adopted by the selected public sector and private sector banks in India.

A questionnaire containing ten statements was developed to know the competitive strategies of the public sector and private sector banks in India. The respondents were asked to express their level of agreement/disagreement with these statements on five-point Likert scale. T-test and F-test have been applied to test the null hypothesis. The tests have been applied to check the level of significance at 0.01 and 0.05 level of significant.

DISTRIBUTION OF RESPONSES TO EXAMINE THE COMPETITIVE STRATEGIES ADOPTED IN MARKETING OF LOAN PRODUCTS BY THE SELECTED PUBLIC SECTOR AND PRIVATE SECTOR BANKS IN MODERN ERA

Table 1: Distribution of the responses of bank officials towards the competitive strategies adopted by the selected public sector and private sector banks in marketing of their loan Products in the modern era

Variables/ Level of Agreement	Strongly Disagree n (%)	Disagree n (%)	Neutral n (%)	Agree n (%)	Strongly Agree n (%)	Mean
Opening of a saving bank account with your bank is not an essential for taking the loan.	38 (7.6)	41 (8.2)	69 (13.8)	219 (43.8)	133 (26.6)	3.74
You provide doorstep banking to the customers.	82 (16.4)	96 (19.2)	32 (6.4)	186 (37.2)	104 (20.8)	3.27
The foreclosure clause of the loan agreement provides a competitive edge to your bank.	40 (8)	50 (10)	22 (4.4)	289 (57.8)	99 (19.8)	3.71
The process of providing loan by your bank to customers is simpler than competitors.	12 (2.4)	83 (16.6)	45 (9)	251 (50.2)	109 (21.8)	3.72
The minimum documentation is required for taking a loan from your bank.	74 (14.8)	110 (22)	36 (7.2)	168 (33.6)	112 (22.4)	3.27
The processing fee charged by your bank for sanctioning of loan is competitive.	30 (6)	96 (19.2)	29 (5.8)	133 (26.6)	212 (42.4)	3.80
The time taken by your bank for sanctioning the loan is lesser than the competitors.	54 (10.8)	103 (20.6)	78 (15.6)	139 (27.8)	126 (25.2)	3.36
The time taken by your bank for disbursement of the loan is lesser than the competitors.	52 (10.4)	97 (19.4)	25 (5)	118 (23.6)	208 (41.6)	3.67

Variables/ Level of Agreement	Strongly Disagree n (%)	Disagree n (%)	Neutral n (%)	Agree n (%)	Strongly Agree n (%)	Mean
Indirect charges are the central issues compelling the customers for transferring their loan account from one bank to another.	53 (10.6)	96 (19.2)	84 (16.8)	135 (27)	132 (26.4)	3.39
Customers transfer their loan accounts from other banks to your bank because of indirect charges.	123 (24.6)	149 (29.8)	68 (13.6)	89 (17.8)	71 (14.2)	2.67

Table 1 presents the details of the distribution of responses of bank officials about the competitive strategies adopted by the selected public sector and private sector banks in marketing of their loan products in the modern era. It was observed that the mean values is higher in case of variables like - the processing fee charged by your bank for sanctioning of loan is competitive (mean 3.80), opening of a saving bank account with your bank is not an essential for taking loan (mean 3.74), the process of providing loan to customers is simpler than the competitors (mean 3.72), the foreclosure clause of the loan agreement provides a competitive edge to your bank (mean 3.71) and the time taken by your bank for disbursement of loan is lesser than the competitors (mean 3.67). On the contrary, mean values are lesser in case of factors like - indirect charges are the central issues compelling the customers for transferring their loan account from one bank to another (mean 3.39), the time taken by your bank for sanctioning the loan is lesser than the competitors (mean 3.36), you provide doorstep banking to the customers (mean 3.27), the minimum documentation is required for taking loan from your bank (mean 3.27), customers transfer their loan accounts from other banks to your bank because of indirect charges (2.67). On the basis of the primary data survey, we can conclude that processing fees is the most competitive variable among all the variables and must be considered at the time of preparing marketing strategies by the banks while transferring loan accounts by customers from one bank to another because of indirect charges is the least competitive variable.

Proportion of the responses towards the competitive strategies adopted by the selected and public and private sector banks in modern era is shown in figure 1.

DIFFERENCE BETWEEN THE MEAN VALUES OF VARIABLES RELEVANT FOR EXAMINING COMPETITIVE STRATEGIES ADOPTED IN MARKETING OF LOAN PRODUCTS BY THE SELECTED PUBLIC SECTOR AND PRIVATE SECTOR BANKS IN MODERN ERA

Null Hypothesis:

H01a: There is no statistical significant difference between the mean values of variables relevant for examining the competitive strategies adopted in marketing of loan products by the selected public sector and private sector banks in modern era.

Independent t-test has been used for comparison between the mean values of variables relevant for examining the competitive strategies adopted in marketing of loan products by the selected public sector and private sector banks in modern era.

Figure 1: Distribution of responses of bank officials towards the competitive strategies adopted in marketing of loan products by the selected public sector and private sector banks in modern era

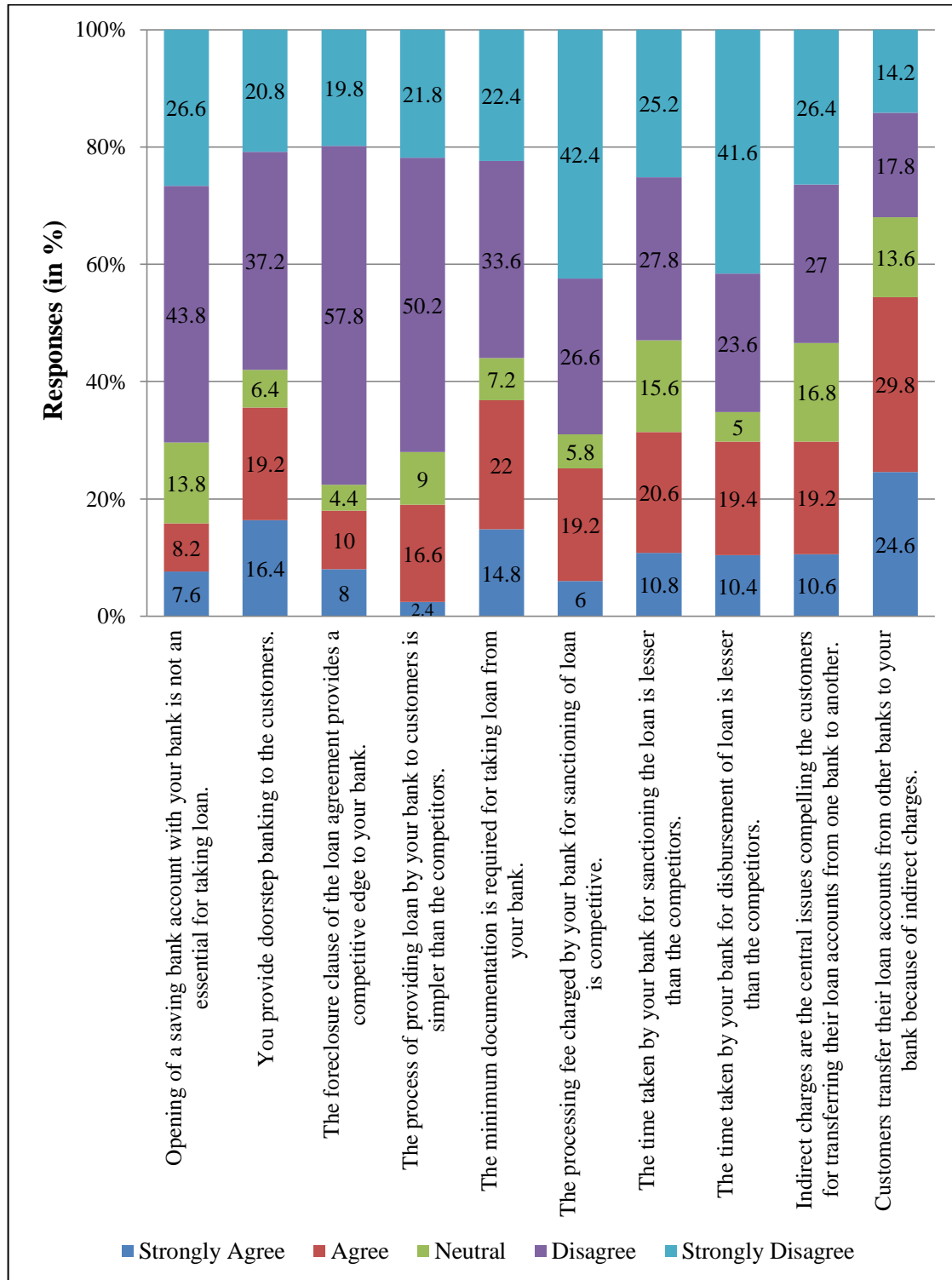


Table 2: Comparison of mean values and t-values of variables relevant for examining the competitive strategies adopted in marketing of loan products by the selected public sector and private sector banks in modern era

Variables/ Banks	Public		Private		t-value	df	P value
	Mean	SD	Mean	SD			
Opening of a saving bank account with your bank is not an essential for taking loan.	4.02	0.92	3.45	1.30	5.63	498	0.00**
You provide doorstep banking to the customers.	2.75	1.39	3.79	1.23	-8.87	498	0.00**
The foreclosure clause of the loan agreement provides a competitive edge to your bank.	3.36	1.25	4.07	0.86	-7.35	498	0.00**
The process of providing loan by your bank to customers is simpler than the competitors.	3.52	1.06	3.92	1.01	-4.31	498	0.00**
The minimum documentation is required for taking a loan from your bank.	2.90	1.47	3.64	1.23	-6.13	498	0.00**
The processing fee charged by your bank for sanctioning of loan is competitive.	4.30	1.01	3.30	1.41	9.07	498	0.00**
The time taken by your bank for sanctioning the loan is lesser than the competitors.	3.08	1.26	3.64	1.37	-4.77	498	0.00**
The time taken by your bank for disbursement of the loan is lesser than the competitors.	3.38	1.47	3.96	1.35	-4.60	498	0.00**
Indirect charges are the central issues compelling the customers for transferring their loan account from one bank to another.	3.69	1.23	3.10	1.38	5.10	498	0.00**
Customers transfer their loan accounts from other banks to your bank because of indirect charges.	3.12	1.50	2.22	1.10	7.70	498	0.00**

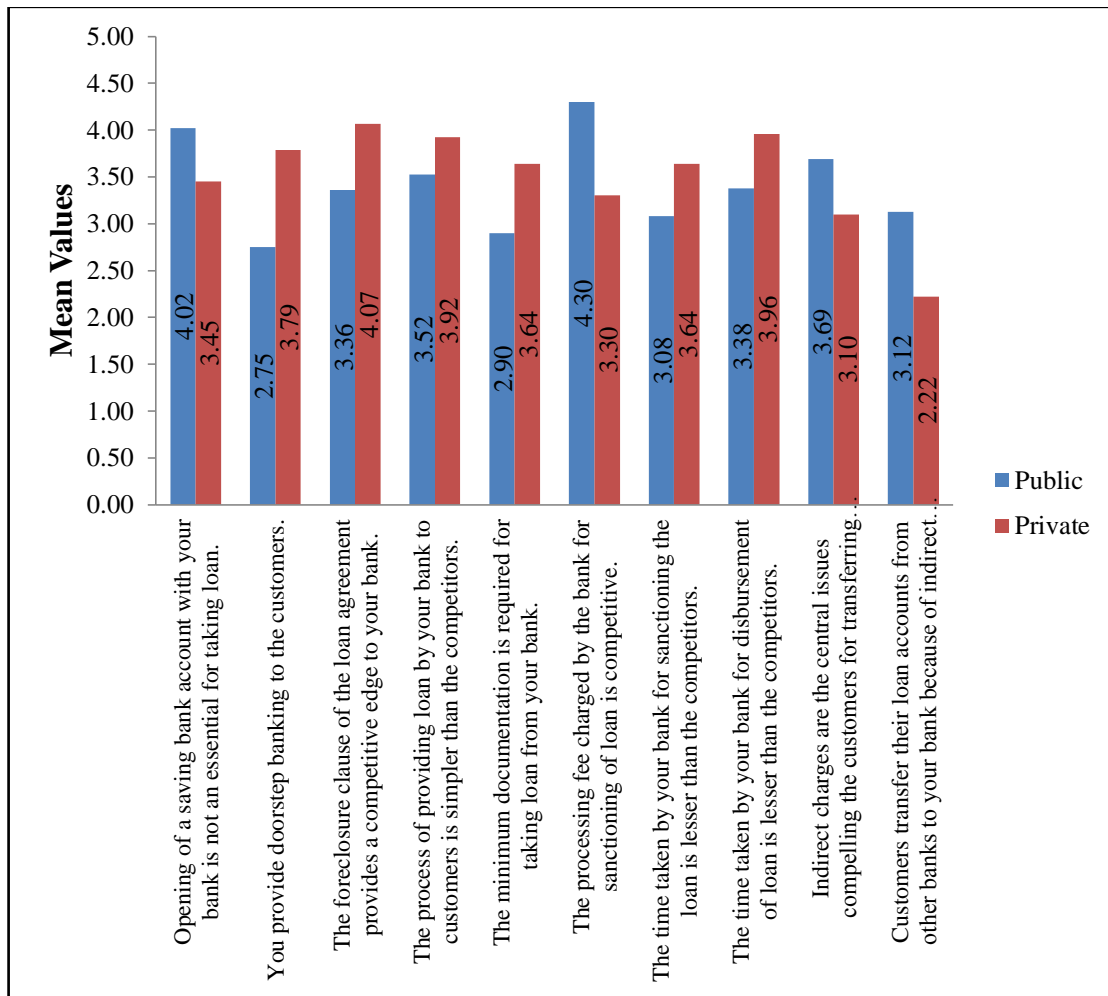
** p<0.01 level of significance

Table 2 presents the significant difference between the mean values of variables relevant for examining the competitive strategies adopted by the selected public sector and private sector banks in India. It is seen that the calculated t-value of all the variables is greater than the tabulated t-value at 0.01 level of significance. Thus, the null hypothesis is rejected for all the above variables and it can be concluded that there is a statistical significant difference in the competitive strategies adopted by the selected public sector and private sector banks in India. The mean value is more in case of public sector banks than the private sector banks for four variables i.e. opening of a saving bank account with your bank is not an essential for taking a loan (mean 4.02), the processing fee charged by your bank for sanctioning of loan is competitive (mean 4.30), indirect charges are the central issues compelling the customers for transferring their loan account from one bank to another (mean 3.69) and customers transfer their loan accounts from other banks to your bank because of indirect charges (mean 3.12). On the contrary, mean value is more in case of

private sector banks than the public sector banks for the remaining six variables i.e. you provide doorstep banking to the customers (mean 3.79), the foreclosure clause of the loan agreement provides a competitive edge to your bank (mean 4.07), the process of providing loan by your bank to the customers is simpler than the competitors (mean 3.92), the minimum documentation is required for taking loan from your bank (mean 3.64), the time taken by your bank for sanctioning the loan is lesser than the competitors (mean 3.64), the time taken by your bank for disbursement of loan is lesser than the competitors (mean 3.96).

Mean comparison with respect to the variables relevant for examining the competitive strategies adopted by the selected public sector and private sector banks in India is shown in figure 2.

Figure 2: Mean comparison with respect to the variables relevant for examining the competitive strategies adopted by the selected public sector and private sector banks in marketing of their loan products in the modern era



DIFFERENCE IN THE MEAN VALUES OF VARIABLES RELEVANT FOR EXAMINING THE COMPETITIVE STRATEGIES IN MARKETING OF LOAN PRODUCTS BY THE SELECTED PUBLIC SECTOR BANKS IN MODERN ERA

Null Hypothesis:

H01b: There is no statistical significant difference among the mean values of variables relevant for examining the competitive strategies in marketing of loan products by the selected public sector banks.

F-test has been applied to measure the statistical significant difference in the mean values of variables relevant for examining the competitive strategies in marketing of loan products by the five selected public sector banks.

Table 3: Mean values and f-values of variables relevant for examining the competitive strategies in marketing of loan products by the selected public sector banks in the modern era

Variables/ Public Sector Banks	PNB		SBI		OBC		UCO		Corporation Bank		f-value	P value
	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD		
Opening of a saving bank account with your bank is not an essential for taking the loan.	3.94	0.96	4.02	0.98	4.12	0.87	3.94	0.93	4.08	0.85	0.39	0.82
You provide doorstep banking to the customers.	3.00	1.46	2.76	1.41	3.02	1.42	2.62	1.32	2.34	1.27	2.11	0.08
The foreclosure clause of the loan agreement provides a competitive edge to your bank.	3.62	1.14	3.52	1.30	3.48	1.20	3.22	1.28	2.96	1.28	2.33	0.06
The process of providing loan by your bank to customers is simpler than the competitors.	3.84	0.89	3.18	1.16	3.84	0.96	3.58	0.97	3.18	1.16	5.17	0.00**
The minimum documentation is required for taking a loan from your bank.	2.56	1.50	2.56	1.36	2.88	1.53	3.22	1.47	3.26	1.40	2.74	0.03*
The processing fee charged by your bank for sanctioning of loan is competitive.	4.26	0.88	4.44	1.07	4.34	1.10	4.30	0.93	4.16	1.09	0.51	0.73
The time taken by your bank for sanctioning the loan is lesser than the competitors.	3.12	1.29	3.26	1.37	2.98	1.19	2.98	1.19	3.06	1.27	0.43	0.79

Variables/ Public Sector Banks	PNB		SBI		OBC		UCO		Corporation Bank		f-value	P value
	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD		
The time taken by your bank for disbursement of the loan is lesser than the competitors.	3.78	1.42	3.30	1.49	3.18	1.49	3.24	1.49	3.38	1.43	1.32	0.26
Indirect charges are the central issues compelling the customers for transferring their loan account from one bank to another.	3.76	1.19	3.88	1.30	3.84	1.17	3.56	1.20	3.42	1.28	1.27	0.28
Customers transfer their loan accounts from other banks to your bank because of indirect charges.	3.12	1.59	3.78	1.25	3.64	1.38	2.56	1.54	2.52	1.27	8.65	0.00**

** p<0.01 level of significance

* p<0.05 level of significance

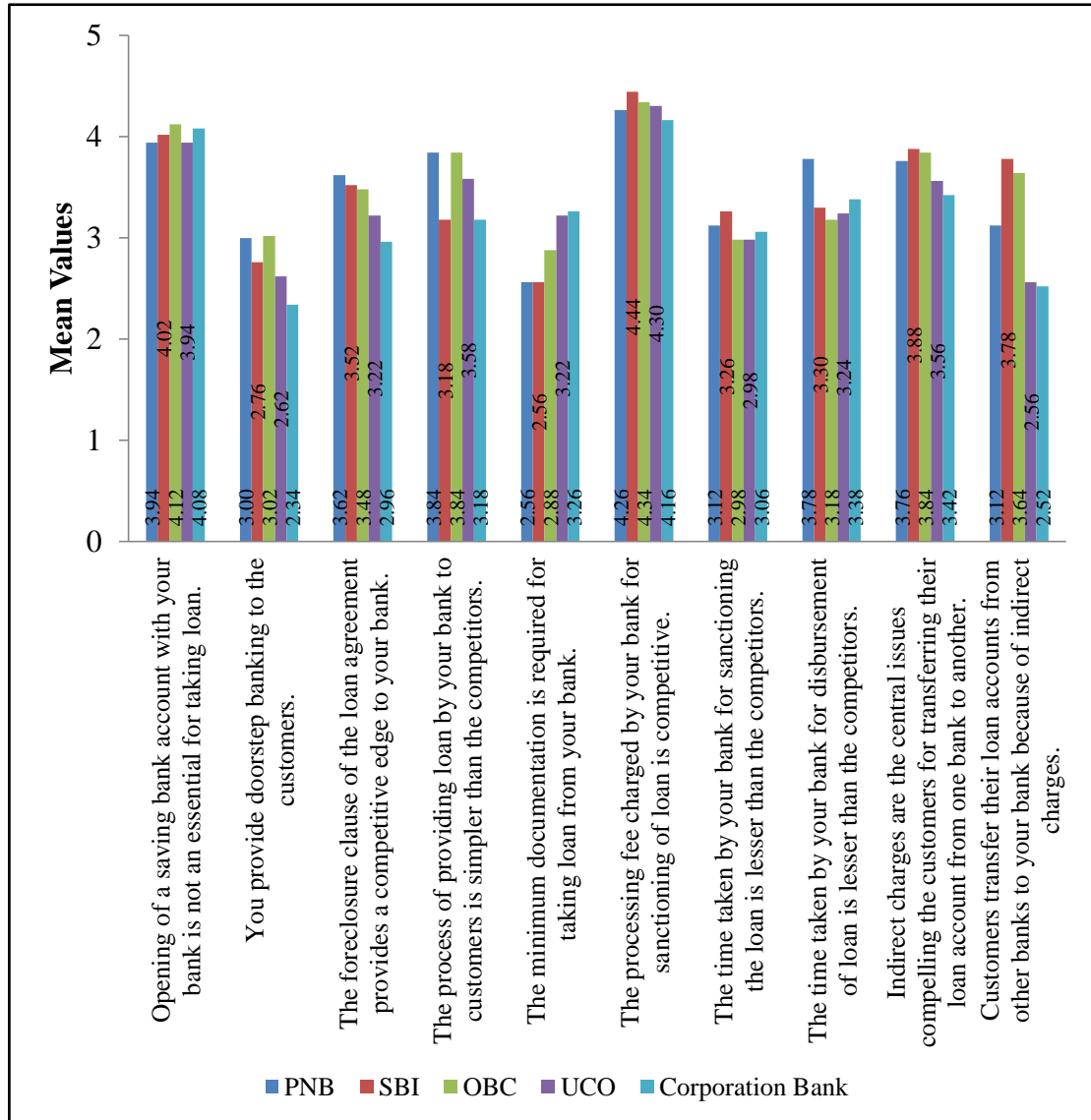
Table 3 presents that there is a significant mean difference at 0.01 level of significance among the public sector banks in two variables regarding the competitive strategies in marketing of loan products adopted by the selected public sector banks. These variables are - the process of providing loan by your bank to customers is simpler than the competitors and customers transfer their loan accounts from other banks to your bank because of indirect charges. On the basis of the above results, we can conclude that the process of providing loans to customers is simpler than the competitors in the case of PNB and OBC (mean 3.84) and the most preferred bank for the customers for transferring their loan account from other banks because of indirect charges is SBI (mean 3.78).

One variable, i.e. the minimum documentation is required for taking a loan from your bank was found significant at 0.05 level of significance. For this variable, mean is maximum in case of Corporation banks (mean 3.26).

However, the null hypothesis is accepted in case of all the other variables. The variables where no significant difference was found between public sector and private sector banks are - opening of a saving bank account with your bank is not an essential for taking loan, you provide doorstep banking to the customers, the foreclosure clause of the loan agreement provides a competitive edge to your bank, the processing fee charged by your bank for sanctioning of loan is competitive, the time taken by your bank for sanctioning the loan is lesser than the competitors, the time taken by your bank for disbursement of loan is lesser than the competitors and indirect charges are the central issues compelling the customers for transferring their loan account from one bank to another.

Mean comparison with respect to the variables relevant for examining the competitive strategies in marketing of loan products adopted by the selected public sector banks is shown in figure 3.

Figure 3: Mean comparison with respect to the variables relevant for examining the competitive strategies in the marketing of loan product by the selected public sector banks in modern era



DIFFERENCE IN THE MEAN VALUES OF VARIABLES RELEVANT FOR EXAMINING THE COMPETITIVE STRATEGIES IN MARKETING OF LOAN PRODUCTS BY THE SELECTED PRIVATE SECTOR BANKS IN MODERN ERA

Null Hypothesis:

H01c: There is no statistical significant difference among the mean values of variables relevant for examining the competitive strategies in marketing of loan products by the selected private sector banks.

F-test has been applied to measure the statistical significant difference in the mean values of variables relevant for examining the competitive strategies in marketing of loan products among the five selected private sector banks.

Table 4: Mean values and f-values of variables relevant for examining the competitive strategies in marketing of loan products by the five selected private sector banks

Variables/ Private Sector Banks	ICICI		HDFC		AXIS		ING Vyasa		Federal Bank		f-value	P value
	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD		
Opening of a saving bank account with your bank is not an essential for taking the loan.	3.20	1.37	3.60	1.21	3.34	1.32	3.38	1.41	3.74	1.17	1.37	0.24
You provide doorstep banking to the customers.	4.06	1.15	4.10	1.04	3.90	1.15	3.68	1.30	3.20	1.29	4.78	0.00**
The foreclosure clause of the loan agreement provides a competitive edge to your bank.	4.14	0.88	4.12	0.96	3.96	0.78	4.06	0.91	4.06	0.79	0.33	0.86
The process of providing loan by your bank to customers is simpler than the competitors.	3.86	1.01	4.02	1.00	4.04	1.03	3.84	1.00	3.86	1.03	0.46	0.76
The minimum documentation is required for taking a loan from your bank.	3.90	1.22	3.62	1.34	3.62	1.34	3.64	1.06	3.42	1.16	0.97	0.43
The processing fee charged by your bank for sanctioning of loan is competitive.	3.50	1.42	3.44	1.45	3.34	1.48	3.20	1.34	3.04	1.37	0.87	0.48
The time taken by your bank for sanctioning the loan is lesser than the competitors.	3.70	1.36	3.84	1.31	3.70	1.30	3.34	1.48	3.62	1.38	0.92	0.45
The time taken by your bank for disbursement of the loan is lesser than the competitors.	3.98	1.46	4.12	1.22	3.86	1.37	4.08	1.32	3.74	1.38	0.67	0.61
Indirect charges are the central issues compelling the customers for transferring their loan account from one bank to another.	3.28	1.43	3.12	1.30	3.14	1.43	3.04	1.32	2.90	1.42	0.51	0.73

Variables/ Private Sector Banks	ICICI		HDFC		AXIS		ING Vyasa		Federal Bank		f-value	P value
	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD		
Customers transfer their loan accounts from other banks to your bank because of indirect charges.	2.30	1.18	2.30	1.15	2.28	1.07	2.18	1.12	2.04	0.99	0.52	0.72

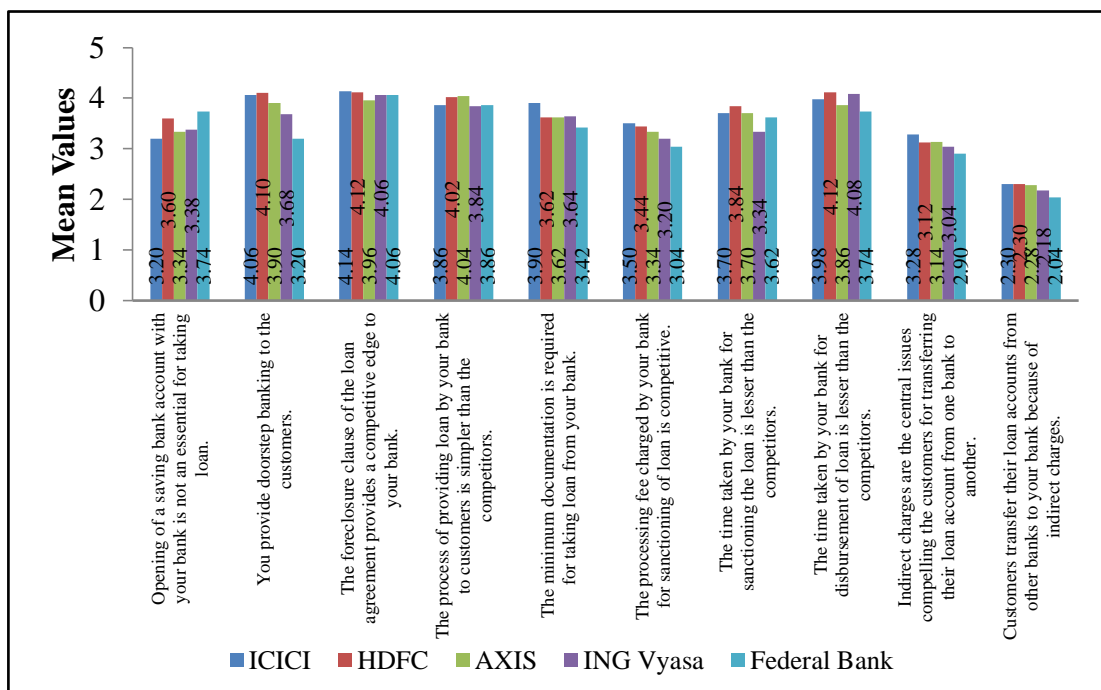
** p<0.01 level of significance

Table 4 presents that there is a significant mean difference at 0.01 level of significance among the private sector banks for one variable i.e. you provide doorstep banking to the customers. For this variable, HDFC bank shows the maximum mean (4.10) and Federal Bank shows the minimum mean (3.20).

However, the null hypothesis is accepted in case of all other variables. There is no significant difference among the private sector banks with regard to all these elements. These elements are - opening of a saving bank account with your bank is not an essential for taking loan, the foreclosure clause of the loan agreement provides a competitive edge to your bank, the process of providing loan by your bank to customers is simpler than the competitors, the minimum documentation is required for taking loan from your bank, the processing fee charged by your bank for sanctioning of loan is competitive, the time taken by your bank for sanctioning the loan is lesser than the competitors, indirect charges are the central issues compelling the customers for transferring their loan account from one bank to another and customers transfer their loan accounts from other banks to your bank because of indirect charges.

Mean comparison with respect to the variables relevant for examining the competitive strategies in marketing of loan products adopted by the selected private sector banks is shown in figure 4.

Figure 4: Mean comparison with respect to the variables relevant for examining the competitive strategies in the marketing of loan product by the selected private sector banks in modern era



CONCLUSION:

In view of the resilient competition in the banking industry and the fact that most of the products or services provided by public and private sector banks are identical, effective competitive strategies of these banks can certainly differentiate their products from those of rivals.

Broadly, the objective of this study was to examine the competitive strategies of the public sector and private sector banks in marketing of the loan products. It has been observed from the results driven by applying T-test and F-test that both the studied private and public sector banks are adopting the competitive strategies. However, it can be concluded that the private sector banks are taking a lead in attaining the competitive edge in marketing of the loan products and public sector banks are in line with them.

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