1.1 INTRODUCTION

Liberalization, privatization and globalization measures of government of India as lead to a cut-throat competition in the Indian corporate sector. Banking sector is not an exception to it. Prior to the liberalization era the banking sector in India was operating in a protected environment and was dominated by nationalized banks. Banks at that time did not feel the need to pay attention to service quality issues and they assigned very low priority to identification and satisfaction of customer needs. The need of the hour in the Indian banking sector is to build up competitiveness through enhanced service quality, thus making the banks more market oriented and provide more loans to the customers as they want to improve their standard of living.

Service quality has emerged as one of the most important issues in Indian banking sector. Any bank faltering on this front is likely to die prematurely. The banks, on the other hand, imparting quality in their services are likely to outshine others. Without good quality of services practiced, they will not be able to perform their work effectively. Therefore, service quality has become the basic mantra for not only the survival but growth as well.

In the era of cut throat competition, the survival of any bank depends upon the satisfied customers. Regulatory, structural, and technological factors are significantly changing the banking environment throughout the world. Regulatory changes have reduced or eliminated barriers to cross-border expansion, creating a more integrated global banking market. Structural changes have resulted in banks being allowed a greater range of activities, enabling them to become more competitive with non-bank financial institutions. Technological changes are causing banks to rethink their strategies for services offered to both corporate and individual customers. It is within this rapidly changing environment that customer satisfaction and service quality are compelling the attention of all banking institutions. In this digital era, the service sector has been growing at a lightening speed across the globe. In India, banking has seen momentous changes in the post-independence era. It has witnessed a remarkable shift in its operating environment during the last decade. Various reform measures, both qualitative and quantitative, were introduced with an objective to revitalise Indian banking sector and to meet the future challenges.

The new generation private banks have made a strong presence in the most lucrative business areas in the country because of technology upgradation. Undoubtedly, being technology and full of expertise, the new generation private banks have played a major role in the development of Indian banking industry. In the process they have jolted public sector banks out of complacency and forced them to become more competitive. The new generation private banks find new products avenues and make the industries achieve expertise in their respective fields by offering quality service and guidance. Therefore, excellent service performance can improve the bank's ability to lure affluent prospects, elevate the bank's profitability, lower bank operation costs, and create greater customer loyalty. It has become essential for the service firms in general and banks in particular to identify what the customer's requirements are and how these requirements can be met effectively.

1.2 SIGNIFICANCE OF THE STUDY

This study is significant as it provides valuable insights into the factors affecting consumer satisfaction and service quality in new generation banks in Kannur district. With the increasing competition in the banking sector, understanding customer expectations and the level of service delivery can help banks enhance their offerings, build stronger customer relationships, and improve overall performance. The findings will contribute to the strategic planning of these banks by identifying key areas for improvement and highlighting the importance of customer-centric services. Additionally, this research can serve as a reference for policymakers, banking professionals, and researchers to develop more effective banking practices and customer service models.

1.3 STATEMENT OF THE STUDY

The rapid growth of new generation banks in Kannur district has sparked a need to assess consumer satisfaction and service quality, which are crucial for retaining customers and enhancing the competitive edge of these banks. Despite the increasing number of banks and banking services, there is limited research focused on how customers perceive the quality of services provided by these institutions in the region.

This study aims to identify the factors that influence customer satisfaction, the level of service quality experienced, and the areas where these banks need improvement to meet the expectations of their clientele. The findings are expected to provide insights that can guide new generation banks in Kannur to refine their strategies and improve customer experiences.

1.4 OBJECTIVES OF THE STUDY

- To study the various services offered by the selected new generation private banks in Kannur District
- To analyze the perception of the customers towards service quality of the selected new generation private banks in Kannur District
- To study the customer's opinion towards the service quality of public sector banks and new generation banks
- To offer suitable suggestions to improve the serviced quality of the selected new generation private banks based on the findings of the study.

1.5 SCOPE OF THE STUDY

The scope of this study is limited to new generation banks operating in Kannur district, focusing on assessing customer satisfaction and the quality of services provided by these institutions. It covers various aspects of banking services such as account management, digital banking, customer support, and overall service delivery. The study will involve analyzing customer perceptions, experiences, and expectations, providing a detailed understanding of how these banks meet the needs of their clients.

1.6 LIMITATIONS OF THE STUDY

- The study is limited to Kannur District.
- There is a probability of personal bias while answering questions.
- The time given for data collection is insufficient.
- Period of study is short.
- The respondent was not sincere in answering the question.

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