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- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
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ISLAMIC FINANCE – CHALLENGING TIMES: A STUDY ON GROWTH AND SCUFFLE

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DIRECTOR
CREATIVE HEAD CONSULTANTS
JAIPUR

ABSTRACT

The present-day Islamic finance industry is now in its fourth decade and, during that period, has developed extremely rapidly. In the past few years, overall market growth has been estimated at between 15-20 percent annually although individual Islamic banks have reported even faster growth. The phenomenal growth observed in Islamic finance has prompted to make an attempt to decode and highlight the growth and progress of Islamic Finance. This research paper makes an effort to cover the journey of Islamic Finance and major challenges it has faced in recent times to grow and sustain. In addition to a brief review of the current state of Islamic Finance as well as the challenges it has faced in recent times, market development, expansion and growth of Islamic banking over a period of time, the examination of implications of shariah compliance on the configuration of Islamic finance transactions and financial product development is also undertaken so as to highlight the most salient benefits and drawbacks of Islamic Finance plus an effort has been made to see how Islamic finance grew even in the times when major traditional financial institutions were gasping for breath in altered economic situations.

KEYWORDS
Islamic Banking, Islamic Finance, Shariah Compliance, finance.

JEL CODES
G00, G01, G10, G15, G19, G20.

1. INTRODUCTION

As the world banking industry descends into gloom of receding economic activity, the more ethical, risk-sharing approach offered by the Islamic finance industry is attracting an increasing amount of attention. The little over five decades old discipline called “Islamic Finance” has been devised out of teachings of Islamic and had strong alignment with religious philosophies. Basic tenant is that the whole business and the financial institutions dealing with Islamic finance should pursue their line of business in a way that complies with sharia (Islamic rules) principles. The major ruling aspects of Islamic finance are the prohibition of interest-based transactions, adhering to Halal (Lawful activities) and Haram (Sinful activities) rules, the whole Islamic Finance business should be carried with some degree of risk, i.e. the free-of-risk type of investments are not found acceptable under Islamic business environment. To put simplistically it means the rewarding system under Islamic philosophy is based upon risk taking considerations, and no room exist for gaining financially without exposing oneself to some sort of business or financial risk.

Consequently, the Islamic financial and business institutions should structure their line of business to prescribed guidance, especially the areas of sources and uses of finance. The fact that Islamic institutions have a growing participation in banking business is due to the achievements that they made in last five decades. The hope of capturing the huge benefits that will accrue to Islamic Finance Institutions when they embark on global market expansion along with enlargement of activities makes them more lucrative for traditional financial institutions, though at present Islamic finance institutions might seems to be restricted to only Islamic countries and more strongly focused within the Arabic World, more and more traditional banks and financial institutions are either venturing or making an effort to make inroads into the Islamic finance territory.

2. OBJECTIVES OF THE STUDY

The Proposed study makes an effort to cover following objectives so as to analyse the journey of Islamic Finance Industry since the time of its inception to date and how it chalked out the path of success and key reasons for its current challenges.

1. To understanding the progress of Islamic Finance over the period of time.
2. To Study Contributions made by Islamic Finance in Global Finance Industry.
3. To Analyse how Islamic Finance Industry has performed with time.
4. To Scrutinize key reasons for success and current struggle of Islamic Finance.

3. RESEARCH METHODOLOGY

Presented study is a mix of Explanatory and Descriptive research designs and confirms to the model of qualitative research. Most of the data has been collected via informal interviews of officials working in Islamic Banking sector in UAE, Nigeria, United Kingdom and Few Professors working in Middle East and teaching Islamic Banking. Data Collection Methods were formal interviews and the substantiations has been incorporated by doing large scale table research under laboratory setting by a team of dedicated financial and academic professionals working with Statistical Department of large Europe based consulting firm.

The paper presented here is a synoptic representation of the study hence undertaken to detail out and understand the progress made by Islamic Finance Industry, Its initial phases, struggle, growth, market expansion, product and service expansion, global acceptability and recent challenges that the industry is facing and to make a complete analysis of the historical perspective and to understand various factors that acted for the success of Islamic Finance and changing environmental variables that led to current challenges.

4. ISLAMIC FINANCE (EARLY DAYS)

The prohibition of interest or Riba, as it is called in Islamic Finance - the ethical core of Islamic banking, derives from Islamic law, which is enshrined in the shariah. The word shariah literally means a waterway that leads to a mainstream, a drinking place, and a road or the right path. It is a term that encapsulates a way of life prescribed by Allah for his servants and it extends to every department of daily life, including commerce and financial activities of every kind (Fortune, 2002). Since the advent of Islam dates back to the seventh century, the application of ethical principles that were first established fourteen centuries ago to modern situations and circumstances can be a complex matter (Venardos, 2005). Till date in Middle East law is governed by shariah and so does the finance, all pervasive laws of Islam also covers or applies to investment matters, capital market instruments moreover are applicable to real estate markets and lending.

The classical sources of Islam contain numerous prescriptions that lend themselves to the construction of economic norms, and the religion’s early history offers an array of lessons concerning economic behaviour and institutions. But the notion of an economic discipline that is distinctly and self-consciously Islamic is very new. The great philosophers of medieval Islam wandered freely beyond the intellectual confines of the Islamic scriptures furthermore none of their works, not even the celebrated *Prolegomena* of Ibn Khaldun (1332-1406 C.E.), gave rise to an independent discipline of economics. The origins of Islamic economics lie in the works of Savyid Abul-Ala Mawdudi (1903-79), a Pakistani social thinker who sought to turn Islam into a ‘complete way of life’. In his writings, Mawdudi exhorted that Islam is much more than a set of rituals. It encompasses, he argued, all domains of human existence, including education, medicine, art, law, politics and even economics.

However, some traditional Islamic economists were quick to admit that in most of those realms the blossoming discipline has yet to make a significant contribution. They all in not so specific terms generally agreed that the fundamental sources of Islam harbor clear and definitive solutions to every conceivable economic problem (Iqbal, 1998). This early view of Islam as solution to major economic and financial problem has made it attractive thus resulting in growth of Islamic finance as an Industry to be recon with.

The impact of Islamization was especially widespread in banking. These developments were not occurring in an intellectual vacuum. A rapidly growing literature known as 'Islamic economics' seeking to guide and justify the ongoing reforms emerged. The prescriptions in this literature rest partly on economic logic and partly on the Quran and the Sunna, the latter consisting of recollections of the words and deeds of the Prophet Mohammed and his companions. Several research centers were established to promote Islamic economics. The exponents of this discipline, who call themselves 'Islamic economists', emphasized that it covers far more than *zakat* and interest-free banking. The discipline aims, they say, to provide a comprehensive blueprint for all economic activity (Kuran, 2004).

It was somewhere in the early 19th century that Muslims realized that the existing system of banking and economy was based on Riba or interest, which is Halal or forbidden in Islam and is categorically banned in all its forms whether earned by commercial or non-commercial means; the thought generated the need for an alternative system that conforms more proximately to the principles of Shariah. The philosophy evolved and the chief project that paved way for an encouraging future of Islamic banking was "Mit Ghamr" in Egypt. In the intervening time, another initiative was taken in the shape of "Tabung Haji" in Malaysia.

A foremost test in instituting Islamic banking was to develop Shariah compliant financial products, services and banking offerings, for the purpose Islamic banks setup Shariah Advisory Committees and Religious Boards, that legitimatized the products and services of the Islamic banks and whose foremost objective was to review whether the products, services and offerings follow the tenets of Shariah.

The undercurrents of Islamic finance industry that began with the formation of the Small Savings Association of Mitghamr (Egypt) in the year of 1963 have covered a wide territory both in operations as well as in geography today. Islamic finance industry has grown exponentially in the last fifty years escalating its vistas and operations in terms of products and region by reaching out to several global markets ranging from Arab countries to Middle-East to Asia besides Europe.

5. ERA OF CONSISTENT GROWTH OF ISLAMIC FINANCE (EARLY 1970S TO 2012)

The number of banks offering Islamic finance instruments had grown fast since the early 1970s and the market reached a size of more than USD200 billion. This is partly because supply grew to meet the demand for Islamic Finance; in part the pressure of funds looking for "halal" (lawful or "clean") investments drove this growth quite ardently. In other words, banks (or trading companies) or financial institutions that were able to propose Islamic finance to their clients gained a competitive edge; and those that tapped into Islamic financing markets obtained relatively low-cost capital due to increased trust and reliability of operations as perceived by Islamic customers. At the same time, banks involved in Islamic finance learned from the structures and techniques developed by their structured finance peers and adapted them for their own purposes so as to gain more access to funding.

From the trivial beginning in Egypt in 1963 it took time for Islamic finance to ultimately evolve to offer complete banking services as an Islamic Bank. The first Islamic Development Bank (IDB) came into existence in 1975. This was a milestone for the Islamic finance. Some countries including Pakistan, Iran, Sudan, Malaysia and Bahrain introduced efforts to undertake Islamic banking at a wider scale in their corresponding countries during 1980s.

In early 1990s some of the conventional banks and financial institutions adopted Islamic Finance. Traditional Banks also started offering Islamic banking products and services by operating separate Islamic banking units and divisions. After the establishment of Islamic banking in countries like Egypt and Malaysia, it became quite apparent that Islamic banking will have a vibrant future. Promptly after the institution of Islamic financial services by the conventional banks, Islamic banking started to make waves and leaving its mark on the global financial landscape. Riding on the high tide Islamic finance attracted several big players as the returns from Islamic way of banking were lucrative and trust of the customers' was high. Quite a few Islamic investment and holding companies were established besides many international and large-scale financial institutions also adopted Islamic financial services in the market portfolio.

The brilliant prospects for Islamic finance also encouraged some conventional banks to embark on the process of converting to Islamic financial institutions. In 2004, the Kuwait Real Estate Bank (KREB) announced that it was converting into a full-fledged Islamic bank. In December 2006, the Central Bank of Kuwait approved KREB's Islamic Banking license, complete with name change to Kuwait International Bank. The future seems to be very exciting for KREB as now they had the high probability to convince traditional or conservative client base by Islamic finance offerings, as well as to solicit potential customers with other conventional bank products.

5.1 QUICK PACE OF PRODUCT DEVELOPMENT AND INNOVATION

Development of markets and growth of investment avenues matured with time and most of the countries involved in Islamic finance worked on development of innovative financial models and instruments. The enthusiasm about Islamic finance has increased manifolds in recent times and even non-Islamic countries have accepted Islamic finance as a formal branch of financial operations and have started to offer Islamic products via their banking structure.

UAE being one of the most developed and open economies of the middle-east acted as a forerunner of Islamic finance. Lot of modernistic financial products was either adapted from west or were developed to suit Islamic financial needs and to cater to the needs of millions of Islamic investors. In addition to Sukuk there are several other investment instruments being offered by Islamic financial institutions today and most were developed in early 2000s. Securitization (structured finance) being no exception was also first introduced in the MENA region by UAE and the country has gone a step forward to bring in lot of innovation in the structured finance to suit Islamic legal mandate.

One thing can be assured that the developments that have taken place in Islamic finance and the phenomenal expansion and augmentation attained in this stream of finance along with continuously growing demand from Muslims for financial products, such as mortgages, real-estate securitization and innovative yet risky investment avenues along with modernistic instruments that comply with their religious beliefs.

5.2 PERFORMANCE OF GLOBAL ISLAMIC SUKUK ISSUES

What could be a better measure to benchmark the demand for Islamic finance than growth in Sukuk? Sukuk being a secured Shariah compliant debt (Bond) has always been considered as an ideal Islamic investment and much demanded by investors. Sukuk being the integral part of Islamic Finance and being primary medium for attracting investment plays a critical role in Islamic Finance. Their consistent rise in terms of volume and value plays a significant role as a leading indicator in tracking the rise in concentration or attentiveness world over in Islamic finance products especially The Sukuk.

FIGURE 1: GLOBAL ISLAMIC SUKUK ISSUE

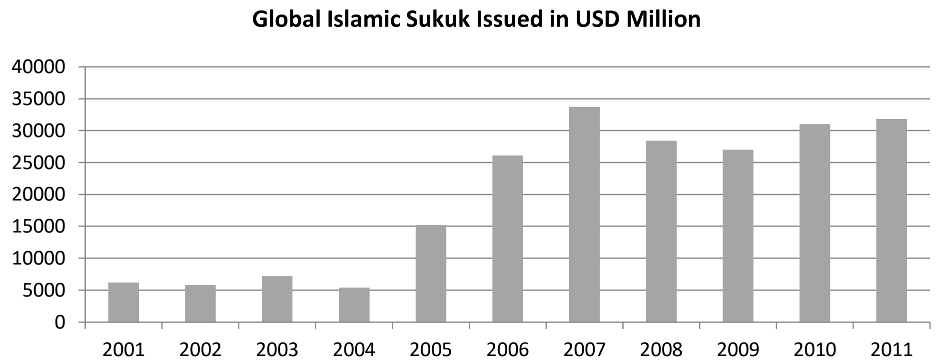


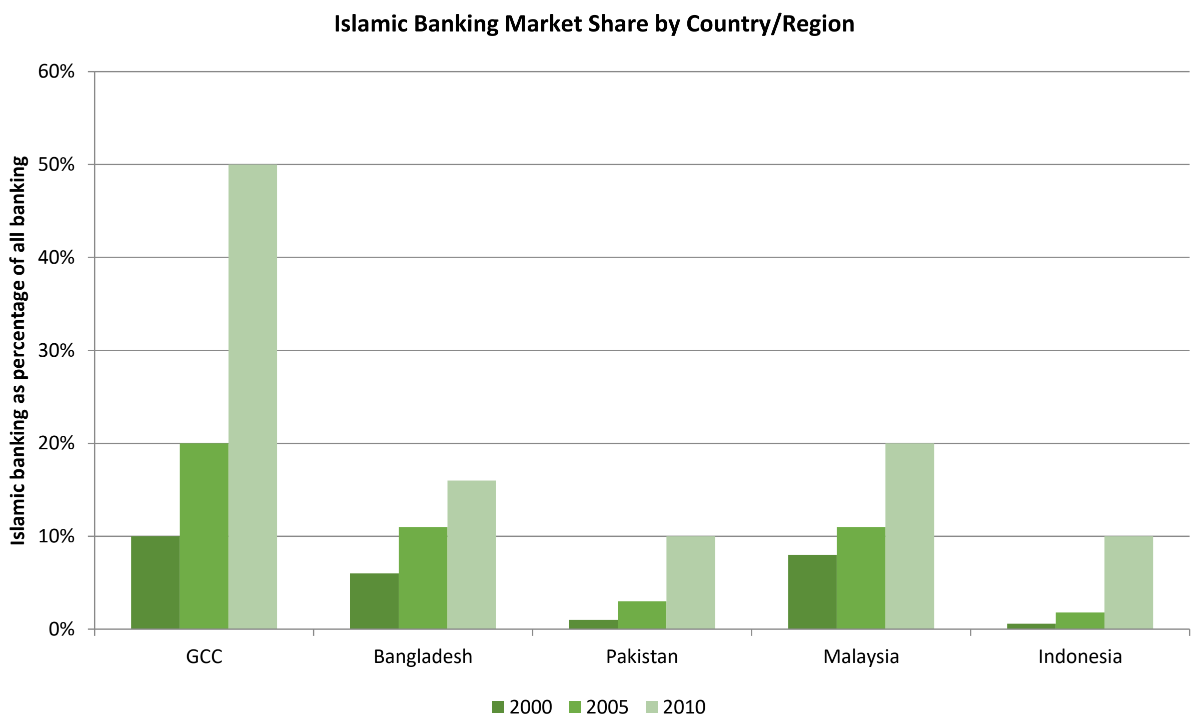
Figure 1 shows the rise in Islamic Finance in terms of issue of Sukuk (bonds based on shariah*)* at worldwide level. The look about data suggests that from the year 2001 to 2004 there was consistency in the level of business though a marginal growth was evident in the year 2003 when value of the issue rose though not very significantly. From the year 2001 to the year 2003 continuously the value of Sukuk issue was above USD 5000 million but the year 2004 saw minor correction as the value came down to USD 5000 million.

In the year 2005 there was a mercurial rise in the value of Sukuk issue as the demand for traditional Islamic financial product erupted and since then the demand for the Islamic financial products kept on rising accompanied by the response of the Islamic financial institutions to fulfill the same. The result is voluminous rise in global Sukuk issue; there was multifold growth as it is visible from the figure 1. USD 15000 million was the value of Sukuk issue in the year 2005 and this was 300% growth in comparison to the value of 2004 and thereafter the growth levels have never seen back, in the year 2006 the value of issue crossed USD 25000 million and crossed USD 33000 million mark in 2007 but financial shock of global crisis also had an impact on Islamic finance and the volume of Sukuk issue had a minor setback and in 2008 the value fall below USD 30000 million.

Although the 2008 global financial crisis withered financial systems throughout the world, Islamic financial institutions globally were relatively untouched, protected by their fundamental operating principles of risk-sharing and definitely due to the avoidance of leverage in addition to for not using speculative financial products. The era initiated in 2008 showcased the power that Islamic Finance had and kind of trust investors and global financial institutions have towards it. Sukuk Performance was though had minor dents but they were not deterred and started a stable rebound in the middle of 2009 and grew moderately in 2010 and 2011. The blow of global financial crisis on Sukuk issue was not severe and as observed the financial crisis made Islamic finance and Islamic banking products more lucrative and sought after Investment Avenue or options for parking funds. The year 2009 saw minor correction in the value of Sukuk issue but after that in the year 2010 and 2011 the trend of fall has been reversed and the growth in demand of Sukuk and rise in value of issue is plainly as well as clearly observable.

5.3 ISLAMIC BANKING REGIONAL SPREAD

FIGURE 2: MARKET SHARE OF ISLAMIC BANKING IN SELECT COUNTRIES



The figure 2 indicates market share of Islamic Banking as percentage of total banking in some of the key countries which could be today considered as financial centres or key centres for Islamic banking. These countries have adopted and accepted Islamic banking as a very integral part of their financial activity and over the years comparison shows that Islamic banking is on a continuous rise in these countries when compared for over ten plus year's data. The countries under consideration are GCC (not a country but a regional, political and economic union of Arab State), Bangladesh, Pakistan, Malaysia, and Indonesia. These countries are pre-dominantly Islamic nations but are contributing significantly towards the growth of Islamic Banking.

The Gulf Cooperation Council (Arab States) boasts of several high flying economies i.e. Bahrain, Kuwait, UAE, Qatar and Saudi Arabia (all are pre-dominantly oil-rich nations) contributing significantly towards global financial wellbeing and generating lot of liquidity as well as oil revenue. The GCC showcased maximum growth in Islamic Banking as the share of Islamic banking increase from mere 10% of total banking in the year 2000 to 50% in the year 2010 and further went up to 53% in 2012-2013.

Malaysia and Bangladesh seems to be respectively second and third in conservation and in being growth fields for Islamic banking. Though Malaysia had 20% of its banking as Islamic banking in 2010 but this share increased in 2015 and more than 30% of its total banking business was with Islamic banking institutions. Where as in Bangladesh the Islamic banking business has grew by 125.64% in last 10 years, from being around 7.8% in the year 2000. In the year 2015 Islamic banking business as percentage of total banking stands at 17.6%. Surprisingly Pakistan and Indonesia being laggards in comparison to other three nations but it was just the matter of time and these economies soon picked up and were ready to accept Islamic banking as a key constituent of their financial environment. As of 2012-2013 both Indonesia and Pakistan had almost 12% of their banking business in the form of Islamic banking in comparison to 10% for both the countries in the year 2010.

To bring the point home it can be contested that the rise of Islamic banking and Islamic finance has been a major surprise to the keen supporters of traditional finance and to those who failed to understand the need of an operational financial model based upon religious laws. The financial product markets have become more volatile, vibrant and dynamic and the market dynamism has been felt in both the traditional Islamic finance centers and a number of other markets. According to Bank Negara Malaysia (the Malaysian central bank), the number of Islamic bank branches in Malaysia increased from 126 in 2004 to 766 in 2005. Elsewhere, new Islamic Financial Institutions (IFIs) were established rapidly in the industry's traditional markets that is the Gulf Co-operation Council (GCC) countries by the end of financial year 2011 the picture seems changed from being predominantly covered by traditional global players, the region had the largest number of Islamic bank branches operational in 2012-2013.

Islamic banks have more than 300 institutions spread over 51 countries, including the United States through companies such as the Michigan-based University Bank, as well as an additional 250 mutual funds that comply with Islamic principles. It is estimated that over USD822 billion worldwide sharia-compliant assets were managed. This represented approximately 0.53% of total world's estimated assets as of 2005. According to CIMB Group Holdings (regional universal bank operating in high growth economies in ASEAN), Islamic finance is the fastest-growing segment of the global financial system and sales of Islamic bonds may rise by 24 percent to USD25 billion in the year 2010.

5.4 ANALYSING THE IMPACT OF ISLAMIC FINANCE FOR THE PERIOD

How to gauge the impact of this new style of banking, especially in this extraordinary financial period is a complex task. The period was quite long and tedious from the perspective of waves of change and quite a few economic turmoil that traditional centres of Islamic finance and Islamic banking have faced in this tenure. To get a clear viewpoint on the impact analysis of basic data is essential and a clear understanding of the Islamic financial spectrum is necessary so as to provide a reliable global overview of this growing industry. This proposed analysis would reflect not only critical growth in assets and persistent rise in demand for Islamic finance products but also indicates kind of important improvement that were made by Islamic finance in terms of the level of disclosure, product innovation and services delivery when compared to traditional old-school institutions. While disclosure still has a long way to go across all types of Islamic financial institutions, the number of firms reporting sharia-compliant assets rose by 59 to 280 in the year 2009-2010, from 221 in the year 2008-2009, an increase of 26.69%. The global listing of Islamic banks and financial institutions stays at 500, the number of registered Islamic banks and financial institutions continues to grow and have reached to total of 614 in the year 2010, compared with 524 in 2009.

In analyzing the $639.1bn market, the six states of the Gulf Co-operation Council (GCC) i.e. Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates provided the largest regional segment and also the largest growth in the market. Institutions from the GCC grew by a staggering 47.5% to reach $262.7bn. The non-GCC states of the Middle East and North Africa (MENA) region, which are dominated by Iran, also expanded significantly, rising by 40.4% to reach $248.3bn. Together, the GCC and non-GCC MENA states account for an increasingly dominant share of the Islamic financial institutions market with 80% by the end of the year 2008. The growth of 12.87% per annum for the period also was noticed in non-GCC non MENA markets (rest of the world). From 2009-2012 the GCC market saw approximately 42% aggregate growth, where as its counterparts in rest of the world had witnessed 32.23% growth.

6. ISLAMIC FINANCE IN THE MODERN ERA (YEAR 2012 ONWARDS)

During the past five decades' Islamic financial institutions have evolved from mere concepts into full-fledged realities. Moreover, in recent years there has been a new dynamism as this fledgling financial industry has proved increasingly attractive, not only to the world's 1.86 billion Muslims, roughly 24.28% of world's population but also too many others who are beginning to understand the unique aspects of Islamic finance. Originally, the global financial services companies traditionally saw Islamic finance as a market for liquidity management and cheap short-term funding but this perspective changed over the time.

They now saw opportunities across the board from project finance to securities issuance to structured finance deals. Few years back, they saw a one-dimensional market; now they see it as a multi-dimensional market complete with opportunities in fund, asset and wealth management. The result of this changing perception was that more international banks started setting up Islamic finance teams and one would be hard-pressed now to find a bank not having the capabilities to intermediate the market and deal with Islamic Finance products.

The changing view and emerging global acceptance of Islamic finance became evident from the table appended (Table 1) below that highlights Islamic banking assets, outstanding Sukuk and others financial assets of the Islamic finance portfolio as they stood tall in the year 2015-2016. These figures were not stand alone investments or deposits by Islamist population of the region but included contributions made by global investment flows within the realm of Islamic Finance, looking to venture into a safe territory along with taking the advantage of the economic growth prospects of the regions where Islamic Banking was at the helm in these years.

As indicated by the table 1 and very much visible by Figure 3, the testing time of recession (year 2008-2011) was over for Islamic finance and the industry emerged more stronger after the period of economic meltdown as they quite easily absorbed the jolts of small revenue and volume dents made by economic volatility of the period from 2008-2011. Consistent growth was visible from 2010 onwards and same trend continued for 2015 and 2016.

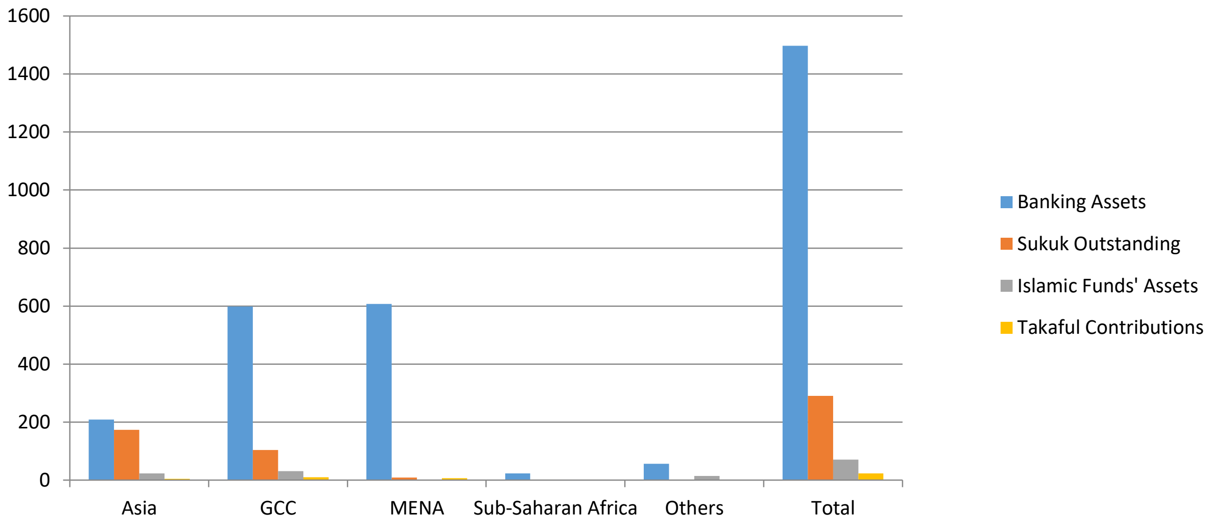
Key differentiator between the time before 2012 and post 2011 was the mix of participants in the Islamic finance domain that was earlier dominated by Islamic population and only banks and financial institutions of Islamic nations were involved in market. Same Market now had a wider participation from global players and financial institutions across the world and has attracted huge Chinese investments into the Islamic Finance domain after the year 2012.

Breakdown of Islamic Finance Segments by Region (USD Billion, 2015)

TABLE 1: BREAKDOWN OF ISLAMIC FINANCE SEGMENTS BY THE REGION

Breakdown of Islamic Finance Segments by Region (USD Billion, 2015-16)				
Region	Banking Assets	Sukuk Outstanding	Islamic Funds' Assets	Takaful Contributions
Asia	209.3	174	23.2	5.2
GCC	598.8	103.7	31.2	10.4
MENA	607.5	9.4	0.3	7.1
Sub-Saharan Africa	24	0.7	1.4	0.5
Others	56.9	2.1	15.2	
Total	1496.5	290.6	71.3	23.2

FIGURE 3: BREAKDOWN OF ISLAMIC FINANCE SEGMENTS BY REGION (USD BILLION, 2015)



Positive market forces and conducive environment for growth helped Islamic finance to grow substantially in 2012 to 2014 and attained new peak in the year 2015 and same trend continued in 2016. The Islamic finance industry has reverted to growth after a brief downturn caused by low oil prices and stumbling economies in some of its key markets, with total industry assets growing by 7% in 2016. Governance in particular made strong gains as governments saw the industry as one way to rekindle their economies. Islamic finance might be young at that stage in addition to was still tiny in comparison with the global financial industry, but the industry's rapid development suggested that Islamic Finance would continue to grow that too at rapid pace. Another key finding of the period was recession resistance of the Islamic finance industry that gives investors and depositors a more dependable option to park their funds and secure returns without being bothered about dynamism of economic cycle.

According to *The Economist* magazine (2016), "about 24% of the world's population is Muslim, but Islamic finance represents only 1% of the world's financial instruments. This gap rather unfulfilled gap could be seen as an opportunity for further growth." The world saw great growth prospects in the Islamic finance and the stage was well set for the rapid expansion of the Islamic Finance.

Islamic banking centers have been developed in places such as Dubai, London, Kuala Lumpur, Singapore, and Bahrain. According to Standard and Poor's, Islamic banking grew by about 10.8% per year (on an average) for the past decade. Number of the world's largest banks and financial institutions has begun to offer Islamic financial services, including Citigroup and HSBC. Dow Jones has even created the Dow Jones Islamic Market Index, signifying the importance of this growing financial niche.

The key developments in Islamic finance over the past few years have been the growth in new institutions, especially Islamic investment banks, in the Gulf and also in London. Institutions such as Noor Islamic Bank in Dubai and Al Hilal Bank in Abu Dhabi, both opened with large capital bases, as well provided the new face of Islamic finance. But the influence of this new financial form was spreading well beyond the Middle East and Muslim countries. Not only were there new institutions springing, such as European Finance House and Gatehouse Bank, setting up in London but HSBC Amanah, the Islamic subsidiary of global giant HSBC, also jumped to 10th place in The Banker's table by 2016.

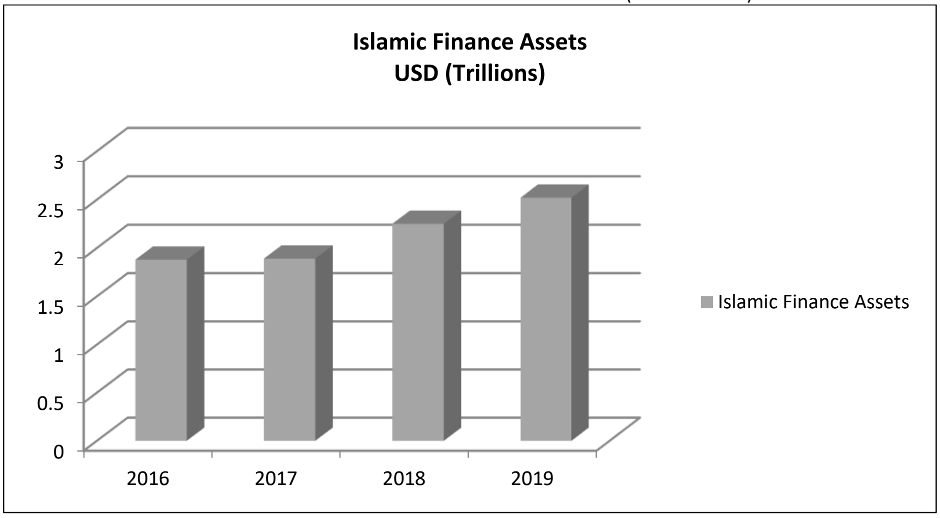
Though it seems everything was good for Islamic finance but there were undercurrents of growth stagnation. Year 2015 onwards the dream run of Islamic finance started to seem like coming to an end as the industry started to observe some slowdown in growth along with consolidation of the market and players. The industry's total worth, according to key industry stakeholder organizations, across its three main sectors (banking, capital markets, and TAKFUL), was estimated to be USD 1.88 trillion in 2016 but as discussed above this scenario changed fast.

7. JOURNEY FROM THE YEAR 2017-2019

The global Islamic finance market started mounting judiciously in the year 2016, it happened because of the strong investments in the Halal Sectors, infrastructure, besides heightened investment in Sukuk bonds, exclusively through electronic modes in almost all of the products and services. The crucial factors driving the growth of the market was directing investment that was channelizing due to the marvelous growth opportunities and prospects visible in the hopeful Islamic Finance sectors.

Growth in Islamic Finance Assets

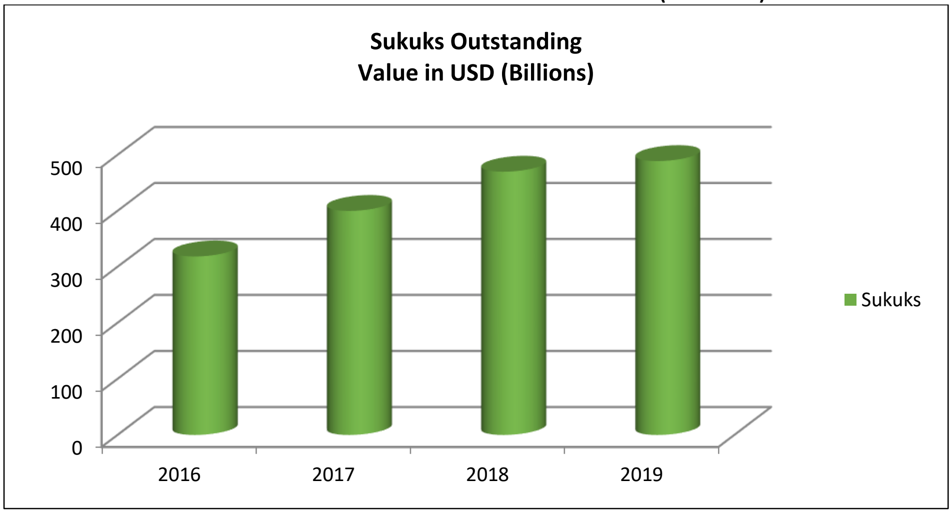
FIGURE 4: GROWTH IN ISLAMIC FINANCE ASSETS (2016 to 2019)



The industry's total value, rendering to significant industry stakeholder organizations, through its 3 foremost sectors i.e. banking, capital markets, and TAKFUL, were appraised to be US Dollar 2.25 trillion in 2018, marking an approximate growth of 19% in assets in US Dollar terms, and withdrawing the trend of previous two years of assets' growth stagnation (2017: USD 1.89 trillion vs. 2016: USD 1.88 trillion).

Sukuk Outstanding Value (2016-2019)

FIGURE 5: GROWTH IS SUKUK OUTSTANDING VALUE (2016-2019)



The trend of phenomenal growth was quite evident in 2017 as global Sukuk segment as the valuation of outstanding Sukuk increased by 25.6 percent to value almost at US Dollar 399.9 billion as at end of the year 2017 same time last year [2016] this value was US Dollars 318.5 billion. This surge in value encompassed unveiling entries into the sovereign Sukuk market by countries like Saudi Arabia and Nigeria, along with the pan-African multilateral development finance institution, and Africa Finance Corporation.

Islamic finance assets under management grew by almost US Dollars 3 trillion or 12% in 2018 so as to amount US Dollars 2.52 trillion whereas the Sukuk maintained the momentum of growth and continues with strong growth, registering 17.6 percent increase over 2017 in the year 2018 to touch the valuation of US Dollars 470 billion. This growth is backed by continuous improvisation by developed markets as they continue to revise Islamic finance regulations and frameworks. Within Traditional Religious financial segment of Islamic Finance, modern day technology (FinTech) has also gained momentum with the issue of block-chain-based micro-Sukuk and several other technological advancements in the U.K. and U.S. markets. Total valuation of outstanding Sukuk globally has reached US Dollar 489 billion. Global Sukuk issuance was flat at US Dollars 115.0billion in the year 2019.

Notwithstanding the strained global economic environment and slow rate of growth that has marred the industry, it could be observed that the dynamics within the financial industry are all set to change. Sukuk are leading the industry's growth, with global issuance since their inception surpassing US Dollar 1 trillion in the year 2018 and still going strong.

The Islamic finance industry has stretched promptly within the past decade, growing at a consistent pace of 10% -12% per annum. Sharia-compliant financial assets are projected at US Dollar 2.5 trillion, inclusive of bank and non-bank financial organizations, capital markets, money markets and insurance.

Progress in the industry's principal sector that is none-other than Islamic banking has slowed and was lowered in any comparison and recorded at 2% in the year 2018, fundamentally in-sync with sluggish growth for the global economy. Islamic banking assets totaled US Dollar 1.76 trillion in the year 2018 accounted for 70% of the industry's total assets, whereas industry's smallest sector — Islamic Insurance or Takaful grew at the rate 1% to value US Dollar 46 billion. Total global Islamic Finance growth became sluggish in 2018 and was recorded at 3% in comparison to 7% in the year 2017.

Changes in growth patterns has forced the Islamic finance industry to change and adopt technological innovations to provide better services and maintain the trust that it's loyal customers world over has shared over time. Keeping with economic dynamism several Islamic banks are also undertaking alterations through either reorganization or consolidation. In spite of the sluggish growth, several new players are trying to penetrate the market, as seen in countries like Ethiopia, Algeria and Afghanistan. There are several other innovations being adopted such as new liquidity tools are being tested to benefit the growth of existing Islamic banking players by facilitating long-term sustainability, as visible in countries like Oman, the UK and Pakistan.

As discussed Takaful operators (Islamic insurance) and other Islamic financial institutions (OIFIs) sum up for the residual share of Islamic financial assets, that are roughly US Dollar 46 billion and US Dollar 143 billion as reported for the year 2018-2019. Both mentioned sectors are seeing transformational activities in their main markets, which should help them to generate robust and sustainable growth in the near future, predominantly in countries of Kingdom of Saudi Arabia and the United Arab Emirates.

Even after holding the above premise and accepting the stringent Islamic laws the Islamic financial and banking business is continuously booming and seems all set to outperform the traditional banking business around the world. It is estimated that over $500 billion in assets are managed around the world in accordance with Islamic principles. With an estimated 1.3 billion followers of Islam, many in areas of the world where excess funds have been recently accumulating; increased interest has been generated in Islamic finance.

8. THE EXUBERATED PRESENCE AND INTENSELY COMPETITIVE TERRITORY

The volume, size and robustness of the Islamic finance institutions as an industry has currently reached to more than 720 plus banking and financial bodies and institutions having widespread operations in more than 92 nations with the cumulative gross assets worth little over 2.4 trillion US dollars that is likely to have another 3% - 5% growth by the end of year 2021.

The growth rate within the Islamic finance industry stands at approximately 12% per year. Maximum of the Islamic finance bodies and institutions comprising of Islamic banks and other lending institutions or bodies with similar roles have outpaced and outperformed their conventional finance colleagues. The traditional interest based banks (both Nationalized and Private) and financial institutions plus mainstream global banks even after adoption of modernistic technology had an asset growth rate of 17.76% in the period of year 2008-2015 (though the effects of economic recession and other environmental influences affecting the performance and putting more pressure on margins was very much visible) whereas Islamic Banks and Islamic Finance institutions with the assets growth rate of approximate 20.6% with growth in assets standing at voluminous US Dollar 478 billion approximately for the same period.

This glittering long-term performance of Islamic Banks and Institutions, as reflected in the growth rate, displays the capabilities and astounding advancement made by Islamic Finance Institutions. This performance becomes more audacious especially when compared with the estimated rate of 12-15% per annum, as forecasted by most of the financial business analysts globally.

As on date though the Islamic Finance market seems to be reaching saturation and some of the doomsday Projectionists are predicting a deep impact of global economic slowdown on the industry. Several analysts opine that the days of tremendous growth attain in past by Islamic financial markets and institutions is over and could no longer be attained or sustained. Still one has to agree that the Islamic finance industry has not reached the stage of maturity and global Islamic finance market is fragmented due to intensive competition amongst several large players, some of the are global giants, vexing hard to seize a substantial amount of the volume of business being generated in developing markets.

In specific regions, like Asia and Africa, Islamic Finance Industry is abstemiously budding with the existence of several local players, these markets also boast of limited by formidable presence of some international players. Though, Gulf Cooperation Council is an extremely competitive market due to the existence of several large international players, to name a few Bank Al-Rajhi, Dubai Islamic Bank, and Kuwait House Finance, are amongst the major players present in the region that present an intimidating picture of presence of the Islamic finance industry within the region.

FIGURE 6: COUNTRY SPECIFIC DISTRIBUTION OF ISLAMIC BANKING

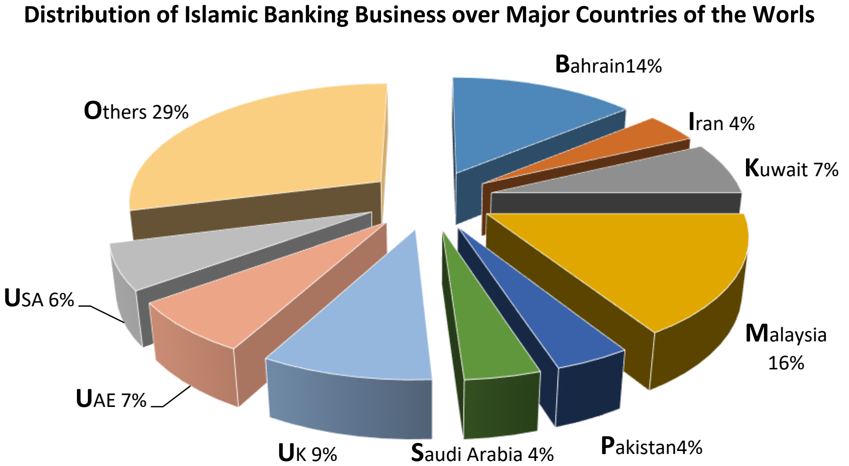


Figure 6 given above presents the exuberated or expounded global presence of Islamic finance industry. Islamic finance is also on the rise in new markets such as Syria, Lebanon, Morocco (it has made significant progress in last 5 years and has one of the most fiercely progressive industries as on date), the U.K., Turkey and Canada.

Geographical analysis of the Islamic Banking growth suggests that out of the leading 10 banks, six, led by Bank Melli, come from Iran; the others are Bank Saderat, Bank Mellat, Bank Tejarat, Bank Sepah and Bank Keshavarzi. Where as in UAE Dubai Islamic Bank moved up to eighth from ninth place and the UK's HSBC Amanah moved from 14th position on the tally to 10th.

Presence of HSBC Amanah and other players do make UK a very special market for Islamic Finance. In the U.K., following the authorization in the past seven years of the Islamic Bank of Britain and the European Islamic Investment Bank the recently proposed changes to U.K. tax law should help to remove the tax disadvantage which U.K. Sukuk issuance would previously suffered. U.K. Sukuk issuance is now looking like a valid financing option to be explored by businesses in UK that want to be Shariah compliant as well as by other businesses which want to diversify their investor base or benefit from the ongoing infrastructure investments within the Middle East. More significantly these tax changes help to signify that Islamic finance can play an important role in western economies. The changes in the U.K. are very likely to be replicated in other countries thereby creating an enabling framework for the rapid global development of Islamic finance.

Changes coming in UK are validated by the data provided in figure 6, as the data supports the fact that Islamic banking and Islamic finance is fast spreading its wings and growing to be a world-wide phenomenon. It is very much evident from the figure that Islamic banking business has been now distributed world over and even countries like UK, USA, and several others (including Australia and Canada) are contributing significantly into the total share of Islamic Banking and Finance.

Several governments also played critical role in developing roadmaps and enacting supportive regulations to facilitate the advancement of the complete Islamic Finance industry or at least of a particular sector within their supporting ecosystems. Indonesia's Master plan of Sharia Economy 2019-2024, which encompasses a development framework, strategies and action plans for the country's Islamic finance industry is one perfect example of supportive ecosystem that has played critical role in boosting presence of the industry in the region.

Regulatory frameworks are also being enhanced and countries like UAE and Malaysia are currently working to improve Shariah oversight, while Morocco, the Philippines and Bangladesh have introduced new Islamic finance regulations in 2019 to support Islamic banking and Islamic finance markets in a big way so as to provide sufficient scope for the growth of this nascent industry so as to help it to effectively face the tough challenges expected to be thrown at it by the severely altered economic situations in the time to come.

9. REASONS FOR ISLAMIC FINANCE APPETITE

While the credit crunch creates turmoil throughout the global banking industry, the impact of certain risks and risk management strategies have been highlighted during last economic meltdown. The effects of taking excessive risks have led to horrendous losses suffered by many traditional age-old banks. With risk sharing being a fundamental tenet of Islamic finance, the credit crunch situations during last recession has highlighted the core differences in financial philosophies of two kinds – Traditional banking versus Islamic Finance or Banking, leading many to believe that Islamic finance represents not only a flight to quality credit and liquidity management but also a more ethical approach to banking.

The attraction of Islamic finance is growing in the non-Islamic as well as the Islamic world, and the global credit crunch has helped to stress its advantages in terms of lowering risk and creating alternative financing structures. What is more important is the interest in Islamic finance by the major global financial institutions that has helped to bring Islamic Finance Markets and Industry into the mainstream. This can be easily seen in the Bloomberg league tables for Islamic finance (including both Islamic bonds and loans) where almost half of the leading 20 Islamic Finance players are none other than major international institutions.

10. CONCLUSION

Islamic finance has been one of the fastest growing segments in the financial services industry. Fueled by increasing income streams in oil rich countries, a rise in Islamic faithfulness, and a growing middle class in Muslim countries, this segment of the financial services market is expected to grow at record breaking levels. Based on sharia, or Islamic law, Islamic finance prohibits certain types of investments and the paying of interest. With the requirement that risk be shared among parties to a financial transaction, some have proposed that Islamic finance is a safer alternative than traditional Western finance and could protect markets from economic failure. As Islamic finance continues its expansion and diversification into new markets and products, there is a real impetus to understand more clearly how it can fit into the global banking sector.

The rise of Islamic banking may indeed be one of the most important developments in the global financial services business in last few decades as certainly these institutions help to integrate and expand worldwide economic development, which is never a zero-sum game. As the discussion indicates, there is a strong appetite for growth and diversification both among regional Islamic banks and global majors. Looking ahead, the growth in Islamic banking along with the absence of serious damages in Islamic financial business from the global credit crunch further creates impetus for the growth besides proves that Islamic Finance is a recession proof sector of global financial markets as same was observed during last economic crisis of 2007-2008.

Islamic Finance provides some assurance that high growth rates of sharia-compliant assets approaching 30% of total financial products could be sustained in long run though at present extremity of annual growth rate of 2% - 3% would soon disappear and peak rates would soon return as the normal course of business commences and would be maintained in long run. Although even with lower projected growth rate of 20%, which seems justified by the data collected from upcoming Islamic countries like Ethiopia, Nigeria and Morocco. It could safely be assumed and this growth only reflects modest expansion in the industry, the future upside could be considerably more. Future prospects might improve further as Islamic finance may appeal to non-Muslims as well, in that some socially responsible investors may like the idea of avoiding investing in "sinful" industries, and feel that their investments are safer in an Islamic style investment arrangement.

At present, however, there remain a number of barriers to overcome, including human capital shortages, differences in Shariah interpretation, and a lack of consistency in financial reporting. While the prospects for growth and diversification look good, it appears there is still much work to be done to fulfill the core ambitions of the sector. Even with the limited number of qualified advisors, and other shortcoming, issues as well as concerns, Islamic finance is, nevertheless, expected to continue to grow in the years ahead.

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AN EMPIRICAL STUDY OF CONSUMER PERSPECTIVE ON CSR

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ABSTRACT
The Companies (Amendment) Act, 2019 came into effect on July 31, 2019 and with certain changes were introduced in the Act. CSR is now mandatory and the amount which remains unspent is transferred to PM's Funds. The Act makes it compulsory for companies having a profit of greater than 5 Crore, turnover of 100 Crore, and net worth of more than 500 Crore to spend at least two percent of their three years' annual average net profit towards CSR activities. In today's times people are becoming more and more conscious of their environment, and as a result the employees of an organisation or the customers place a lot of significance on the activities the businesses are conducting to make sure that these activities are in no way harming their environment. More so people want to be associated with brands and companies who are willing to contribute something towards the betterment of the society. CSR is an evolving business practice that incorporates sustainable development into a company's business model. It has a positive impact on social, economic and environmental factors. The aim of this study therefore is in the context of the consumer and how the CSR policies of a company affects its consumer's perspective for that brand and to find out if CSR activities affect the purchasing decisions of the customers. Through this research, it will be studied that how aware the customers are regarding the CSR initiatives of companies and how they view these CSR initiatives. Whether CSR activities have a positive impact on the image of a brand or not will be evaluated by the end of this study.

KEYWORDS
CSR, consumer, consumer perspective, brand.

JEL CODES
M14, M30, M31, M38, M39.

1. INTRODUCTION
Indian corporate world in April 2014 woke up to a new reality spending time money and efforts for the betterment of the society was made compulsory for some companies in the form of CSR i.e. corporate social responsibility. In the same companies were asked to share the burden of social development. Corporate social responsibility relates to the responsibility of the corporates or business houses specially bigger ones to engage part of their wealth in philanthropy or charitable activities on the line of giving back to the society, ad conducting responsible businesses. Which is very noble concept considering the impact of business on environment and displacement of people but India seems to be the only country to make it mandatory.

In today's times people are becoming more and more conscious of their environment, and as a result the employees of an organisation or the customers place a lot of significance on the activities the businesses are conducting to make sure that these activities are in no way harming their environment. More so people want to be associated with brands and companies who are willing to contribute something towards the betterment of the society. CSR is an evolving business practice that incorporates sustainable development into a company's business model. It has a positive impact on social, economic and environmental factors.

Prominent researchers working in the field of marketing have proved that CSR plays a very important role in improving the image of the organisation. It helps people to believe that the organisation is conscious of its activities and therefore find it easier to trust and believe that these organisations are ethical. What the people think about a business and what are their larger view of the organisation will determine the future of that company. By investing time effort and money into areas which the company believes in, the company can improve its brand image."

1.1 CORPORATE SOCIAL RESPONSIBILITY (CSR): MEANING
Corporate social responsibility is a method of making companies socially accountable as a result the employees and outside stakeholders know that the business is indeed following a self-regulating business. With the help of corporate social responsibility companies can have control over the impact it has on its overall environment. Companies can be mindful of the kind of impression they are having on all facets of society, including economic, social, and environmental.

To contribute to CSR funds means that a company is working in harmony with the environment and erasing any negative effect it might have had on the environment. This helps the business to stay in the game for a longer period of time because businesses are only a part of the society and they use the resources of the society so if the society will do well so will these businesses

Corporate social responsibility is no single dimension concept in fact it has many dimensions. Corporate social responsibility can be performed through various means like philanthropy, volunteering, guiding, charity etc. while taking up all these initiatives the business is not only helping itself grow by building a positive brand image, it is also enhancing its immediate environment. Another very important concept of CSR is that it helps the companies to build a bond with its outside world and not just stay limited to its internal environment. It helps the companies to better understand the environment the exist it which will only help them to identify opportunities better and will lead a better engagement with the end consumers.

1.2 MAIN ASPECTS OF CSR
- Corporate social responsibility is not only beneficial to customers but also to the businesses running these CSR projects.
- Corporate responsibility programs are a great way to build a rapport with the outside world.

CSR is primarily beneficial for larger companies because these companies only are capable of arranging the kind of funds that a CSR project will require. This is only fair, because it is believed that larger companies have even bigger responsibility to give back to the society and set a standard which can followed suit Small and medium sized business also like to indulge in CSR initiatives although they may not be able to do it at that scale and level as big corporates and that is also the reason why their CSR activities never really end up getting the kind of recognition that the CSR activities of these big corporates get.

Starbucks is one extremely popular example of a good CSR strategy that came to a successful conclusion. Starbucks has always been known for its ethical practices which produce not only great quality products but also do not have any negative effects on the environment. They keep the interests of all parties that are included in the process of manufacturing of coffee into consideration including the farmers and that too without compromising on the sustainability aspect of the manufacturing process. Starbucks has also launched many ground-breaking projects which aim to sensitise students about how to naturally source the raw materials. Starbucks has always achieved all the milestones that they have set for themselves.

1.3 CSR PERSPECTIVE IN INDIA
India became the very first country which made CSR compulsory and this was done through an amendment in the Companies Act, 2013 in April 2014. Businesses can make contributions via their CSR projects in fields like education, poverty, women empowerment, child care, road safety, cleanliness etc. according to the new amendment such contributions have become necessary for companies and organisations operating on a large scale that is making more than specified amount of profit every year.

The amendment informed in *the Companies Act, 2013* necessitates companies with a net worth of INR 500 Crore or additional, or an yearly revenue of INR 1000 Crore or additional, or net profit of INR 5 Crore or more, to invest 2 percent of their average net profits of three years on CSR. Before the amendment CSR was not

compulsory that is the companies could voluntarily invest how much ever amount they liked into these CSR activities whereas now it has become necessary for the above specified companies to invest a certain portion into the CSR activities.
CSR includes but is not limited to the following:

- Ventures connected to activities specified in the Companies Act; or
- Ventures connected to activities taken by the company board as indorsed by the CSR Committee, on condition that those activities cover objects itemized in the Companies Act.

Organizations will note that the CSR expenditures are not eligible for deduction in the taxable income assessment. Nonetheless, the Government is considering a re-evaluation of this provision as well as other recently introduced CSR regulations under the Companies (Amendment) Act, 2019 ("the Act").

1.4 CSR AMENDMENTS UNDER THE COMPANIES (AMENDMENT) ACT, 2019

Till now what had been happening is that the companies had the option to carry forward any amount that was not fully utilised for the CSR fund for that year, to use in the next year along with the amount allotted for that year.
The new CSR amendment now states that the unspent amount will not be carried forward but will now be deposited into a separate fund prescribed under schedule 6 of the companies Act by the end of the fiscal year. The amount in this fund should be utilised within the next three years, and if that does not happen it is again to be transferred into a separate fund. The CSR amendments introduced under the Act now require companies to deposit the same. If the companies will not comply with the new amendments, there is a monetary penalty and as well as imprisonment for such defaulters from now on. The defaulters have to pay a penalty ranging from INR 50,000 (US $700) to INR 25 lakh (US $35,000) whereas the defaulting officer of the company may be liable to imprisonment for up to three years, or a fine up to INR 5 lakh (US $7,023), or both.
But these new amendments have received a lot of backlash from the industry because of the very strict punishments mentioned in the act, Imprisonment for example for not complying with the CSR guidelines. As a result the government is now considering reviewing the guidelines and is yet to fully operationalise them.
CSR is a method of controlling and analysing the impact businesses have on the society at large. It makes these organisations responsible for the environment surrounding them and put them in a position of responsibility. A business has many aspects, some of them being:

- Customers;
- Suppliers;
- Environment;
- Community
- Employees.

The CSR plans ensures that the organisation should abide by the legislature and follow diligently all the legal requirements that are to be fulfilled on the part of the business, but not only that. These organisations should also make sure that through their CSR projects they are giving the marginalised communities equal chance of a better life and minimising any harmful impact on the environment surrounding them.
CSR activities should be able to reap benefits for the society for a long period of time. These projects should be sustainable and reliable, because only then will they be able to help the community for a longer period of time. CSR plans should therefore be culminated keeping in mind the long terms goals that the organisation wants to achieve from these projects. The growth of CSR and their success in India have been pretty impressive.
Companies have now started coming up with separate departments and teams which carefully look into the CSR plans of the company. They carefully study the fund requirements of a project and try to align it with what the organisation wants to achieve with respect to these CSR activities. Organisations are also taking up CSR projects considering their business domain. This helps them to align their business goals with these CSR goals.

1.5 CSR DEVELOPMENT IN INDIA

After the applicability of the new CSR provisions which makes CSR spending compulsory, CSR spending by the Indian Corporate houses have increased manifolds. Companies have spent almost 47% more as compared to the amount in 2014-2015, making a contribution of INR 7,536 crores (US $1 billion) to CSR initiatives, according to a survey.
Listed organisations in India have spent INR 10,000 crore (US$1.4 billion) in various programs. These programs range from educational programs, women empowerment programs, programs for eradicating poverty, environment conservation. Also the Prime Minister Narendra Modi Fund for Relief saw an increase of 139 percent in the CSR contributions from previous year.
It has been seen that the duration sector receives the maximum CSR contribution followed by other sectors like healthcare, environment sustainability etc. but there are also many sectors who have continuously been neglected when it comes to CSR contributions. Programs such as technology incubators, sports, armed forces, reducing inequalities saw negligible spends. Taking into account the recent amendments to CSR provisions, industry research estimates CSR compliance to improve and range between 97 to 98 percent by FY 2019-20.

1.6 EXAMPLES TO UNDERSTAND CSR IN INDIA

1.6.1 TATA GROUP

The Tata Group conglomerate undertakes various projects and are one of the biggest spenders on CSR. Most of their programs focus on the eradication of poverty and the overall development of community. They have invested a lot of their money into many self-help groups. These self-help groups help in the skill development and overall improvement of the financial sustainability of women in rural areas. When it comes to their contribution in the education sector, they have introduced many schemes of scholarships for meritorious students who come from humble background and cannot afford a quality education on their own.
Another key area of their focus is sensitizing the population about AIDS. Tata group organises workshops in these areas to inform the people about this disease and how they can reach for help. They have also done plenty of work on improving the financial health of farmers, by allocating their funds for researches in the field of agriculture to provide the farmers scientific ways to maximise their crops with minimum amount of investment.

1.6.2 ULTRATECH CEMENT

Ultratech Cement basically have kept their focus on rural areas as they have targeted as much as 407 villages as part of their CSR projects. Their main aim is to make the population belonging to these areas self-reliant. They have introduced many workshops in these areas which educate them on wide variety of topics and these workshops are also gaining a lot of popularity among the crowd with people enrolling in thousands for these workshops.
They run a wide variety pf programs in these areas ranging from conservation of water to childcare. They give special assistance new and to be mothers throughout their pregnancy and post pregnancy period to bring down infant mortality rate in these areas. They ensure that the mothers are getting enough nutrients and all the health needs of the child are also being taken care of. With these initiative they have made many people self-reliant including many women. The company has organized medical camps, immunization programs, sanitization programs, school enrolment, plantation drives, water conservation programs, industrial training, and organic farming programs.

1.6.3 MAHINDRA & MAHINDRA

Indian automobile manufacturer Mahindra & Mahindra (M&M) established the K. C. Mahindra Education Trust in 1954. This trust focuses on providing a quality education for the underprivileged kids who do not come from economically weak backgrounds. These students are meritorious but cannot afford a good quality education and hence Mahindra helps them get sound education so that they do not have to work in menial jobs and can successfully sustain themselves.
Moreover, they specially focus on the education of girls and making them skilled so they do not have to rely on others in order to provide for themselves. They also focus on healthcare focusing on the health of and hygiene of girls during menstrual cycles. Apart from this they also focus on conservation of the environment and practice environment friendly and sustainable business activities.

1.6.4 ITC GROUP

ITC Group is a conglomerate with its reach in many business areas like hospitality, FMCG and agriculture, IT, packaging sector etc. the main focus of area of their CSR Project Wise to not compromise on their quality of services and products which are sustainably sourced and do not bear any negative impacts on the natural resources as well as the community. Through their CSR activities they have been able to provide 6 million people with livelihood.

Their e- Choupal program, which aims to connect rural farmers through the internet for procuring agriculture products, covers 40,000 villages and over four million farmers.

1.7 TREND OF EXPENDITURE ON CSR BY INDIAN COMPANIES

Spending on Corporate Social Responsibility (CSR), or welfare schemes like health and education, by India's largest firms stood at Rs7,536.30 crore (around $1 billion) in the financial year that ended in March 2019, according to a survey by KPMG India. The survey analysed the CSR spending of India's top 100 listed companies.

The CSR spending by top Indian companies in 2019 was 47% higher than what it was back in 2014 when India first made it mandatory for large private and public sector firms to spend at least 2% of their net profits on special development projects. The mandatory funding applies to companies with a turnover of Rs. 1,000 Crore or those reporting a profit of over Rs. 5 crore in a year.

CSR in India is becoming mainstream day by and it is no longer seen as a compulsory mandate. The boardroom members are taking up serious discussions about CSR. As a result of this integration India has seen major contributions towards CSR. Also the number of companies contributing 2% of their wealth have increased, the amount of money going unspent on CSR is also decreasing every year, all indicative of the fact that CSR is mainstream phenomena for the businesses now and not just a legally binding mandate of the government

1.7.1 TOP SPENDERS AND GAINERS

Companies who work in the energy and power sector emerged as the greatest spenders in CSR and second to them was the banking sector and financial services industry in India. Media and entertainment firms were the ones far behind. These industries invested heavily in the education sector and the education sector emerged as the most sought after CSR domain. Second to the education sector was the health care sector.

But also these numbers that show us that corporates spend heavily on education are also reflective of the fact that these spending are not very strategic and innovative. This might be an indication of the fact that companies view CSR as a charitable activity. Because it is mandatory clause to spend on welfare of society, there is also fear among many researchers that money is merely being spent but any tangible, visible benefit is not being received from these half-hearted CSR initiatives.

But even though there many limitations to the CSR structure and policy implementation in India, the Government still see a lot of potential in the power of the corporates to make an impact on the society. One step that the government should undertake in order to make CSR more effective is to limit the preference of the corporates to spend their funds and prescribe priority sectors to the corporates so that the sectors which are in actual need for funds are given importance.

Key trends seen in CSR recently:

- **Average expenditure:** the average amount that is being spent on these CSR activities has increased manifolds over the years. The average amount that is being spent on CSR is increasing at the rate of 9%. So with the government making compulsory for the large scale companies to spend a certain amount of their profits on CSR. One can conclude that it has given a kick start again to the CSR projects and companies are also increasingly showing more and more interest on these projects.
- **More participants:** before the mandatory clause the number of companies spending less than 2 % was very high and even after the new amendments there were certain companies which were getting by even though they were spending way less than 2% of their average profits of three years. But this scenario has changed and the number of companies spending less than 2% has decreased significantly showing that the government has taken effective steps in order to ensure a successful implementation of the amendments introduced in the Companies Act**.**
- **Innovative ideas:** there are various ways in which the companies can take up CSR activities. They can do so by directly employing their resources, or by taking up CSR activities via their already existing foundations and many more ways.
- **Increased compliance:** as mentioned before that there was a time when companies could just get by without complying with the regulations regarding CSR because the policies and the rules were not very strict. But now the transparency has increased and there is uniformity in the implementation of CSR across all the companies and it has resulted in greater compliance by the companies.

1.8 DETAIL OF CSR EXPENDITURE ON VARIOUS SECTORS BY INDIAN COMPANIES – 2018 & 2019

TABLE 1: DETAIL OF CSR EXPENDITURE ON VARIOUS SECTORS BY INDIAN COMPANIES – 2018 & 2019 (Amount in INR)

EDUCATION	2018: Rs. 2404 crore 2019: Rs 2202 crore
HEALTH	2018: Rs 1641 crore 2019: Rs 1691 crore
RURAL AREAS	2018: Rs 889 crore 2019: Rs 1029 crore
MULTIPLE AREAS	2018: Rs 826 crore 2019: Rs 505 crore
ENVIRONMENT	2018: Rs 797 crore 2019: Rs 483 crore
OTHER AREAS	2018: Rs 187 crore 2019: Rs 625 crore
ARTS AND CULTURE	2018: Rs 168 crore 2019: Rs 279 crore
REDUCING INEQUALITY	2018: Rs 136 crore 2019: Rs 525 crore
WAR VETERANS	2018: Rs 31 crore 2019: Rs 7 crore
WELFARE FUNDS	2018: Rs 2 crore 2019: Rs 71 crore
TECHNOLOGY INCUBATORS	2018: Rs 2 crore 2019: Rs 0 crore

CSR Expenditure on various sectors by Indian companies in the year 2018 and 2019

2. LITERATURE REVIEW

Ki -Hoon lee, Dongyoung Shin, 2016: in their research paper "Consumers' responses to CSR activities; The linkage between increased awareness and purchase intention" showed the positive effects of Corporate Social Responsibility on the behaviour of a consumer. Although previous researches have failed to show that CSR activities affect the purchasing decisions of a customer but this study has found a significant positive relation between the two. This study employed a questionnaire survey on the Korean customers. This study also concluded that corporate environmental protection and contribution have absolutely no effects on the purchase decision of a customer.

Chun Keung Hoi, Qiang Wu, Hao Zhang, 2015 in their research paper " Is corporate social responsibility associated with tax avoidance? Evidence from irresponsible CSR activities" tried to examine the empirical relationship between corporate social responsibility and tax avoidance. Firms who undertake excessive irresponsible CSR activities are in this study seen to be having a very high chance of engaging themselves in tax avoidance activities.

Shelly Wigley, 2012: in her research paper "Gauging consumer's responses to CSR activities: does increased awareness make cents?" analysed the impact of the understanding of an organisations' corporate social responsibility on the attitude of the customer and the purchase intent of the consumer. In this study it is shown that by educating and making customers aware about the CSR initiatives of a company the organisations can not only spread awareness about their projects but also somewhat be able to convince the customer into believing that it is more responsible therefore positively impacting the purchase decision of the customer.

Yeosun Yoon, **2011:** in the research paper the impact of a brand's CSR initiatives on its image was studied. In the paper it was concluded that the CSR activities of a brand severely affect its image in the mind of the customers and they tend to change the way they look at the brand based on their idea of the company's CSR policies. All CSR activities do not positively impact the image of the brand, that is to say that only when consumers are convinced that the brand is sincerely taking up these initiatives that they tend to form a positive image about the brand.

Eun Mi Lee, 2009: There have been many studies which have been performed on the consumer's perspective of CSR but very few studies focus on the employee perspective. In this study it is found out that CSR has an impact on influencing the employees of that organisation also. When employees see that the company they work in is doing its bit to help the society, they tend to psychologically grow more attached to the company and tend to get loyal to the company.

Trja Ketola, Anna Blomback, Caroline Wigren, 2009: The study was conducted to mark the difference between the CSR practices of very large scale firms and medium scale firms. They should how implementation of CSR varies from large scale firms to small scale firms. It was observed that large scale firms invest in special departments of CSR whereas medium scale firms prefer to integrate the CSR functions with other functions of the organisation.

3. OBJECTIVES OF THE STUDY

1. To check the dependence of consumer's purchasing decision on CSR.
2. To check the dependency of consumer's perspective of CSR on their gender.
3. To check the dependency of consumer's perspective of CSR on their trust for a brand.
4. To check the dependency of the consumer's gender on their ability to trust a brand based on CSR.

4. HYPOTHESIS TESTING

HYPOTHESIS 1

H_0: The variables "CSR impacts purchasing decision" and "CSR positively impacts society" are independent.

H_1: The variables "CSR impacts purchasing decision" and "CSR positively impacts society" are not independent.

HYPOTHESIS 2

H_0: The purchasing decision of consumers based on CSR and their Gender are independent of each other.

H_1: The purchasing decision of consumers based on CSR and their Gender are not independent of each other.

HYPOTHESIS 3

H_0: the purchasing decision based on CSR and the trust for a brand based on CSR are independent.

H_1: the purchasing decision based on CSR and the trust for a brand based on CSR are not independent.

HYPOTHESIS 4

H_O: the trust on a brand based on CSR and the gender of the consumers are independent.

H_1: the trust on a brand based on CSR and the gender of the consumers are not independent.

5. RESEARCH METHODOLOGY

The data used for the present study is primary in nature. In order to collect primary data, self-administered questionnaire was used.

The questionnaire was administered to about 100 people. The respondents included 48 males, 52 females. The survey was carried out on the people mostly in the age group of less than 25 in the city of Delhi and Uttar Pradesh during the months of January, February 2020. Convenience sampling approach was adopted in order to collect the primary data however questionnaire was administered diligently to avoid biased errors.

Research Design: The study conducted is an exploratory as well as descriptive study. The study explores the phenomena and describes the problem.

Sampling Unit: For this study, people residing mainly in Delhi and Noida were selected.

Sample Size: There are 100 respondents taken for this course of study who formed the sample size. 48 were Males and 52 were Females.

Sampling Technique: The technique through which the sample size is collected is of utter importance. For this study, convenient sampling technique was used.

Sampling Design: Questionnaire was prepared and circulated among people in order to gain the information regarding their CSR perspective.

Data collection source: The data was collected through primary mode and secondary mode. The primary data was collected through the assistance of the respondents. Questionnaire was constructed in order to gain information from the respondents. Following that the secondary data were collected with the help of books, journals and through websites. Analysis of this study was undertaken with the help of survey that was undertaken and conducted in December 2019 to March 2020.

Analysis of Data: There are various statistical tools that were used in order to analyse the data. The tools essentially helped in the understanding and achievement of the objectives of the study.

The research tools used for the study are:

- The data were represented through graphs, tables and charts.
- Excel (Chi Squared Test of Independence).

6. DATA ANALYSIS AND INTERPRETATION

6.1 INFERENTIAL ANALYSIS

HYPOTHESIS TESTING

HYPOTHESIS 1

H_0 : The variables " CSR impacts purchasing decision" and "CSR positively impacts society" are independent.

H_1 : The variables " CSR impacts purchasing decision" and "CSR positively impacts society" are not independent.

FIGURE 6.a

Does CSR affect your purchasing decision	Do you believe CSR has a positive impact on society: YES	NO	TOTAL
YES	25	7	32
NO	57	11	68
TOTAL	82	18	100

	YES	NO	
YES(EXPECTED)	26.24	5.76	
(O-E)^2/E	0.0586	0.26694	0.32554

FIGURE 6.b

	YES	NO	
NO(EXPECTED)	55.76	12.24	
(O-E)^2/E	0.02758	0.12562	0.1532

Chi stat<Critical Value, Hypothesis is Accepted

Chi Stat	0.47874
df	1
Critical Value	3.841

INFERENCES

The Chi Statistic came out to be **0.478738.** The Degree of Freedom is **1.**

At **1** Degree of Freedom the **Critical Value** is **3.841.**

Chi statistic< Critical Value therefore hypothesis is accepted. It indicates that the consumer's purchasing decision is not affected by their perspective of the positive impact of CSR on the society.

HYPOTHESIS 2

H_0: The purchasing decision of consumers based on CSR and their Gender are independent of each other.

H_1: The purchasing decision of consumers based on CSR and their Gender are not independent of each other.

FIGURE 6.c

Gender of the particip.	Does CSR affect purchasing decision: YES	NO	Total
Female	10	42	52
Male	22	26	48
Total	32	68	100

	YES	NO	
Female(expected)	16.64	35.36	
(O-E)^2/E	2.649615	1.246878	3.896493

FIGURE 6.d

	YES	NO	
Male(expected)	15.36	32.64	
(O-E)^2/E	2.870417	1.350784	**4.221201**

Chi Stat	8.117694
df	1
Crit Value	3.841

Chi Stat> Crit Value, Hypothesis Rejected

INFERENCES

Chi statistic is **8.117694.** Degree of Freedom is **1.**

Critical Value is **3.841.**

Chi statistic> Critical Value, therefore hypothesis is rejected.

Which means that the consumers purchasing decision based on CSR is indeed affected by their gender.

HYPOTHESIS 3

H_0: the purchasing decision based on CSR and the trust for a brand based on CSR are independent.

H_1: the purchasing decision based on CSR and the trust for a brand based on CSR are not independent.

FIGURE 6.e

CSR affects purchasing decision	Brand Practicing CSR is easier to trust		
	yes	no	total
yes	27	5	32
no	56	12	68
total	83	17	100

	yes	no	
yes(expected)	26.56	5.44	
(O-E)^2/E	0.007289	0.035588	**0.042877**

FIGURE 6.f

	yes	no	
no(expected)	56.44	11.56	
(O-E)^2/E	0.00343	0.016747	**0.020178**

Chi Stat	0.063055
df	1
Crit Value	3.841

Chi Stat<Crit Value, Hypothesis Accepted

The Chi Statistic is **0.063055**. degree of freedom is **1**.
Critical value is **3.841**.
Chi statistic < Critical value, therefore hypothesis is accepted.
Which means that the consumers purchasing decision is not affected by their trust in the brand due to CSR.

HYPOTHESIS 4

H_0: the trust on a brand based on CSR and the gender of the consumers are independent.
H_1: the trust on a brand based on CSR and the gender of the consumers are not independent.

FIGURE 6.g

Gender	A brand practicing CSR is easier to trust		Total
	Yes	No	
Female	48	4	52
Male	35	13	48
Total	83	17	100

	Yes	No	
Female(Expected)	43.16	8.84	
(O-E)^2/E	0.54276	2.649954751	3.19272

FIGURE 6.h

	Yes	No	
Female(Expected)	43.16	8.84	
(O-E)^2/E	0.54276	2.649954751	3.19272

	Yes	No	
Male(expected)	39.84	8.16	
(O-E)^2/E	0.58799	2.870784314	3.45878

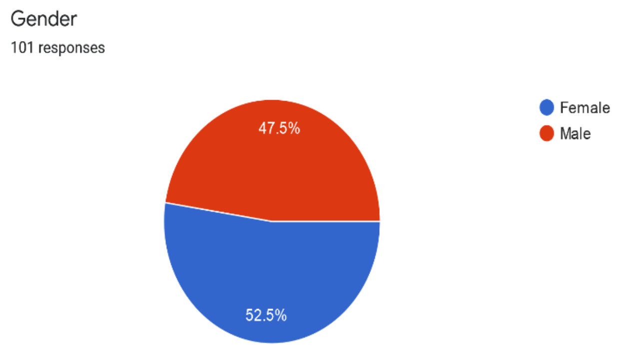
Chi Value	6.65149		
df	1		
Crit Value	3.841		Chi Value>Crit Value,

The chi statistic **is 6.651493**. the degree of freedom **is 1.**
The critical value is **3.841**.
Chi statistic> critical value, therefore hypothesis is rejected.
Which means that the amount of trust in a brand based on CSR is affected by the gender of the consumer.

6.2 DESCRIPTIVE ANALYSIS

The respondents were approached to collect information using Survey methodology making use of questionnaire as a tool. The discussions and summaries of the findings are given in distribution tables of frequency, percentages and figures. The basic traits of the sample participants regarding age, gender, education, occupation, income and marital status of the sample respondents were analysed and the results are presented below.

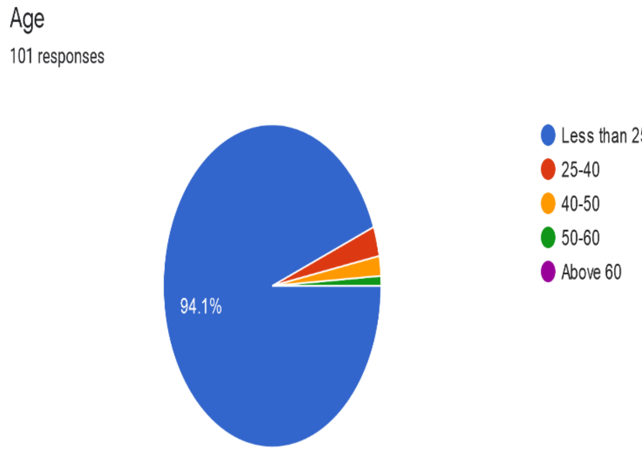
FIGURE 6.i



INFERENCE

Gender plays an important role in any type of research depicting different pattern and lifestyle. They are different in terms of eating and spending habits. It could be observed from the figure 6.i that male gender accounted for 47.5% and the remaining 52.5%were belonged to female gender. The female and male respondents are in equal proportion which means that this study from any biases based on Gender and is not skewed in favour of one gender only.

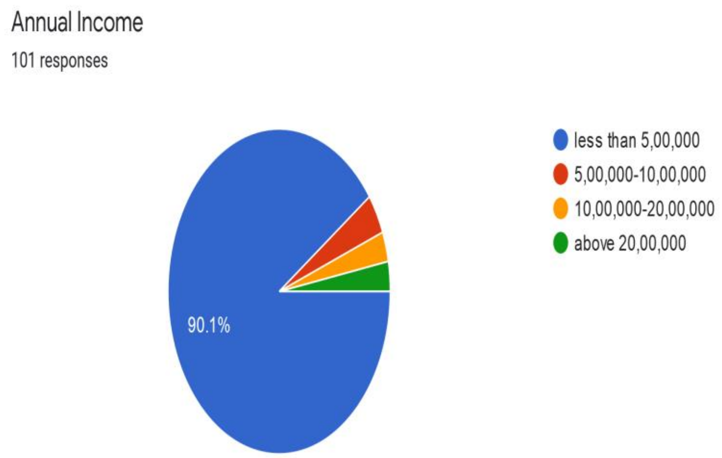
FIGURE 6.j



INFERENCE

Age is an important demographic factor which determines individual person's lifestyle attitudes like thinking, decision making, risk bearing, etc. It could be inferred from the figure that 94.1% per cent of the sample respondents were belonged to the age group of less than 25 years which suggests that this study is being conducted on the younger generation who are well educated about the CSR concept of business. They keep themselves up to date with the new developments taking place around them and are very fast to respond to these changes. They also do not have much income at their disposal.

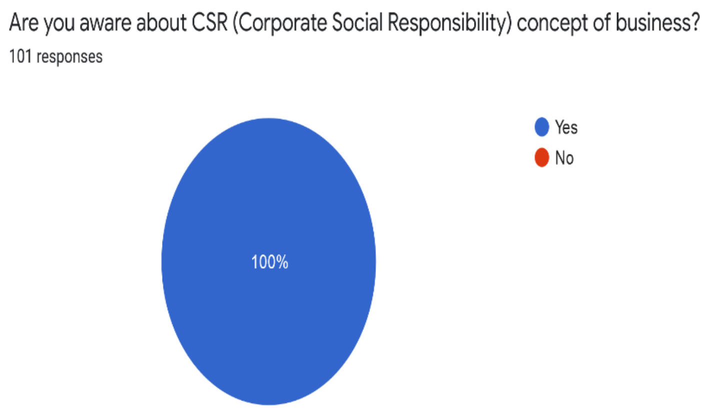
FIGURE 6.k



INFERENCE

As it has already been discussed that the majority of respondents belong to the young generation and therefore they do not have much income. Around 90.1 % of the respondents are earning less than 500000 per annum.

FIGURE 6.l

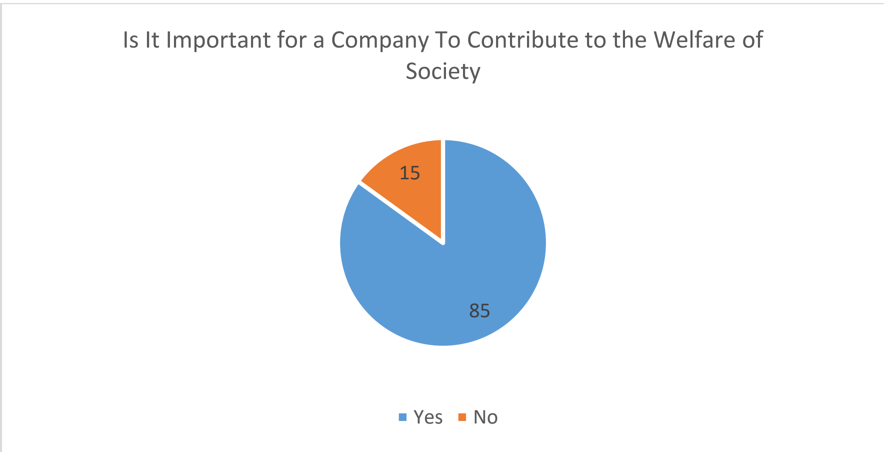


INFERENCE

As it was earlier stated that the youth takes keen interest in the developments of the market around them they keep themselves up to date with the changes taking place in the business scenario. Therefore 100% of the respondents were aware about what the CSR concept of business is. This is very helpful because it would have been difficult to make inferences about the findings if the population had not been aware of the CSR concept of business. But since each and every respondent was aware about CSR activities and what they do, it can be stated that the research shows a true and fair picture of their perception of CSR.

Also another fact to note here is that CSR activities have gained a lot of popularity and people are becoming aware about what actions the companies are taking as part of their CSR initiatives. That is the Government and the companies have been successful in making the population aware about the CSR activities which also means that the consumers are now in a better position to scrutinise the CSR policies of the company and the companies should formulate their CSR activities with care because with increased awareness, there is a chance that any decision regarding CSR will affect the way the consumer thinks about the brand.

FIGURE 6.m

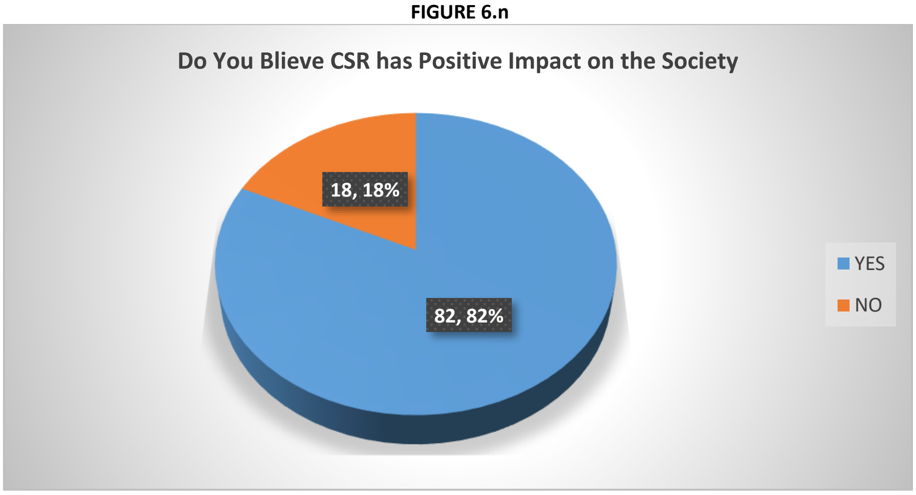


INFERENCES

These findings are very interesting because one might assume that that the people aren't aware about CSR activities, but these results show that people are not only aware but also believe that CSR initiatives are actually successful in making a positive impact on the welfare of the society. Thus the research shows that the consumers believe that it is right to implement CSR activities because they do have a positive impact on the society. As you can see in figure a 85% of the respondents said yes to other question that do they believe that companies should contribute to the welfare of the society.

This shows that there is increased awareness among the people and they do hold the corporates responsible for having an impact on the society. They consider corporates as part of the society and because they operate as a member of the society and have resources and technology at their disposal, they should take steps to benefit the society and the weaker aspects of the society.

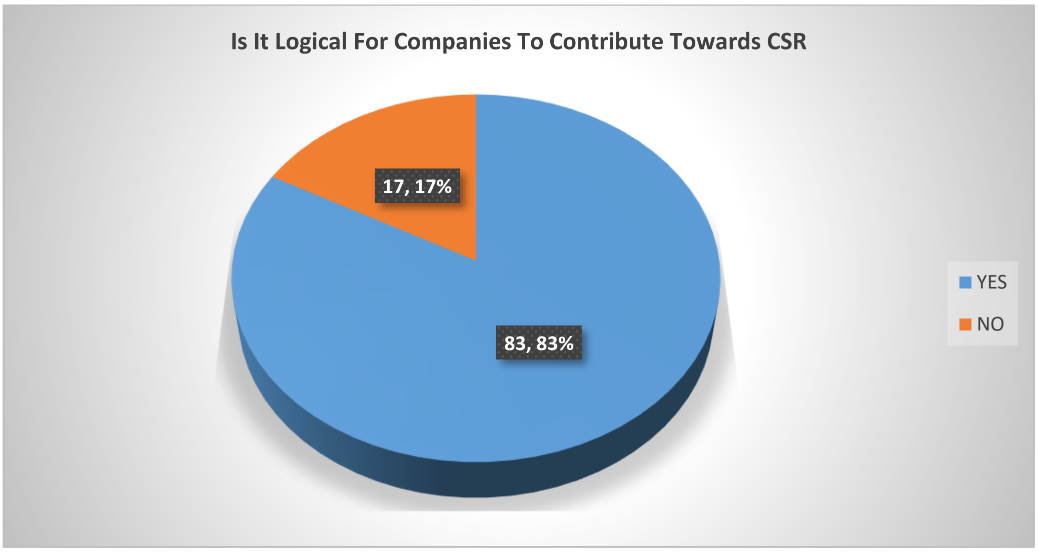
FIGURE 6.n



INFERENCES

AN 82% of the respondents believe that CSR activities are actually helpful in making a positive impact on the society. Therefore they view CSR activities in a positive light and believe they are actually making tangible changes in the society.

FIGURE 6.o

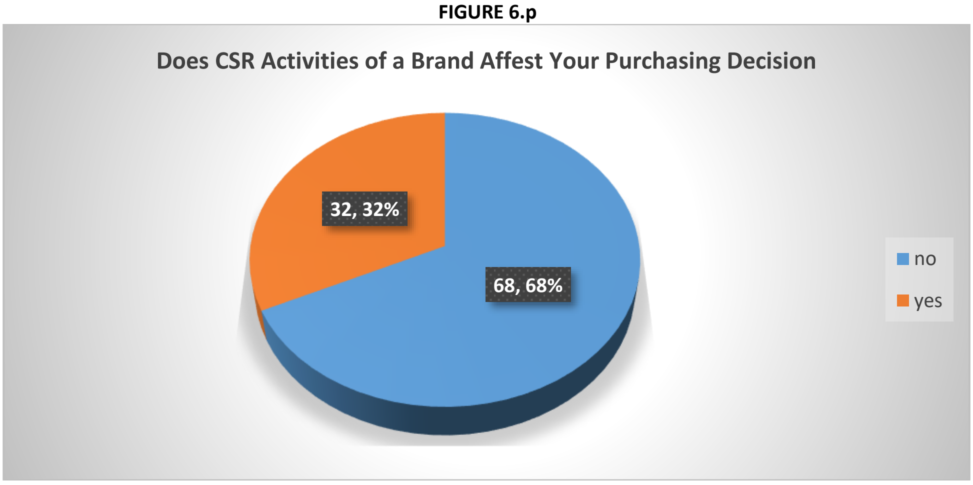


INFERENCES

This question was introduced in the questions because some people are also of the opinion that companies should not participate in the social welfare activities and their main purpose is to earn profit and not do charity. As a result it is believed that even though they will spend money on these activities, it will never be whole hearted effort.

But the findings show otherwise with 83% of the population believing that it is indeed logical for the companies to contribute to the welfare of the society and they should integrate their profit making goal with the goal of welfare of the society.

FIGURE 6.p

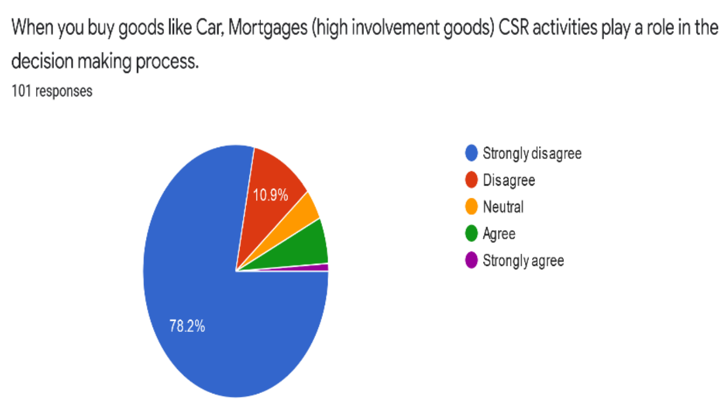


INFERENCES

Very important and interesting observation is made here. Almost all the respondents viewed CSR as important and positively impacting the society, but even though they believe CSR is important they do not consider it as a factor while making a purchasing decision. As you can see from the figure 68% of the population said that they do not think that the CSR initiatives of a brand will affect their purchasing decision

This means that the people make purchasing decisions independent of the companies' CSR projects. Although CSR is believed to be important it will not have an impact in the purchasing decision making process.

FIGURE 6.q

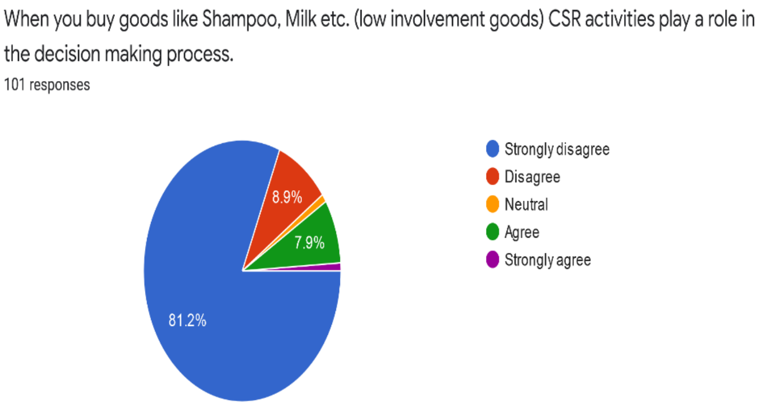


INFERENCES

On the same lines as above, we see that the majority of people do not look into the CSR activities before making the purchase of a high involvement good. High involvement goods are believed to call for more attention from the customers' side because they are high in price and the customer doesn't make its purchase very frequently. But even in such a case the results show, that 78.2% of the sample strongly disagreed that CSR will affect their buying decision and 10.9% disagreed for the same.

This means that even in the case of high priced, high involvement goods CSR will not play a major role in the decision making process.

FIGURE 6.r

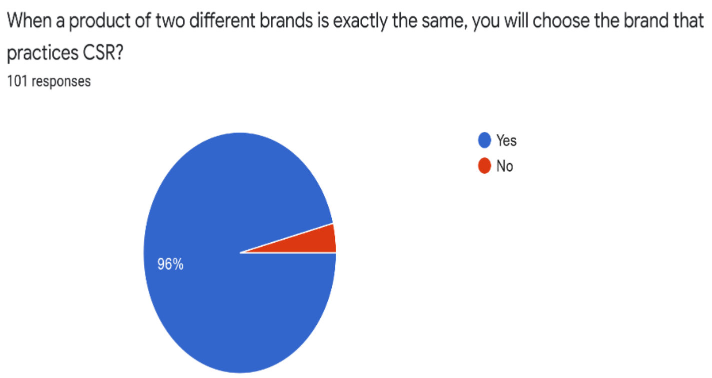


INFERENCES

On the same lines as above, we see that the majority of people do not look into the CSR activities before making the purchase of a low involvement good. Low involvement goods are believed to not call for much attention from the customers' side because they are low in price and the customer makes its purchase very frequently. But even in such a case the results show, that 81.2% of the sample strongly disagreed that CSR will affect their buying decision and 8.9 % disagreed for the same.

This means that even in the case of low priced, low involvement goods CSR will not play a major role in the decision making process.

FIGURE 6.s

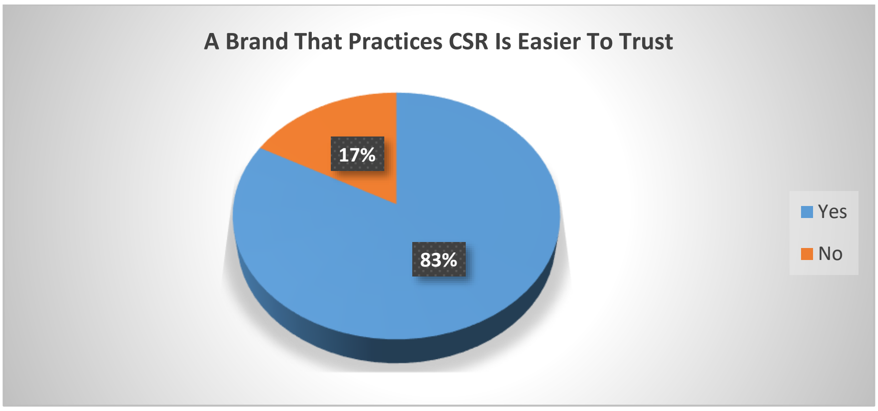


INFERENCES

Although CSR does not affect the purchasing decision of the customers, they feel that it is a very important part of the functioning of the organisation. CSR is a great way to market your brand and change the perception of the people positively in favour of your brand. That is the reason why 96% of the people will choose a brand that practices CSR over the brand that does not practise it.

Which means that CSR independently does not have the capacity to affect the decision of customers, but the customers want the corporates to practise CSR because they feel it benefits the society and if they feel that a brand is not practising CSR they will think negative of the brand and switch to the other brand.

FIGURE 6.t



INFERENCES

Therefore, it can be inferred that although CSR independently is not capable in affecting the buying decision of customers, it plays a major role in building the trust of the customers. They feel more loyal to the brand that practices CSR and tend to become long term customers of the brand.

7. FINDING AND CONCLUSION

1. **CSR does not affect the purchasing decision of the consumers**. That is to say that CSR is not an important factor for consumers before buying a product. The product can be a low involvement good or a high involvement, it is not affected by CSR. CSR may affect the decision of the consumer together with other factors but independently CSR does not affect their purchasing decision.
2. **Although CSR does not affect the purchasing decision, it is a great marketing tool for the organisation.** When people see that a brand is making sincere efforts in the welfare of the society, they tend to favour that brand more. It changes their perception of the brand in a positive way. Also with CSR, you can integrate your marketing to reap double benefits. As a result of which the brand recall of your brand in the minds of the consumer increases.
3. **The way the both gender react to CSR has been seen to be quite different.** Female tend to trust the brand that practices CSR more than their male counterparts. Also CSR affects the purchasing decision of women more than men.
4. **CSR helps in building trust of the consumers.** Although CSR may not be able to impact the purchasing deciding of consumer, per se, but it helps in building the trust of the consumers significantly. Consumer finds it easier to trust a brand that practices CSR because it shows that the brand is ethical and would not involve itself in unethical measures.
5. People believe that the CSR has positive impact on the society but even then do not take into consideration the CSR activities before buying the product.
6. Also they may trust a brand practicing CSR more but even that does not have any significant effect in making CSR an important factor to be considered before making a purchase.
7. Corporate social responsibility can be performed through various means like philanthropy, volunteering, guiding, charity etc. While taking up all these initiatives the business is not only helping itself **grow by building a positive brand image, it is also enhancing its immediate environment.**
8. Another very important concept of CSR is that it helps the companies to build a bond with its outside world and not just stay limited to its internal environment. It helps the companies to better understand the environment the exist it which will only help them to identify opportunities better and will lead to **a better engagement with the end consumers.**

8. LIMITATIONS OF THE STUDY

1) This is an exploratory study conducted concentrating solely on the salaried class of Noida and Delhi citizens. The sample size is too limited, the research does not reflect overall people's perception and understanding of CSR.
2) Only a sample size of 100 respondents was taken, due to time and expense restrictions.
3) The sample size being small and random, the analysis does not explain the overall CSR perspective scenario of individuals.
4) Since most respondents belong to Noida, which is India's Tier 2 city, they do not reflect the perception of people coming from other communities or from different backgrounds. Therefore the people's true answer can't be accurately depicted.

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SERVICE QUALITY: TANGIBLE FACTORS AND CUSTOMER SATISFACTION OF ORGANISED RETAIL OUTLETS IN BENGALURU

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ABSTRACT

In India, over 9 percent of the retail sector is accounted for by traditional mom-and-pop stores and street-vendors. While in most countries it is the organised retailers who dominate the sector, in India, the unorganized retailers command about 9 percent of the market share. Most traditional retail shops have a shop forming the frontage of their residence and the business is conducted by family members who reside in the house behind. Traditional retailers usually stocked only some high-margin brands. This study majorly focussed on tangible factors of organised retails and its impact on customer satisfaction. Total 110 customers are selected as respondents from ten retail outlets of Bangalore, simple statistical tools like t-test and one-way ANOVA is used to analyse the data with the help of SPSS-19. Physical facilities means tangibles are the important aspects in the service quality of organized retail stores, modern equipment's, tidy environment, clear display of products, place of the retail store are the important tangibles in the organized retailing. In the selected organized retailers in the Bangalore city Reliance and Star Bazaar are the best retail stores in the providing tangible services to customers with a highest mean score of 7.3579 and 7.489 respectively.

KEYWORDS

service quality, customers satisfaction, tangible factors.

JEL CODES

M30, M31.

INTRODUCTION

A large young working population with a median age of 24 years, nuclear families in urban areas along with increasing numbers of working women and emerging opportunities in the services sector are some of the key factors in the growth of the organized retail sector in India. The growth pattern of organized retailing and consumption by the Indian population follows a steeply rising trend, prodding entrepreneurs to take a jump into this field.

The purchasing power of the Indian urban consumer has been rising exponentially with each passing year and has been quite independent of the economic downturn in USA or the slowdown in Europe. Branded merchandises in categories like apparels, cosmetics, shoes, watches, beverages, food and even jewellery, are slowly becoming lifestyle products that are widely accepted by the Indian consumers. Indian retailers need to take advantage of these developments and aim to grow, diversify and introduce new formats and pay more attention to their brand building process. The emphasis in the initial stages should be on building organised retail as a brand rather than sell individual brands, i.e., the focus should be on branding the retail business itself. In order to gain the attention and patronage of the conservative Indian consumers, Indian retailers must recognize the value of building their own stores as brands to reinforce their positioning and communicate about the quality as well as value-for-money on offer. Sustainable competitive advantage over long term is dependent on translating core values, combining products, value, image and reputation into a coherent retail brand strategy. The total concept and idea of shopping has undergone a change in terms of format and consumer-buying behaviour ushering in a revolution[1]. Modern retailing has entered into the retail market in India as is observed in the bustling shopping centres, multi-storied malls and the huge complexes that offer shopping, entertainment and food, all under one roof (A B, 2019).

The country's booming economic growth of around 8 percent until recently, the dawn of high-paying of IT and ITeS industries resulted in major shifts in the Indian economic class, with higher incomes leading to the blossoming of the Indian middle-class. This middle-class is aware of the standards of living in other countries, thanks to exposure through the tools of globalization – the media and the internet along with increased foreign travel. With continuously rising incomes and job opportunities, the younger generation has adopted a "spending and enjoying" approach to life rather than the traditional "saving and existing" approach. The currently estimated value of organized Indian retail's target population is larger than that of the entire United States. Voted the most attractive retail destination in the world for two years in a row, in 2005 and 2006 (in 2011, India was at the 4th spot worldwide) India is expected to witness above 10 percent growth in its retail sector over the next few years[2].

There is no doubt that the Indian retail scene is booming. A number of large corporate houses like the Tatas, Rahejas, Piramals, and Goenkas have already made their foray into this arena, with beauty and health stores, supermarkets, self-service music stores, new-age book stores, watches, every-day-low-price stores, computers and peripherals stores, wine and liquor stores, office equipment stores and home/building construction stores. Today, in fact, the organized players have attacked every retail category that can be seen or imagined. The fact of the matter is that Indian retail scene has witnessed too many players in too short a time, crowding several categories without looking at their core competencies, future sustainability or having a well thought-out branding strategy.

In India, the vast aspirational middle class with rising incomes has become a magnet for global retail giants desiring to foray into newer and more lucrative markets. Their entry, in turn, can help the Indian consumer by fetching better bargains and the Indian farmer with suitable cold chain and logistics for marketing of agricultural produce. Modern retail in India is estimated to be worth about USD 175-200 billion by 2016. The food retail industry in India dominates this shopping basket. The mobile phones are already contributing USD 16.7 billion to the retail business and are growing at over 20 percent year-on-year. Most experts unequivocally agree that the future of the Indian retail industry looks bright with the growing market, booming economy, rising incomes, increasing consumption, positive government policies and emerging technologies facilitating operations and other such factors (A B, 2019).

THE ROAD AHEAD

After the software and IT fever of the 190s, retailing in India is gradually inching its way towards becoming the next boom industry. With the entry of the organised retailers, the whole concept of shopping has undergone a sea change in terms of format, store ambience, consumer buying behaviour, revenue generation, technology adoption, employment patterns and significantly, volume of sales. This has ushered in a shopping revolution in urban India. This shopping-festival can be seen in sprawling shopping centres, multi-storied malls and huge complexes offering shopping, entertainment and food, all under one roof. The Indian retailing sector is presently at an inflexion point where the strategic growth of organized retailing and growth in the economy and consumption of the Indian population can take it to a completely higher growth trajectory. What is catching the eye of every global organised retailer is India's demographic dividend: 35 percent of India's population is between the ages of 15-35 years and about 57 percent is in the working age group of 15-59 years, as shown in Figure-1.1 and Figure-1.2. A large young working population with a median age of 24 years, nuclear families in urban areas, more working women and emerging opportunities in the services and IT and IT-related sector present an unlimited set of opportunities to fuel the boom in the retail industry.

[1] Source: http://www.fibre2fashion.com/industry-article/free-retail-industry-article/indian-retail-industry-its-growth-challenges-and-opportunities/indian-retail-industry-its-growth-challenges-and-opportunities1.asp

[2] Source: "Retail in India – Getting Organized to drive growth." CII-A.T. Kearney, Nov. 2006, Assocham Press Release

FIGURE-1.1[3]: A COMPARISON OF MEDIAN AGE OF THE POPULATION (IN YEARS)

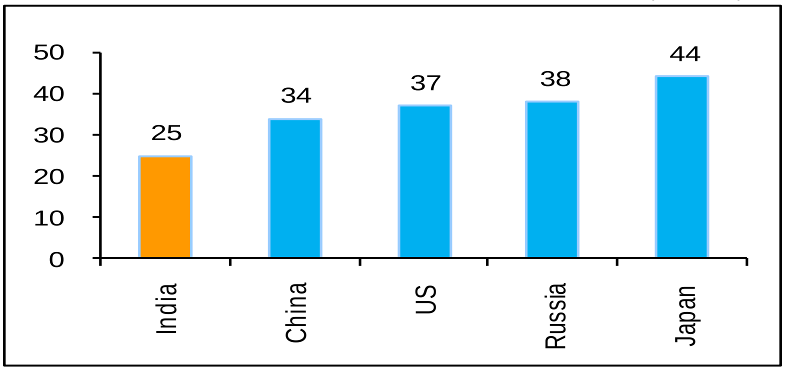
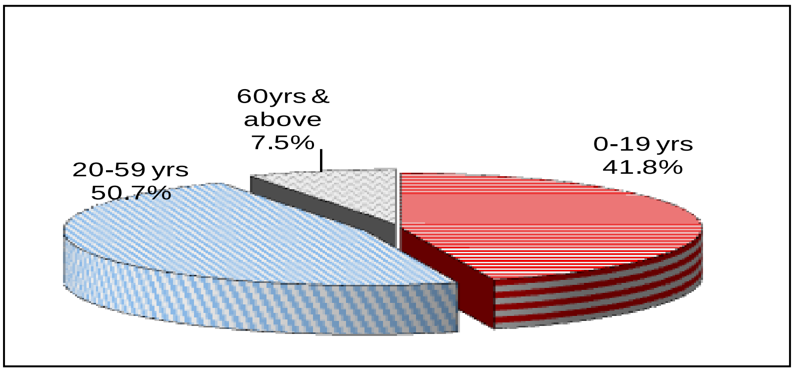


FIGURE-1.2[4]: DEMOGRAPHIC PROFILE



MEGA MALLS

Mega malls have come to mean very large shopping malls. As Emily Lambert says: "You won't find "megamall" or "mega-mall" in the dictionary or even in the International Council of Shopping Centres' list of shopping centre definitions. You'll find it in an online encyclopaedia—defined as "a very large shopping mall," but that doesn't begin to describe these giant edifices of retail, entertainment and other pursuits of happiness. Maybe that online definition can be expanded: "Extreme shopping mall; monolithic tribute to consumerism, a magic mix of stores, eateries, entertainment and attractions, with the ability to draw crowds; tourist destination." That's more like it".

In India, not many such mega malls are to be found although the word 'mega' is the prefix in many mall names.

- ✓ The *Mall of America* (in Minneapolis, USA), for example, boasts of an area of 4.2 million sq ft and 12,550 parking slots! A family-friendly mall, it offers something to every visitor. It houses more than 520 stores, 14 movie screens and 50 eateries, amongst other things!
- ✓ The *West Edmonton Mall* in Alberta, USA, covers 5.3 million sq ft. It boasts of at least 12 anchors, 800 stores and services, 110 eating establishments, a 21-screen movie theatre, etc.

In the Indian context though, mega malls can be construed as relatively large malls. The *Mantri Square Mall* with an area of 1.7 million sq ft is the largest mall in Bangalore and the second largest in the country.[5] Civic pride may surge in Bangaloreans upon hearing this piece of statistic but a certain segment of the population may not share the civic pride. This segment, comprised of small retailers and small traders, believes that organized retail housed by the malls will spell doom for their business (A B, 2019).

STAGE-WISE EVOLUTION OF THE INDIAN ORGANISED RETAIL INDUSTRY

The Indian organised retail industry evolved through the following stages:

- ✓ The presence of only neighbourhood 'Kirana' stores stocking limited products and brands and offering credit services and home delivery to clientele living nearby.
- ✓ The era of government support to rural retail and marketing: Indigenous franchise model of store chains run by Khadi and Village Industries Commission
- ✓ Co-operatives allowed running superstores like *Janatha Bazaar* offering consumer goods at discounts.
- ✓ 190s: the Indian economy begins to open up.
- ✓ Textiles sector with companies like Bombay Dyeing, Raymond's, S. Kumar's, Bajaj and Grasim foray into the retail sector with exclusive chains of stores
- ✓ Later Titan watches successfully created and organized retailing concept and established a series of showrooms for its premium watches
- ✓ The latter half of the 190s saw a fresh wave of entrants with a shift from manufacturers to pure retailers, e.g. Food World, Subhiksha and Nilgiris in food and FMCG; Planet M and Music World in music; and Crossword and Fountainhead in books.
- ✓ 191 – The first *Shoppers Stop* store opened at Andheri in Mumbai
- ✓ Post 19 saw the emergence of shopping centres mainly in urban areas, initially in the central business districts and later moving towards the suburbs.
- ✓ Emergence of malls and entertainment complexes.
- ✓ Emergence of hyper and super markets trying to provide customer with the 3 v's, namely, value, variety and volume
- ✓ 199 –Pantaloon Retail launches a complete family store in Mumbai.
- ✓ Expanding the target consumer segment, *the sachet revolution,* trying to reach the bottom of the pyramid.
- ✓ At the end of year 2000, the size of the Indian organized retail industry was estimated at INR 13,000 crore.
- ✓ 2003: Metro Cash & Carry, a German wholesaler opens its first centre in Bangalore
- ✓ 2009: Organised retailers hit by recession in US and the subsequent slowdown in the Indian economy.
- ✓ 2010: the Indian retail industry grows at a CAGR of 13.3 percent for the period FY 2006-10.
- ✓ The organised retail sector is growing at a rate of 35 percent CAGR.

[3] Source: European Business Group
[4] Source: European Business Group
[5] Source: Akanksha Sinha, Mantri Square Mall, *Shoppers World*. Retrieved May 15, 2013, from the World Wide Web: http://akankshasinha.files.word-press.com/2012/03/mantri-mall-bangalore.jpg

- ✓ Emergence of rural retailing with ITC's *e-Choupal* and *Choupal Sagar* Rural Hypermarkets.
- ✓ HLL is using its *Project Shakti* initiative for leveraging women self-help groups to penetrate the rural market.

REVIEW OF LITERATURE

D Gayatri and T Phani Madhav in their study titled "Organised Retailing in India – Opportunities and Challenges" discuss the evolution of organised retailers in India[6]. The objective of their study is to find out whether hypermarkets can emerge as a pan-Indian retailing format despite the impediments.

Retailing, as long as it was limited to the unorganised corner stores, provided customers with limited choice and services. But with the entry of Big Bazaar, Tata, Reliance, and Shoppers Stop into the organised retailing sector, there has been a sea change in the landscape, according to the Researchers. While organised retail will eventually have a pan-Indian presence, it will not fully displace the traditional retailers who can provide services like monthly credit and instant home delivery. The study describes the great Indian retail fight, that is, small retailers versus organised retail, but provides no new insight. This gap is sought to be bridged by the present study.

The Economist (Dec 2011) in the article "The supermarket's last frontier" discusses, amongst other things, the daunting practicalities of setting up supermarkets in our country. Though giant supermarkets have impressive infrastructure and a range of non-food items, the distance and dodgy roads make it hard to reach from the city. Also, food items are not cheaper than the local markets. Building a logistic chain, to eliminate middle men and get produce at a cheaper rate, is easier said than done as farming in India is fragmented and subject to arcane rules and is as hot a political potato as retailing. A rickety legal system makes it hard to enforce contracts. Restrictions such as buying a chunk of their goods from local firms, add to cost. Large out-of-town stores will be infrequently visited. Finding affordable land in packed and expensive cities will be tough.

Shubhranshu Pani in "Malls as growth drivers for franchising in India" states that there are conflicting opinions on the profitability of franchised brands in malls in India. Those in favour state that malls are the best places for a franchise set-up because they assure a lot of customer traffic. While those who say that mall space is too costly, those in favour rightly state that the cost of putting up a store inside a mall is proportional to the franchised name one has purchased.

Brands do not franchise their name if they do not have a reputation for saleability. For attracting heavy traffic, the mall is the most viable location. It is the perfect way to merchandise one's products, even if one is just breaking even. In the "worst case" scenario, customers will at least have noted the franchisee's presence. According to the researcher, as long as the real estate market is hot and new malls are being built to feed the appetite of the expanding retail market, franchising will thrive in India. Malls will continue to be the leading franchise vehicles in India, thanks to their popularity and ability to draw a large number of shoppers. Indians have long since overcome their xenophobia of glitzy malls and hypermarkets and are now aware that visiting a mall does not necessarily mean higher costs.

The researcher has a word of caution too for those who place full faith in malls: it is a mistake to assume that a high footfall rate in a mall automatically translates into increased sales for franchises. A significant number of Indian mall visitors come only to enjoy the ambience. The onus of profitability still rests on offering bargains and imaginative display. In our metros, people have started going to malls not only for shopping but also for leisure and entertainment, thanks to the ambience that malls offer and the number of brands and facilities they provide under a single roof. Malls boost retailers' sales because customers who had no intention of buying, may still do so on impulse. Lifestyle brands, in particular, benefit from this factor.

Brook and Brock (19) state that income, sex and age could influence store choice. Not all shopping malls have the necessary assortment and facilities to completely satisfy consumer needs **(De Juan 2004).** Therefore small retail does have a role to play. The consumer chooses whether or not to purchase from a particular store after searching for information and evaluating the store. But for low involvement products such activity may not happen. "Store Image" has a role to play in the choice of store visit which is created by different activities.

Small retailers cannot be wished away altogether. They have a role to play in the present changed scenario too. In fact, traditional retail and organised retail can complement each other and benefit mutually. If the two sides undertake a brainstorming discussion, the right solution is bound to emerge.

Parket, et al (2003) argue that the neighbourhood retail stores do create a certain image through service, convenience shopping, cleanliness, etc. Thus, on store image, it can compete with mega stores too. But it may not give "shop entertainment" which many malls are trying to give as value addition to consumer.

There are consumers and consumers. Some prefer the down-to-earth type of service – where they do not have to walk from shelf to shelf in search of the items they need to buy. They are not interested in "shop entertainment" but would prefer a helpful small retailer or his assistant who will do their bidding without question. This ensures that they complete their shopping in the shortest possible time, without having to go through the rigmarole of queuing up before the cash counter for billing and settling the bill.

Srivastava (2008) argues that mall visit is like a 'family picnic' for many in India. Although there are a number of reports regarding the impact of mega-retailers – Wal-mart in particular, empirical reports are limited.

Well, a mall visit implies a 'family picnic' for many in the country, in particular, the first-timers. But over a period of time, the novelty attaching to mall visits tends to wear off.

Beaumont (19), Stone and Art Z (19), Shill and Taylor (19), Cachon, et al (2004) conclude that launching of mega-retail or malls has the potential to impact the existing smaller merchants in terms of sales.

Well, it has the potential to cramp the business of the small traders. However, if the small trades wake up in time, this need not be the case as has been proved in some cases. Some small retailers did see the writing on the wall and were better prepared to face the onslaught from organised retail and survive.

Cachon et al (2004) reminds that small retailers are well aware of their competitive position and adopt an appropriate strategy to respond to new competition. To date, there is very little understanding of what the impact of corporate retail (mall or mega-store) will be on the so-called unorganised retail sector. This preliminary descriptive study investigates the impact of malls on small shops.

The researcher is right – small retailers are well aware of where they stand vis-a-vis organised retail. The impact of organised retail on small retail is somewhat hazy. But one thing is clear – small retail can still hold its own by tweaking its business model and business strategy.

Kalhan (2007) reminds that retail accounts for 10 percent of India's GDP and around seven percent of employment. The question is if unorganised retail fails to survive, what will be the social economic implications. Will the neighbourhood retailer be able to overcome the impact by saving travel time for the consumer? This becomes relevant when 70 percent of retail purchases are confined to food products. Would there be only two types of retail business, viz., small and big, in line with the polarisation theory? Since all malls do not have the necessary assortment to completely satisfy all the customers, the researcher wonders whether there would be light at the end of the tunnel for small retailers.

OBJECTIVES OF THE STUDY

1. To Study the various tangible factors of organized retail outlets in Bengaluru city
2. To Study the impact of tangible factors on customer satisfaction

RESEARCH METHODOLOGY

Sources of Data collection

a) Primary data: The study primarily relies on the primary data which has been collected by administering a structured questionnaire.

b) Secondary data: The Secondary data is collected from Research journals and Working papers, Books, reports of various committees on teacher's performance and problems and also various websites.

[6] Source: http://www.ibscdc.org/Case_Studies/Marketing/Marketing%20Strategies/MM0012.htm

Sampling

On the basis of non-probability sampling technique, 10 organized retail outlets and 11 respondents from each mall total 110 respondents are selected as sample size for the study, where in convenience and judgment sampling method will be adopted. The simple random technique used for selection of respondents.

Sample Size

TABLE NO 1.1: SHOWING PARTICULARS OF SELECTED ORGANIZED RETAIL OUTLETS IN BANGALORE CITY AND SAMPLE SIZE

Name of the Retail store	Number of respondents (Sample size)
Big Bazar	11
Easy Day	11
Food World	11
Maha Bazaar	11
More	11
Nilgiris	11
Reliance	11
Spencers	11
Star Bazar	11
Trendz	11
Total (Sample size)	**110**

TOOLS USED FOR DATA ANALYSIS

The primary data collected from the 9 respondents were coded, classified and analyzed using Statistical Package for Social Sciences (SPSS Version 20).

The tools used for analysis of primary data were cross-tabulation, descriptive statistics like arithmetic mean, standard deviation, variance, frequency etc., The tools used for hypothesis testing include Independent sample t-test, one way ANOVA, Three way ANOVA (Univariate analysis), step wise Multiple linear regression model.

TABLE 1: ONE SAMPLE T TEST FOR TANGIBLE FACTORS AND CUSTOMER SATISFACTION IN ORGANIZED RETAIL STORES

One-Sample Statistics				
	N	Mean	Std. Deviation	Std. Error Mean
Modern equipment.	9	2.8201	1.43427	.0459
Visually appealing facilities like (shelves, counters, fridges, computers, lights)	9	**3.0442**	1.33915	.0429
Employees have neat professional appearance.	9	2.7831	1.44844	.04643
Visually appealing materials associated with service.	9	2.976	1.46858	.04708
Clean and tidy environment.	9	**3.3669**	1.5349	.0491
The store is decorative and good looking.	9	2.98	1.41420	.04534
Clear display of the products.	9	2.8808	1.43378	.0459
Location of the store in prominent place.	9	**3.2837**	1.34780	.04321

Source: Primary Data

The above table indicates one sample t test of tangible factors and customer satisfaction. It clears that Mean score of tangible factors influence on customer satisfaction. Clean and tidy environment in retail stores having the highest Mean score 3.3669, which is highly influencing on customer satisfaction followed by location of the store in prominent place with a Mean score 3.2837, visually appealing facilities (shelves, counters, fridges, computers, lights) with a Mean score 3.0442. it can be said that Clean and tidy environment, Location of the store in prominent place, Visually appealing facilities like (shelves, counters, fridges, computers, lights) are the important tangible factors affecting on customer satisfaction.

TABLE 2: ONE SAMPLE T TEST FOR TANGIBLE FACTORS AND CUSTOMER SATISFACTION IN ORGANIZED RETAIL STORES WITH T VALUES AND SIGNIFICANCE

One-Sample Test						
	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	9% Confidence Interval of the Difference	
					Lower	Upper
Modern equipment.	61.333	9	**.000***	2.82014	2.729	2.9104
Visually appealing facilities like (shelves, counters, fridges, computers, lights)	70.909	9	**.000***	3.04419	2.99	3.1284
Employees have neat professional appearance.	59.96	9	**.000***	2.78314	2.690	2.8743
Visually appealing materials associated with service.	62.608	9	**.000***	2.9758	2.8552	3.0400
Clean and tidy environment.	68.423	9	**.000***	3.36691	3.2703	3.4635
The store is decorative and good looking.	66.035	9	**.000***	2.983	2.9049	3.0828
Clear display of the products.	62.673	9	**.000***	2.88078	2.7906	2.910
Location of the store in prominent place.	75.9	9	**.000***	3.28366	3.199	3.3685

Source: Primary Data

**Significant at 5 per cent level significance*

The one sample t test was conducted to identify the impact tangible factors of retail stores on customer satisfaction. The aggregate of all the eight dimensions were considered and the statistical analysis was conducted and the results obtained revealed that all the dimensions has positively related to customer satisfaction as the significant value of all the dimensions were less than 0.05. It clears that clean and tidy environment of the store plays a vital role in customer satisfaction.

TABLE 3: MEAN COMPARISON OF TANGIBLE FACTORS 1* AND CUSTOMERS SATISFACTION TOWARDS SELECTED ORGANIZED RETAIL STORES

Report					
Most preferred Retail outlet for buying		Modern equipment.	Visually appealing facilities like (shelves, counters, fridges, computers, lights)	Employees have neat professional appearance.	Visually appealing materials associated with service.
Big Bazar	Mean	2.99	2.8776	**2.9184**	2.699
	N	9	9	9	9
	Std. Deviation	1.48476	1.33367	1.4549	1.43166
Easy Day	Mean	2.8081	**3.1515**	2.7677	2.919
	N	9	9	9	9
	Std. Deviation	1.39003	1.32760	1.40573	1.44050
Food World	Mean	2.7347	2.99	2.6531	3.0306
	N	9	9	9	9
	Std. Deviation	1.47523	1.24337	1.49	1.58247
Maha Bazaar	Mean	2.8788	3.0101	2.8687	2.8889
	N	9	9	9	9
	Std. Deviation	1.40170	1.34388	1.3913	1.51785
More	Mean	2.8817	3.139	2.8817	2.985
	N	9	9	9	9
	Std. Deviation	1.3819	1.41107	1.41306	1.42171
Nilgiris	Mean	2.8750	3.0521	2.729	**3.1250**
	N	9	9	9	9
	Std. Deviation	1.40862	1.32482	1.46883	1.47434
Reliance	Mean	2.7789	3.0421	2.7158	3.0737
	N	9	9	9	9
	Std. Deviation	1.459	1.42109	1.53445	1.38566
Spencers	Mean	2.7273	2.99	2.8485	2.8788
	N	9	9	9	9
	Std. Deviation	1.38371	1.44628	1.43117	1.37227
Star Bazar	Mean	**3.0102**	2.8673	2.8776	2.8061
	N	9	9	9	9
	Std. Deviation	1.529	1.289	1.50782	1.55754
Trendz	Mean	2.5510	**3.3367**	2.5714	**3.0918**
	N	9	9	9	9
	Std. Deviation	1.4290	1.23475	1.3917	1.4985
Total	Mean	2.8201	3.0442	2.7831	2.976
	N	9	9	9	9
	Std. Deviation	1.43427	1.33915	1.44844	1.46858

Source: Primary Data

*Tangible factors 1: out of eight tangible factors first 4 factors are considered as tangible factors 1 (for analysis purpose only).

The above table indicates the Mean comparison of tangible factors and customer satisfaction towards organized retail outlets in Bangalore city, modern equipment is the first tangible factor influencing on customer satisfaction. In this respect Star Bazaar having highest Mean value 3.0102 which is followed by Big Bazaar 2.99, More 2.8817 and all other selected retail outlets are having Mean values which is moderately satisfying the customers. Finally Star Bazaar is the retail outlet having the best modern equipments.

Visually appealing facilities like (shelves, counters, fridges, computers, lights) is the next tangible factor influencing on customer satisfaction. In this regard Trendz is the best retail outlet having Mean value 3.3367, followed by Easy Day 2.99, More 3.139 and all other having moderately providing visually appealing factors. Thus Trendz is the best retail outlet in satisfying customer with this respect.

The third tangible factor influencing on customer satisfaction is employees have neat professional appearance. In this regard Big Bazaar is the best retail store having highest Mean value 2.9184 followed by More 2.8817, Star Bazaar 2.8776 and all other stores have moderate Mean scores with this respect. Finally Big Bazaar is the best store in satisfying customers with this respect.

The fourth tangible factor is visually appealing materials associated with services influencing on customer satisfaction. In this respect Nilgiris is the best retail store having the highest Mean value 3.1250, followed by Trendz 3.0918, Reliance 3.0737 and all other have moderate Mean scores in this respect. Finally Nilgiris is the best retail store in satisfying customers with this respect.

TABLE 4: MEAN COMPARISON OF TANGIBLE FACTORS 2* AND CUSTOMERS SATISFACTION TOWARDS SELECTED ORGANIZED RETAIL STORES

Report					
Most preferred Retail outlet for buying		Clean and tidy environment.	The store is decorative and good looking.	Clear display of the products.	Location of the store in prominent place.
Big Bazar	Mean	3.2143	**3.2143**	2.7857	3.3776
	N	9	9	9	9
	Std. Deviation	1.57461	1.44486	1.45906	1.31224
Easy Day	Mean	3.3333	2.8485	2.7071	3.2828
	N	9	9	9	9
	Std. Deviation	1.5649	1.3729	1.40881	1.36307
Food World	Mean	3.5000	3.1020	2.988	3.299
	N	9	9	9	9
	Std. Deviation	1.43052	1.35836	1.47009	1.32548
Maha Bazaar	Mean	3.2727	3.0707	2.790	3.3131
	N	9	9	9	9
	Std. Deviation	1.62768	1.490	1.37009	1.30655
More	Mean	3.4516	2.9032	2.9032	**3.3548**
	N	9	9	9	9
	Std. Deviation	1.59153	1.4896	1.43757	1.41148
Nilgiris	Mean	3.2500	2.8854	2.99	3.239
	N	9	9	9	9
	Std. Deviation	1.5905	1.30481	1.47609	1.36686
Reliance	Mean	**3.5474**	2.8842	**3.0000**	**3.3263**
	N	9	9	9	9
	Std. Deviation	1.4049	1.36727	1.4967	1.31636
Spencers	Mean	3.4040	3.0202	2.99	3.1818
	N	9	9	9	9
	Std. Deviation	1.53143	1.45672	1.45672	1.43117
Star Bazar	Mean	3.0204	**3.2347**	2.988	3.2245
	N	9	9	9	9
	Std. Deviation	1.5597	1.42004	1.37591	1.2479
Trendz	Mean	**3.6837**	2.7653	2.7755	3.2449
	N	9	9	9	9
	Std. Deviation	1.41127	1.40545	1.41808	1.43636
Total	Mean	3.3669	2.98	2.8808	3.2837
	N	9	9	9	9
	Std. Deviation	1.5349	1.41420	1.43378	1.34780

Source: Primary Data

*Tangible factors 2: out of eight tangible factors remaining 4 factors are considered as tangible factors 2 (for analysis purpose only).

The above table indicates the Mean comparison of tangible factors and customer satisfaction towards organized retail outlets in Bangalore city, clean and tidy environment is the fifth tangible factor influencing on customer satisfaction. In this respect Trendz having highest Mean value 3.6837 which is followed by Reliance 3.5474, Food World 3.5000 and all other selected retail outlets are having Mean values which is moderately satisfying the customers. Finally Trendz is the best retail outlet having clean and tidy environment.

The store is decorative and good looking is the next tangible factor influencing on customer satisfaction. In this regard Star Bazaar is the best retail outlet having Mean value 3.2347, followed by Big Bazaar 3.2143, Food World 3.1020 and all other having moderately providing decorative and good looking facilities. Thus Star Bazaar is the best retail outlet in satisfying customer with this respect.

The third tangible factor influencing on customer satisfaction is clear display of the products. In this regard Reliance is the best retail store having highest Mean value 3.0000 followed by Nilgiris 2.99, Spencers 2.99 and all other stores have moderate Mean scores with this respect. Finally Reliance is the best store in satisfying customers with this respect.

The fourth tangible factor is location of the store in prominent place influencing on customer satisfaction. In this respect Big Bazaar is the best retail store having the highest Mean value 3.3776, followed by More 3.3548, Reliance 3.263 and all other have moderate Mean scores in this respect. Finally Big Bazaar is the best retail store in satisfying customers with this respect.

TABLE 5: AVERAGE MEAN OF TANGIBLE FACTORS AND CUSTOMER SATISFACTION TOWARDS SELECTED ORGANIZED RETAIL STORES

Report			
Tangible factors			
Most preferred Retail outlet for buying	Mean	N	Std. Deviation
More	**24.496**	9	3.30883
Reliance	**24.3684**	9	3.29103
Food World	**24.2347**	9	3.31756
Nilgiris	24.1458	9	3.11526
Maha Bazaar	24.1010	9	3.0589
Big Bazar	24.0408	9	3.1194
Spencers	24.0303	9	3.28091
Trendz	24.0204	9	3.60120
Star Bazar	23.99	9	3.0495
Easy Day	23.8182	9	3.369
Total	24.1202	9	3.24528

Source: Primary Data

The above table shows the average Mean of tangible factors and customer satisfaction towards selected organized retail stores in Bangalore city. More, Reliance and Food World are having higher Mean scores compared to other retail stores (24.496, 24.3684,and 24.2347 respectively). Finally it can be concluded that More, Reliance and Food World are satisfying more to customers with related to tangible factors.

CONCLUSION

Physical facilities mean tangibles are the important aspects in the service quality of organized retail stores, modern equipments, tidy environment, clear display of products, place of the retail store are the important tangibles in the organized retailing. In the selected organized retailers in the Bangalore city Reliance and Star Bazaar are the best retail stores in the providing tangible services to customers with a highest mean score of 7.3579 and 7.489 respectively.

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A STUDY ON ATTITUDE AND PREFERENCE OF VARIOUS ONLINE PAYMENT APPLICATION OF CUSTOMER'S IN COVID-19 SITUATION, IN THE LOCALITY OF EDATHUA

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ABSTRACT

Covid-19 has make changes to all the areas of human life from health care to education and shopping to work life. All are utilizing the possibilities of online mode to avoid physical contact and ensuring social distancing. Banking one of the most important servicing sector for any country. Even in this pandemic time banks need to work for smooth function of our health care system. People can avail online mode for making transaction. But this is not actually seen across banks people are not utilizing online mode by a great extent. Even though it shows a ray of hope in increase in online mode of banking in covid-19.

KEYWORDS
Covid-19, online banking, social distancing,

JEL CODES
L81, G21, O30.

INTRODUCTION

The Covid-19 has spread all the nations in the world and it affects the all the aspects of human life. Authorities are try to reduce the spread rate of this virus by imposing various rules and regulations to curb the spread of the virus. Social distancing, mask compulsory in public places, sanitizer and soaps for people coming in public places even complete lock down for entire nation for a month. This is most challenging situation for any human being in the world because humans are social animal they regularly interact hundreds of people on daily basis. In civid-19 time only basic human needs are allowed such as food medical treatment etc. In India people are tent to go for banks and other institution directly even though it take lot of time for availing such services. People are reluctant to use technology for reducing time and cost related to services. Even in this pandemic situation is there people are using the technology to reduce social interaction or not. Banking sector has gone a lot to reduce conventional banking, there is a positive trend of using internet enabled banking services among youth in urban areas. After the demonetization and strong legal measures to reduce the cash transactions, rural and semi urban people are not going for the technology enabled services. In covid-19 time banks are closed for weeks, when opened for services it reduces the number of customers in bank at a time on the bases of area available, it also increases the time and cost associated for availing banking services. People are using cash transactions even when the news and information of spreading covid-19 from using ATMs and cash transactions. The study try to find whether there is any change in attitude towards cash transactions or they take any internet based online payment applications. It also focuses on the preference of various applications for banking transactions such as internet banking, Banks payment application other payment application which provided by other companies.

ONLINE PAYMENT APPLICATIONS

Following are the payment application under this study:

GOOGLE PAY

This is an online mobile application for the transferring of money from one bank to another it is owned and managed by the tech giant Google. This application can be used for any bank account and can be used to transfer money to any other banks. This application gives you additional cash benefit or discount coupon for every transactions depending upon the nature and amount spent. This allows more customers into this application and it can be used for different bank account in this single application. Google pay owned and managed by Google also increases the credibility of this application. Even though it provide lot of facilities for a normal customer it lacks some important services such as bank statement, debit card or credit card blocking etc.

PHONE PE

Phone pe is the first UPI based payment application in India. It is owned by the famous e commerce brand Flipkart. This application allows to send or receive money and make payments of bills for various services and products. This application allows you to make payment easily without much more difficulties. Phone pe is an India based company headquarters in Bangalore Karnataka. It also increases the accessibility and adaptability of this application in information security issues.

PAYTM

Paytm is an online payment application company based on Noida Delhi, India. This application allows you to transfer money and make payments for different product and services. It is aggressive advertising efforts has a significant impact in the mind of people across the country. This application is also an India based application by that reason it increases the accessibility in general public.

ABOUT THE APPLICATIONS

Google pay, Phone and Paytm are not owned by any banks they are intermediaries between bank and customers. These application gives additional cash bonus and discount for their customers. This attracts more general people into these applications. These application is best for multiple account handling facilities customers are more comfortable with it. Even though it is provides a lot of services to their customers some basic banking facilities are not provided by them. It can be used for most of the trades but not all. These are application owned by company which has no banking facilities so a customer needs to use these application needs a bank account in any bank to use this application. Basic banking services such as bank statements, loans, fixed deposit check book etc. can avail only though your bank itself or through their banking applications. Simply these applicant can be used making payment and sent or receive money each other.

FEDMOBILE

It is an application provided by the federal bank for their customers. It's a user friendly, time saving, secure application to do all the banking transaction for the federal bank customers across the globe. It allows user to monitor their account and make payments, fund transfer etc. federal bank is one of the prominent private sector bank India. It has a strong NRI customers especially from Middle East countries. Fed mobile application increases the credibility of customers because there is no intermediaries involved in online mode. The customers feel comfortable about security and safety of their banks transactions.

YONO SBI

SBI the biggest bank in India in terms of customers and amount of loans given. Their online banking application is Yono. It is provided for the customers in SBI. It allows all the banking transactions and make payments. Using yono a customer can withdraw money from ATM without using ATM card. Yono application is secure reliable for SBI customers to do their transaction conveniently from anywhere as they wish.

CANDI

The mobile application for the Canara bank customers for making payment and availing all the banking services. Canara bank is one of the leading banking companies in India. Candi the mobile application was renamed from Can mobile. It allows customers of Canara Bank to transfer money and block the debit card of credit card etc. Candi mobile application try to enhance security of their banking application by utilising the security measures in internet.

ABOUT APPLICATIONS

Fedmobile, Yonosbi, Candi the three applications are provided by the respective banks itself. It can be used by only those who have bank account in their corresponding banks. These application are provided by bank itself the customers feel more secure and comfortable using this applications. Cash bonus or any discount is not generally seen while using this applications. Only these application can provide account related services to the customers such as account summary blocking of debit or credit card monitor your fixed deposit, applying for new cheque book etc.

STATEMENT OF THE PROBLEM

This covid-19 pandemic situation people are socially separated to reduce the spread of virus. Some services are need to change to online mode. Schools, colleges, banks, information technology professionals, payment of various bills etc. even if banks offer almost all service in online mode people are tend to go to banks for withdrawal and deposit of money, bank transfer to know the balance in bank account etc. Now a days almost everyone have a smart phone in their hand. Is it this smart phone is used to reduce people interaction with society? Most importantly physical banking transaction can be reduced to a great extent. This study focuses on whether any significant increase in use of online mode and the people preference of various payment application especially mobile applications.

OBJECTIVES OF THE STUDY

1. To find out the people using online payment mode.
2. To find any person choose online mode during covid-19 pandemic.
3. To find the preference among various payment applications.
4. To find out the satisfaction level of customers using online applications.

METHODOLOGY

The study is based on 100 respondents those who are either an account holder of federal bank, SBI or Canara bank. This study is limited to the geographical area of Edathua Alppuzha, Kerala India.

DATA ANALYSIS

TABLE NO. 1: PEOPLE USING ONLINE MODE BEFORE COVID-19 LOCK DOWN

Particulars	No. of respondents
People using online mode	42
People not using online mode	58
Total	**100**

From the above table we can understand only 42 respondents using online mode in banking.

TABLE NO. 2: PEOPLE USING ONLINE MODE AFTER COVID-19 LOCK DOWN

Particulars	No. of respondents
People using online mode	60
People not using online mode	40
Total	**100**

From the above table it is inferred that after lock down 18 people join in online mode of banking due to covid-19 pandemic.

TABLE NO. 3: NUMBER OF PEOPLE FROM DIFFERENT BANKS

Banks	No. of respondents
Federal bank	26
SBI	31
Canara bank	43
Total	**100**

From the above table we know that majority of the respondents use Canara bank. Out of 100 respondents only 26 respondents are using federal bank.

TABLE NO. 4: NUMBER OF RESPONDENTS USING VARIOUS APPLICATIONS

Applications	No. of respondents
Google pay	41
Phone pe	22
Paytm	33
Fedmobile	14
Yonosbi	22
Candi	20

From the above table it is inferred that most of the people use Google pay for their online transactions. It is also know that people are using more than one applications for their online purpose.

TABLE NO. 5: SATISFACTION LEVEL OF CUSTOMERS USING APPLICATIONS

Applications	Satisfied	Not satisfied
Google pay	37	4
Phone pe	20	2
Paytm	27	6
Fedmobile	13	1
Yonosbi	20	2
Candi	11	9

It is inferred that most of the respondents are satisfied using online payment applications. Only in case of Candi the application provided by the canara bank for their customers is different. Out of 20 respondents using Candi 9 are dissatisfied.

FINDINGS

- Only forty two respondents are using online application before covid-19 lock down.
- There is an increase in number of respondents using online application after lock down.
- Majority of the respondents are using Canara bank.
- Out of 60 respondents using online application 41 are using Google pay.
- Majority of the respondents are satisfied by using various applications except in case of Candi mobile application is not much significant.

CONCLUSION

Mankind is facing one of biggest health care issue in the known time. Social distancing is now legally enforced every field of daily life. Government and authorities are implementing all the possible ways to reduce social interaction in society. Online mode of education to online mode of consulting doctor and go on. Online or with the help of internet people are physically separated and yet they are interacted each other by means various applications. Even though online banking and internet banking is there for a long time it is not effectively utilized by the rural and semi urban people to a great extent. This pandemic situation most of the services are through online especially banking services. Banks are used by lot of people at a given time by employees, customers etc. currency notes may become a way to spread virus across people in the society. Best way to reduce use currency notes and physical bank visit in this covid-19 situation is the use of various online application at the comfort of home. Even in this extreme covid-19 situation people are not fully utilizing the possibility of online mode in their banking transactions. It may be the unawareness about technology or may be because concern about their money. This has to be changed for a better tomorrow for our nation and citizens.

SUGGESTION

Online applications are the best way to do banking transactions at the comfort of the home or office. It is better to conduct awareness about benefit of online applications especially for an age group above 50 years old. It is better to provide step by step instruction for availing online banking for their customers. Banks are advised to make their application more reliable user friendly secure by implementing all the possibilities of information technology. There is no way for queries related to online banking even if the channel for communication is there nobody knows clearly about it.

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INVESTIGATING CUSTOMER SATISFACTION ON E-BANKING SERVICES IN ADDIS ABABA, ETHIOPIA

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ABSTRACT

The research investigates customer satisfaction on e-banking services in Addis Ababa, Ethiopia. Electronic banking is the delivery of banks' information and services by banks to users using different delivery platforms that can be used with various terminal devices, for example, a personal computer and a mobile phone with a browser or desktop software, telephone, or digital television. The study used primary data and was collected by using a structured questionnaire from 384 customers who are actively involving in e-banking services. Respondents were selected from one public and two private commercial banks residing in Addis Ababa. Average weighted score and Overall Average weighted score used to determine the satisfaction of customers on factors affecting e-banking practices of public in addition to private sector bank.

KEYWORDS
customer satisfaction, e-banking, personal computer, platforms, terminal devices.

JEL CODES
M30, M31, M39, L81, G21, O30.

1. INTRODUCTION

In a cut-throat market where businesses are competing for customers, customer satisfaction considers as a key differentiator and more and more has become the main point of business strategy. Service providers need to distinguish how clients measure the quality of service. When customers utilize a product, they evaluate the quality of the incident with their preceding expectations, which directs them to their satisfaction /dissatisfaction. To manage the pressure of growing competition commercial banks have endorsed a number of initiatives, and e-banking is one of them.

2. REVIEW OF LITERATURE

Gezahegn B. (2015) investigated customer satisfaction with ATM banking: Empirical evidence from selected commercial banks in Ethiopia. The data collected was analysed by use of descriptive statistics, correlation analysis, and multiple regressions. The result indicates that ½ of the total sample size, which are 379 ATM users are moderately satisfied with the respective banks' ATM service. All ATM service quality attributes associated with technology have been perceived as the best performers.

Girum K. (2016) studied the e-banking service quality on customer satisfaction in the commercial bank of Ethiopia. Purposive and random sampling techniques were implemented to select branches and respondents, respectively. Data was gathered through a primary source of questionnaires and interviews. The respondents established the existence of trust in e-banking provisions. CBE was reliable in the provision of e-banking. E-banking has a direct connection with customer satisfaction.

A.A. Musa, N.M. Abdo, and M.A. Mukhtar (2018) studied the impact of electronic banking service on customer satisfaction in the Sudanese-banking sector. The researcher used structured questionnaires to collect information. The study finds out that there is important differences exist between the expectation of customers about service quality dimensions and the actual performance of the e-banking service provided by the Sudanese banks. However, customers are pleased with phone banking, web-based services, and automated teller machine.

3. OBJECTIVES OF THE STUDY

1. To study the extent of satisfaction of E-banking users in the study area.
2. To make recommendations regarding E-banking client's satisfaction

4. RESEARCH METHODOLOGY

The paper employed primary source of data and these data were gathered with the help of structured questionnaires encompassing a sample of 384 respondents from public as well as private sector bank customers of the one public bank Commercial bank of Ethiopia and two private banks Awash bank, and Dashen bank Addis Ababa branches. Participants were selected using Purposive sampling.

5. FACTORS AFFECTING E-BANKING PRACTICES

Speed

Generally, there is a momentous relationship that exists with the speed of the e-banking service medium and the satisfaction of customers. Specific actions, for instance, increasing the speed of dealing with information and clientele, are possible to have an immediate effect in terms of pleasing customers. Customers' satisfaction using e-banking services in correlation to the speed of the e-banking service medium is analysed in table 1.

TABLE 1: CUSTOMER SATISFACTION TOWARDS SPEED OF E-BANKING SERVICES

Speed		Summary		Strongly Agree		Agree		Undecided		Dis Agree		Strongly Dis Agree	
		AWS	Avg.	N	%	N	%	N	%	N	%	N	%
Is critical to satisfy	Pub.	0.724	3.72	32	16	94	49.0	50	26.0	13	6.77	3	1.56
	Priv.	0.807	3.81	42	22	94	49.0	38	19.8	13	6.77	5	2.60
No frequent connection breakdown	Pub.	0.089	3.09	19	9.9	59	30.7	53	27.6	42	21.9	19	9.90
	Priv.	0.292	3.29	25	13	67	34.9	56	29.2	27	14.1	17	8.85
No waiting time	Pub.	0.333	3.33	25	13	69	35.9	50	26.0	41	21.4	7	3.65
	Priv.	0.432	3.43	26	14	83	43.2	42	21.9	30	15.6	11	5.73
Response speed to the complaint is satisfactory	Pub.	-0.094	2.90	14	7.3	45	23.4	60	31.3	55	28.6	18	9.38
	Priv.	-0.089	2.91	11	5.7	47	24.5	61	31.8	60	31.3	13	6.77
Faster than traditional	Pub.	0.979	3.98	51	26	92	47.9	44	22.9	4	2.08	1	0.52
	Priv.	0.870	3.87	45	23	90	46.9	46	24.0	9	4.69	2	1.04
Timeliness of service	Pub.	0.271	3.27	22	11	63	32.8	61	31.8	37	19.3	9	4.69
	Priv.	0.557	3.56	25	13	81	42.2	65	33.9	18	9.38	3	1.56

Source: primary data

1. **The speed of e-transactions flow is critical to user satisfaction of using e-banking services.** It is clear from the analysis that the average weighted score of bank customers' opinions about relating the speed of using e-banking with customer satisfaction observed as 0.724 for public sector banks and 0.807 for private sector banks. It shows that the customer of both public and private sector banks have high agreement on that e-banking speed is one of the main reasons for the satisfaction of e-banking customers.
2. **E-banking service medium is not a frequent connection breakdown.** The above table revealed that the average weighted score of bank customers' view of the e-banking service medium is not a frequent connection breakdown found to be 0.089 and 0.292 for public and private sector banks, respectively. Unlike customers of public sector banks that were indifferent about frequent connection breakdown while using e-banking services, the customer of private sector banks agrees that there is a low connection breakdown when using e-banking service medium.
3. **Transition is efficient/no waiting time**. The analysis exhibits that the average weighted score of customers' satisfaction regarding the efficiency of transaction or no waiting time has been 0.333 for public sector banks and 0.432 for private sector banks. It implies that both private and public sector bank customers moderately agree that the transaction is efficient.
4. **Response speed to the complaint is satisfactory.** Table 1 demonstrates that the average weighted score for the bank customers' opinion about the speed of response to customer inquiries is -0.094 in the case of a public sector bank and -0.089 in the case of private sector banks. Both public, as well as private sector bank customers, agree that there is a low speed of response by concerning authority whenever bank customers apply their e-banking complaint.
5. **The speed of e-transactions flow is faster than traditional banking channels.** The analysis illustrates that the average weighted score for satisfaction with the speed of e-transaction flow when compared to traditional banking channels found to be 0.979 for public sector banks and 0.870 for private sector banks. It shows that equally public and private sector bank customers have remarkably agreed that modern e-banking reduces the lag time when they use traditional banking channels.
6. **Willingness or readiness of employees to provide e-banking services (timeliness of service, giving prompt service).** The above table displays that the average weighted score for the outlook of customers concerning the willingness or readiness of employees to provide e-banking services vis-à-vis timeliness of service and giving prompt service has been 0.271 for public sector banks and 0.557 for private sector bank. It tells that customers of private sector banks highly approve that employees of banks are ready to provide timely and prompt e-banking service for their customers.

Reliability

Reliability entails precision in billing, keeping records accurately, and providing the service at the selected time. Reliability consists of rendering services as agreed, soundness in managing clients' service problems, prompt reply to customer questions, rendering services at the pledged time, and upholding error-free recording. Generally, reliability is an essential issue in conventional service. Customers' satisfaction using e-banking services concerning the reliability of the e-banking service medium is analysed in table 2.

TABLE 2: CUSTOMER SATISFACTION TOWARDS RELIABILITY OF E-BANKING SERVICES

Reliability		Summary		Strongly Agree		Agree		Undecided		Dis Agree		Strongly Dis Agree	
		AWS	Avg.	N	%	N	%	N	%	N	%	N	%
Completes task accurately	Pub.	0.370	3.37	28	15	66	34.4	56	29.2	33	17.2	9	4.69
	Priv	0.453	3.45	32	16	68	35.4	55	28.6	29	15.1	8	4.17
Delivers exactly as promised	Pub.	0.292	3.29	24	13	67	34.9	57	29.7	29	15.1	15	7.81
	Priv.	0.469	3.47	33	17	70	36.5	55	28.6	22	11.5	12	6.25
Performs right for the first time	Pub.	0.500	3.50	22	11	82	42.7	64	33.3	18	9.38	6	3.13
	Priv.	0.630	3.63	34	18	82	42.7	53	27.6	17	8.85	6	3.13

Source: primary data

1. **E-banking completes a task accurately.** Table 6.8 shows the average weighted score of responses from bank customers regarding their satisfaction with the accurateness of e-banking in completion of tasks has been 0.370 and 0.453 for public and private sector bank, respectively. It illustrates that customers of both public and private sector banks have moderate satisfaction with the exactness of e-banking in the completion of tasks as required.
2. **E-banking delivers the service exactly as promised.** It is clear from the analysis that the average weighted score of bank customers' views about the statement e-banking delivers the service exactly as the promise is 0.292 in the case of a public sector bank and 0.469 in the case of private sector bank. It indicates that public sector bank customers highly agree on the exact delivery of e-banking service as banks promised to their customers than their public counterparts.
3. **E-banking performs the service right for the first time.** The above table indicates that the average weighted score of bank customers regarding the performance of e-banking service right at the first time is found to be 0.500 for a public sector bank as compared to 0.630 for private sector banks. Both public and private sector bank respondents agree that their e-banking performs the service well right at the first time of usage.

Design

The ambition of the artistic design is to build a website visually attractive and pleasurable. Through designing, and before execution, it is strongly suggested that users of diverse ages and with a range of capacities and constraints be appointed to try-out the new service and give a reaction. Customers' satisfaction using e-banking services concerning the design of the e-banking service medium is analysed in table 3.

TABLE 3: CUSTOMER SATISFACTION TOWARDS DESIGN OF E-BANKING SERVICES

Design		Summary		Strongly Agree		Agree		Undecided		Dis Agree		Strongly Dis Agree	
		AWS	Avg.	N	%	N	%	N	%	N	%	N	%
Attractive screen layout and design	Pub.	0.656	3.66	29	15	92	48	47	24.5	24	12.5	0	0.00
	Priv.	0.708	3.71	37	19	80	42	59	30.7	14	7.29	2	1.04
Flashy graphics and colour configuration	Pub.	0.604	3.60	35	18	72	38	61	31.8	22	11.5	2	1.04
	Priv.	0.698	3.70	40	21	80	42	49	26	20	10.4	3	1.56
In language, they can understand and listen.	Pub.	0.734	3.73	37	19	85	44	54	28.1	14	7.29	2	1.04
	Priv.	0.609	3.61	33	17	78	41	59	30.7	17	8.85	5	2.60
Ergonomic structure and design important	Pub.	0.833	3.83	42	22	92	48	43	22.4	14	7.29	1	0.52
	Priv.	0.698	3.70	39	20	77	40	57	29.7	17	8.85	2	1.04

Source: primary data

1. **E-banking service medium has attractive screen layout and design:** it is evident from the above table that the average weighted score of customers' satisfaction with e-banking provision medium has attractive screen arrangement and design has been observed at 0.656 for a public sector bank and 0.708 for private sector bank. It indicates that private sector bank customers more agreed that the e-banking service medium has an attractive screen layout and design than public sector banks.
2. **E-banking service medium has flashy graphics and colour configuration:** the analysis exhibits that the average weighted score of customers' satisfaction regarding the e-banking facility channel has flashy graphics and colour arrangement is 0.604 in the case of public sector banks and 0.698 in case of private sector bank. It shows that both sector banks almost equally agreed that the e-banking service medium has flashy graphics and colour configuration.
3. **The design is keeping customers informed in a language they can understand and listening to them:** table 3 portrays that the average weighted score of customers' satisfaction concerning the design is keeping customers up-to-date in a language they can comprehend and listening to them found to be 0.734 and 0.609 for public and private sector bank respectively. It expresses that public sector bank customers more agreed that the design is keeping customers informed in a language they can understand and listening to them than that of private sector banks.
4. **Ergonomic visual structure and design are particularly important for using e-banking services:** it is clear from the analysis that the average weighted score of customers' satisfaction about ergonomic graphic structure and design is principally essential for using e-banking services is 0.833 in case of public sector bank and 0.698 in case of private sector bank. It exposes that both private and public sector banks agree that ergonomic visual structure and design are particularly important for using e-banking services.

Privacy

Privacy can be grouped into four basic groups: privacy of information, bodily privacy, the privacy of communications, and territorial privacy. E-banking privacy is typically information privacy. The privacy of data means the capability of the individual to control information regarding a person's self. Invasions of privacy happen when individuals cannot uphold a considerable point of governing over their private information and to put into action. Customers' satisfaction using e-banking services about the privacy of the e-banking service medium is analysed in table 4.

TABLE 4: CUSTOMER SATISFACTION TOWARDS PRIVACY OF E-BANKING SERVICES

Privacy		Summary		Strongly Agree		Agree		Undecided		Dis Agree		Strongly Dis Agree	
		AWS	Avg.	N	%	N	%	N	%	N	%	N	%
Confidential information banks to customers	Pub.	0.292	3.30	25	13	67	35	56	29.2	27	14.1	17	8.85
	Priv.	0.822	3.82	56	29	70	36	44	22.9	20	10.4	2	1.04
Inform. Not pass to others without consent	Pub.	0.651	3.65	36	19	81	42	50	26.0	22	11.5	3	1.55
	Priv.	0.838	3.84	55	29	70	36	49	25.5	17	8.85	1	0.52
Third parties not able to assess customers' details	Pub.	0.537	3.54	34	18	71	37	59	30.7	20	10.4	8	4.17
	Priv.	0.781	3.78	48	25	78	41	46	24	16	8.33	4	2.08
Customers' information private and confidential	Pub.	0.422	3.42	32	17	72	38	44	22.9	33	17.2	11	5.73
	Priv.	0.771	3.77	46	24	80	42	45	23.4	18	9.38	3	1.55
Ensure protection of risk	Pub.	0.630	3.63	44	23	69	36	47	24.5	28	14.6	4	2.08
	Priv.	0.744	3.74	42	22	81	42	50	26.0	16	24.0	3	1.55
Privacy not a major obstacle to adoption	Pub.	0.271	3.27	27	14	51	27	65	33.9	45	23.4	4	2.08
	Priv.	0.812	3.81	54	28	70	36	46	24.0	22	11.5	0	0.00
Customers trust their bank about privacy issue	Pub.	0.469	3.47	35	18	57	30	66	34.4	31	16.1	3	1.55
	Priv.	0.729	3.73	52	27	65	34	49	25.5	23	12.0	3	1.55
Privacy influences adoption	Pub.	0.438	3.44	26	13	84	44	41	21.4	30	15.6	11	5.73
	Priv.	0.828	3.83	59	31	62	32	48	25	21	10.9	2	1.04

Source: Primary data

1. **Confidential information is delivered safely from banks to customers:** table 4 depicts that the average weighted score of customers' satisfaction with the confidentiality of information remains delivered securely from banks to customers has been 0.292 for public sector bank and 0.822 for private sector bank. It reveals that private sector bank customers highly agree that confidential information is delivered safely from banks to customers than that of public sector banks.
2. **Customers' financial information may not be passed on to other organizations without the consent of the customers:** the analysis shows that the average weighted score of customers' satisfaction regarding clients' financial information may not be delivered on to other organizations without the agreement of the clients' 0.651 in case of public sector bank when compared to 0.838 in private sector bank. It is clear from the analysis that customers of private sector banks highly consider that customers' financial information may not be passed on to other organizations without the consent of the customers than that of public sector banks.
3. **Third parties are not able to assess customers' financial details:** it is clear from the analysis that the average weighted score of customers' satisfaction with the statement that third parties are not able to evaluate clients' financial information is 0.537 for public sector banks and 0.781 for private sector banks. It shows that both public and private sector banks agreed that third parties are not able to assess customers' financial details.
4. **E-banks keep customers' information private and confidential:** the analysis exhibits that the average weighted score of customers' satisfaction concerning e-banks keeps clients' information secluded and confidential found to be 0.422 for public sector banks and 0.771 for private sector banks. The data indicates that customers of for private sector banks highly agreed than that of public sector bank regarding the statement e-banks keep customer information private and confidential.
5. **E-banks ensure the protection of personal information, risk of fraud, and financial loss:** the above table shows that the average weighted score of customers' satisfaction about e-banks guarantees safeguards of private information, the threat of fraud, and financial loss is 0.630 for public sector bank and 0.744 for private sector bank. It indicates that both sector banks almost equally agreed that e-banks ensure the protection of personal information, risk of fraud, and financial loss.

6. **Privacy is not significant obstacles to the adoption of e-banking in Ethiopia:** it is evident from the above table that the average weighted score of customers' satisfaction regarding the testimony that there is no substantial privacy problem for the adoption of e-banking in Ethiopia has been observed 0.271 for public sector bank and 0.812for private sector bank. It shows that private sector banks highly consider that privacy is not a significant obstacle to the adoption of e-banking in Ethiopia.
7. **Customers trust that their banks are more concerned about privacy issues and will protect them:** the analysis displays that the average weighted score of customers' satisfaction about clients' confidence that their banks are more worried about privacy issues and will safeguard them found to be 0.469 and 0.729 for a customer of public sector bank and private sector bank respectively. It describes that both sector bank customers agree that customers trust that their banks are more concerned about privacy issues and will protect them.
8. **Privacy factor influences the adoption of e-banking services:** table 4 also shows that the average weighted score of customers' satisfaction about privacy factor effects the implementation of e-banking facilities is 0.438 for public sector bank and 0.828 for private sector bank. The data indicates that private sector bank highly agreed that privacy factor influences the adoption of e-banking services.

Overall Average weighted score

After contemplating all the elements of customer satisfaction, they are joined together to get on the overall customer satisfaction level of e-banking services. The overall customer satisfaction level is the combination of nine parameters, i.e. Customer support, service security, ease of use, service content, fees and charges, speed, reliability, design, and privacy. The overall customer satisfaction with e-banking services is analysed in table 5.

TABLE 5: OVERALL AVERAGE WEIGHTED SCORE AND STANDARD DEVIATION

	No. of items	N	AWS for Govt. bank	AWS for private bank	Total AWS
Speed	6	192	0.384	0.478	0.431
Reliability	3	192	0.387	0.517	0.452
Design	5	192	0.707	0.678	0.693
Privacy	8	192	0.464	0.790	0.627
E-banking customer satisfaction	4	192	0.353	0.600	0.478

Source primary data

The above table indicates that the average weighted score of overall e-banking satisfaction is 0.478. This demonstrates that customer's satisfaction is moderate with the present services delivered by public sector bank Commercial Bank of Ethiopia as well as the private banks Dashen and Awash. The outcome is dependable with other similar studies (Sintayehu, 2015 establish a mean of 3.3. Sherefedin, 2018 establish a mean 3.42). However when comparison takes place between public and private sector banks, the analysis of the respondents shows that private sector bank customers are more satisfied than a public sector bank customers with an average weighted score of 0.600 and 0.353 respectively, and these specifies that private sector banks relatively provide superior e-banking facility than that of the government banks.

Table 5 also analysed the speed of the e-banking medium, conducting in conducting their e-banking need. The respondents give an average weighted score of 0.431, which is the lowest next to fees and charge and customer support. Therefore, it is inferred from the table that the respondents of both public and private customers exercise slower speed to fulfil their e-banking transactions. This result is consistent with the study of (Dhandayuthapani, 2012).

Furthermore, the analysis of the response specifies that reliability has a mean score of 0.452. Still, the customer of the three bank rates the variable above satisfactory level. Also, the finding is in line with a number of researches (sherefedin, 2018, Sintayehu, 2015, Meron, 2015; Ongori, 2013; Zhou, 2004). This shows that the customers of CBE, DB, and AB give their consent that their respective bank provides E-banking services precisely as a promise.

The above table also shows design has a strong impact on the satisfaction of the users of e-banking services. The respondents of both public and private sector banks in aggregate rated design with an average weighted score of 0.693. This suggests customers agreed that the design of the e-banking service medium is as they required. These findings are supported by the study of (Dhandayuthapani, 2012). This means the respondents are happy with the ergonomic visual structure and design of the e-banking service medium.

Finally, out of the study variables, privacy has the highest value next to ease of use and design with the average weighted score of 0.627. The customers are highly satisfied, or they are feeling good regarding the privacy of e-banking practice regarding the average weighted score. The result is in line with preceding researches (Dhandayuthapani, 2012). The result indicates that customers of the banks are agreed on confidential information is delivered securely from banks to the e-banking service users.

6. RECOMMENDATIONS

Banks should increase the speed and reliability of e-banking service by using modern technologies to sufficiently please customers.

Banks should assign individuals who handle customers' complaints, and their feedback about the electronic banking services provide by the bank. This not only helps customers but also benefits the bank in collecting valuable information for imminent progress on automated service.

Banks should work on the indicators of these dimensions to give a high level of satisfaction for their customers.

7. CONCLUSION

This study provides the analysis of the view of the client of public and private sector commercial banks about customer satisfaction on e-banking services in Addis Ababa city.

The outcome demonstrates that there is statistically significant difference arises among the satisfaction of public e-banking customer and private sector bank on features for instance Speed average weighted score of (0.384) and (0.478), Reliability (0.387) and (0.517), Design (0.707) and (0.693), and Privacy (0.464) and (0.790) respectively.

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