



despite clear directives given about a year ago to the public sector banks for improving the quality of customer service, its implementation at the branch level has been quite tardy. Banks have not been able to improve the quality of their customer service, the review said.

### **EMERGENCE OF CONSUMER MOVEMENT IN BANKING SECTOR**

The Bankers are experiencing mounting customer expectations each day. The new directives from Government to strengthen the machinery for redressing customer grievance and improving customer service has put extra pressure on the present day bankers. It is, therefore, necessary to study the new trends and evaluate our responses to this new situation facing which the Banking Industry will find itself lost in the current and cross currents.

In the countries like United States and those in Europe, with the advancement of economy, the industrialist class became stronger; side by side the trade unions also emerged as powerful 'power-centres'. An equally powerful consumer movement emerged in these countries over a period of time. This consumer movement made the average citizen more aware about his rights as a 'consumer' vis-a-vis., manufacturers, traders, service agencies like banking etc. Large sections of people who were not otherwise organised under unions, guilds, etc., immediately identified themselves with the consumer movement.

In India, after independence the industrialists have improved their strength and position as our country has progressed over the years. The trade unions have also strengthened themselves and more and more workers got organised throughout the country. However, the consumer movement was conspicuously absent in our country in all these years.

With the sudden expansion of TV network in the last few years, a new mood is prevalent and large number of people are getting more conscious of their rights and hence their expectations are rising. The TV programmes are no longer more entertainers but are trend-setters, giving the necessary fuel for strengthening the consumer movement in our country.

### **CUSTOMER SERVICE IN BANKS : SOME OBSERVATIONS**

Before we consider the implications of rising customer expectations and the increased level of awareness, it will be useful to examine the state of affairs so far.

The general impression one gets by taking to a cross section of people is that they are not happy with present state of affairs. The areas wherein the depositor has highest grievance is that of customer service. The complaints are legion. Few illustrative samples are narrated here.

#### **(I) *Time Parameter***

In urban area, time is money. For a working couple, office goes and other

ordinary depositors who have to conduct personally their banking transactions, time is the essence in their bank dealings. When they find the counters do not open on time and ordinary service like cheques encashment or issue of draft make a mockery of the clock, they are naturally upset. The biggest irritant with regard to time parameter is the delay in clearance of cheques. Thus an opportunity has been provided to critics.

### (ii) System Failure

A host of problems arise from what can be described as systems failure. Failure to encash demand drafts on presentation, delay in encashments of OBC cheques, failure to encash traveller's cheques, wrong transfers from one account to another, and many such examples can be quoted. According to the experience of many depositors, failure to faithfully implement the system is the cause of poor customer service.

### (iii) Service Charges

In recent years, an area of major conflict between banks and depositors is the imposition of various service charges. The resentment is not over the service charges as such, but what appears to depositors as arbitrary imposition of unreasonable service charges.

### (iv) Complicated Procedures

Sometimes, customers feel irritated if there are irrational rules and restrictions putting them to hardships. Even in genuine cases, the rules remain inflexible. In some banks, their internal rules framed some decades back do not allow them to offer certain concessions to solve even the genuine problems of the depositors.

Table 1 given below gives the figures of customers' complaints received by the R.B.I. during past few years. The figures include complaints received in respect of public and private sector banks. One notices that there is no decline in numbers, on the contrary, there is some increase in the number of complaints.

Table 1 : Customer Complaints against Banks

Period	Number of complaints received	Increase (+)/ Decrease (-) in the number of complaints	Percentage Increase (+)/ Decrease (-)
1-7-1988 to 30-6-1989	4315	—	—
1-7-1989 to 30-6-1990	4664	+349	+7.46%
1-7-1990 to 30-6-1991	5059	+495	+8.46%

This table is self-explanatory so far as the current status of customer service despite the existence during the last few years of the elaborate machinery set up for this purpose.

### CUSTOMER AWARENESS AND CUSTOMER EXPECTATIONS

This brings us back to the question of customer awareness and customer expectations. The best way of dealing with the problem would be to enhance the customer awareness and with it the level of their expectations. The best antidote to lethargy and lack of courtsey on the part of bankers is an alert clientele - a clientele that is alive to its rights and is prepared to fight for them, only then will our customers cease to be taken for granted. To understand the level of customer satisfaction regarding bank services, a national level survey was conducted by N.I.B.M. in 1986. In this survey, consumers from urban as well as rural areas were included. The findings of this survey are shown in Table 2. The findings are self-explanatory and make it clear that bankers have to strive hard for better customer service and to develop a healthy image of banking industry.

Table 2 : Customers' Opinion about Different Bank Services

Sr. No.	Particulars of Service	Percentage of customers satisfied with the service			
		URBAN		RURAL	
		Bank Savers	Institutional Savers	Bank Savers	Institutional Savers
1.	Cash Withdrawal (Speed)	82	69	82	77
2.	Cash Acceptance (Speed)	83	70	81	79
3.	Updating Passbook/ Statement of Accounts (Timeliness)	78	*	73	*
4.	Legibility of Entries in Passbook	78	*	*	*
5.	Collection of Local Cheques (Speed)	72	64	*	69
6.	Collection of Outstation Cheques (Speed)	63	44	73	48
7.	Timeliness of sending Credit/Debit Advice	68	52	*	62
8.	Issue of New Cheque Book (Timeliness)	81	64	*	75
9.	Purchase of Demand Draft (Speed)	71	51	73	62
10.	Encashment of Demand Drafts (Speed)	69	*	*	*

\* Not analysed due to the percentage of response being inadequate.

Source : All India Savings and Deposit Trends and Patterns : A National Level Survey sponsored by IBA, Conducted by National Institute of Bank Management, Pune, 1986.

## **SUGGESTIONS TO IMPROVE THE CUSTOMER SERVICE IN BANKS**

The question as to how to improve customer service in banks is being discussed in all corners of the banking sector. Following few suggestions may be made to improve customer service in banks.

- 1) Banking industry is a service-oriented industry and not just a money lender. Banks should, on the contrary, act as marketing companies and not as agencies allocating funds to private sector. This is to say that the Indian banks should adopt some of the aggressive methods adopted by foreign banks in the area of customer service.
- 2) There should be attitudinal changes in the approach of bank employees towards customers. Work ethos should improve. There should be one union instead of multiplicity of unions in banks.
- 3) The monolithic and bureaucratic nationalised banks must be given greater authority and accountability at operating levels. A structure where incentive is linked to performance will automatically lead to greater efficiency. If large organisations are divided into more efficient, independent outfits, computerisation must be allowed to take place. This will only change the character of employment and will not adversely effect the magnitude of employment.
- 4) As regards consortium lending, the decision of lead banks should be binding on all member banks of the consortium. In other words, there should not be multiplicity of banks, but there should be a coordinated approach among members.
- 5) Credit reappraisal takes too much of time. If targets for preceding year are achieved, limits sanctioned to corporate clients must automatically continue for the next year. Instead of credit-deposit operations, banking services should be far more broad-based.
- 6) In order to allow competition, the RBI should allow setting up of banks in the private sector which alone can help eliminate monopoly situation of the nationalised banking sector. Service charges of banks should be governed by free market competition.
- 7) In order to ensure smooth take-overs and continuity to maintain a particular degree of speed, Chairman and Managing Director of banks be appointed, well in advance, for reasonable period.
- 8) Changing of account from one bank to another should be made simpler and easier in practice.

Citi Bank was the first to undertake a large scale personalised banking venture. They targeted upwardly mobile upper middle class as their clientele. A look at their product range and related services is indicative of the market segmentation done. They were on a surer ground and they had a reason to be so. After all, they had packed up their offices with executives picked up selectively from high flying marketing oriented consumer product companies. Their marketing blitz and carefully chosen catchy product

names were a part of a well-thought-out marketing strategy. All this paid rich dividends too and Citi displaced many a foreign bank to reach the top slot among them. ANZ Grindlays, Stan Chart and other foreign banks too have squirmed up albeit balatedly. They have tried to create niches for themselves -- what with products like High Performanz, My Money and Platinum Club aimed at exclusive and specifically targeted market segments. In fact all these happenings are far removed from the traditional products focus of the Indian banks.

The scenario is changing fast and it will change at an accelerated pace when the Indian financial sector is integrated with the global financial markets in line with the government's new emphasis on globalisation of Indian economy. These developments will not only require the banks to undertake reorientation of domestic business but also to design products and financial services with a global perspective.

Customer loyalty, traditionally taken for granted, is gone as consumers shop around for the best service rather than relying on the "family bank" for all their needs. Three questions will pose themselves before the bankers in this context :

- 1) Are branch managers ready to confront the biggest challenge retail banking has ever faced -- to balance the customer's desire for convenience service with the need for cost-efficient delivery?
- 2) Will the prospect of lower costs attract banks to branchless banking?
- 3) Or will they "bank on branches" and actually embark on expansion?

To find answers to these questions, market research will come as a handy aid and bankers will have to select their own mix of :

- Strategy
- Products and Services
- Marketing and Distribution
- Organisation.

Indian banks can draw upon the experience of banking industry elsewhere in the world like the success of home-banking in Scandinavian countries or postal banking in the Netherlands. However, Indian banks will have to address themselves to an agenda urgently keeping in mind the market peculiarity and customers changing preferences.

## **CONCLUSION**

The situation is still controllable and not out of hand for the banks. Individual bank managements and their employees must realise that they have to face the new challenge of 'Consumer Movement'. Customer expectations are certainly mounting and customer satisfaction is becoming increasingly difficult. In times to come this trend will not die down but will become more

strong. A studied approach and meaningful communication with individual customers and more particularly with the large body of clientele, backed by positive actions to improve customer service and reduce the areas of grievances is very necessary. The other necessary measures are customer education about rules and regulations. The employees require intensive training in banking operations as well as behavioural sciences like interpersonal relations, communication and customer satisfaction. The location, layout, decor, cleanlines etc. are as much important as good counter service and speedy disposal of work. Another area to be looked into is uniformity of procedures. Customers will undoubtedly compare services as their awareness increases.

Lack of uniformity in banking operations in offices will lead to complaints. More importantly the need for a change in the attitude on the part of the bank employee is paramount. If customer complaints are considered a nuisance, it will add insult to injury. There must be a genuine desire to redress grievances of customers and not mere lip-service. In the coming years both managements and employees must put their heads together and meet this new challenge effectively.