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CHAPTER - IV

CONCEPTUAL STUDY OF CUSTOMER SERVICES

IN BANK

4.1 DEFINITION OF A BANKER :

It is difficult to give a precise and exact definition of the term banker, in view of the variety of usual services being rendered by modern banks. Bank renders a number of useful services to the customers that help to promote or expand their business.

Section 3 of the Indian Negotiable Instruments Act, 1881, which corresponds with Section 2 of the Bills of Exchange Act, 1882 states that the term banker includes

persons, or a corporation, or a company acting as bankers. But this definition is not at all a satisfactory one because, the Act does not state as who can act as banker.¹ Before the passing of Banking Companies Act, 1949, there was no satisfactory definition of the term banker. Under Section 5(1) of the Banking Companies Act, 1949, 'Banking means the accepting for the purpose of lending or investment of deposits of money from the public repayable on demand or otherwise and withdrawable by cheque, draft, order or otherwise.'² It will be seen that the essential characteristics of banking business are defined in above definition are :-

- 1) Acceptance of deposits from the public.
- ii) For the purpose of lending or investment.
- iii) Repayable on demand or otherwise, and
- iv) Withdrawable by means of any investment whether a cheque or otherwise.

Sir John Paget, a prominent authority on Practical Banking gives a clear-cut meaning of the term banker. According to him, "No one and no body corporate or otherwise can be a banker who does not -

- i) take deposit accounts,
- ii) take current accounts,
- iii) issue and pay cheques drawn on himself,

iv) collect cheques for his customers."³

In this definition Sir John Paget has tried to give clear-cut meaning and concept of banker. He states that no one can be a banker who does not take deposit accounts, take current accounts, issue and pay cheques, crossed and uncrossed, for his customers. He further adds that if the banking business carried on by any person is satisfactory to some other business, he cannot be regarded as banker.

Thus a banker means an individual, partnership form or a company whose sole or predominating business is banking which implies the receipt of deposits repayable on immediate demand or after specified period or notice, and payment and collection of cheques, drawn by or paid in by the customer. Acceptance of deposits with a view to profitably, employ them and at the same time undertaking to repay them to the respective account holders as and when they demand constitutes the central theme of banking business.

H. L. Hart brings his treatises on Banking Law with the definition of a 'Banker'. According to him, "A Banker or Bank is a person or company carrying on the business of receiving drafts for customers, subject to the obligation of honouring the cheques drawn upon them from time to time by the customers to the extent of the amounts available on their current accounts."⁴

The explanation added to Section 5 of the Banking Regulation Act clearly brings out this aspect of Banker's concept. "Any company which is engaged in the manufacturing of goods or carries on any trade and which accepts deposits of money from the public merely for the purpose of financing its business such manufacturer or trader shall not demand to transact the business of banking within the meaning of the clause." Industrial and commercial undertakings accepting deposits, offering the facilities of withdrawal to the depositors cannot be included in the category of Bankers. Bankers, therefore, deal in money, custodian of deposits, lender of money, payer and collector of cheques, discounters of Bills of Exchange etc., issue of letters of credit, drafts, bailee of valuable articles in safe custody, investor in securities, banker mobilises savings finances business, renders useful services to the community and hence functions as harbinger of economic progress and prosperity.

From the above discussion following characteristics are drawn up of a 'Banker' as a legal term.

1. Receipt of deposits with an undertaking to repay on demand or after specified period for which credited to separate customers.

2. Payment of cheques or similar negotiable instruments drawn by customers, on demand, upto the extent of credit balance available in their respective accounts.
3. Collection of cheques on behalf of the customers and crediting the proceeds to their respective accounts.
4. Lending and investing the money at his disposal in suitable assets to earn profit.
5. No firm or any undertaking can use the words 'Banker' or 'Banking Company' or 'Bank' unless it is carrying on banking functions as a sole or prominent object of its business.
6. Banking should be the ordinary or normal business and not a casual, incidental or exceptional business.

From the above discussion, we have clearly understood the concept of banker. The term banker is the technical term and it is used in practice as 'Banking'. The terms banker and banking both are synonymous. The term banking or bank is used in day-to-day life. Term banking has its own meaning, which is as :

B = Backing of efforts for Nation's economic prosperity.

A = Advancement of working capital loans for raising crops.

N = Nutrient food. As your money helps weaker farmers and landless labourers to purchase milch animals.

K = Keeping your ideal money safe and grow at faster rate.

I = Industrial development especially amongst weaker sections of society.

N = Numerous deposit schemes to suit your pocket and purposes.

G = Getting of prompt courteous and ~~xxx~~ efficient services.⁵

4.2 DEFINITION OF A CUSTOMER :

"Mahatma Gandhi says, A customer is the most important visitor on our premises. He is not dependent on us. We are dependent on him. He is not an interruption on our work. He is the purpose of it. He is not an outsider on our business. We are not doing him a favour by serving him. He is doing us a favour by giving us an opportunity to do so."⁶

The term 'Customer' of a bank is not defined by law. The view of authorities on Banking Law and the decision of the Courts can be cited to ascertain the legal connotation of the term customer. Generally we may say that anyone having an account in a bank can be called as its customer.

There are two approaches to the definition :

1. Customer is one who has opened an account at a Bank.
2. Customer is he, who has both opened an account and has also made use of it.

It is clear that the bank accepts deposits from a person by opening an account in his name. The account-holder of a bank can thus be recognised as a customer.

In Sir John Paget's view, "to constitute a customer there must be some recognisable course or habit of dealing in the nature of regular banking business. It has been through difficult to reconcile the idea of a single transaction with that of a customer ; that the word predicates, even grammatically, some minimum of custom, antithetic to an isolated act." This definition of a customer of a bank lays emphasis on the duration of the dealings between the banker and the customer and is, therefore, called the 'duration' theory. According to this point of view a person does not become a customer

of the bank on the opening of an account, he must have become accustomed to deal with the bank he is designated as a customer.

Broadly speaking, a customer is a person who has the habit of resorting to the same place or person to do business. So far as banking transactions are concerned, he is a person whose money has been accepted on the footing that the banker will honour upto the ~~amount~~ amount standing to his credit, irrespective of his connection being of short or long standing.

According to Dr. H. L. Hart, "A customer is one who has an account with a banker or for whom a banker habitually undertakes to act as such."⁷ This definition indicates that one for whom the bank undertakes to provide the necessary and usual facilities (acceptance of deposits, granting of loan etc.) can claim to be a customer of that bank. These facilities are made available only when an account is opened in the books of the bank. The person for whom the bank has agreed to open an account deposit or current, will have all the attributes of a customer. In everyday use of the word, customer denotes a person who resorts to the same place or persons habitually to do business. A person who has willing to become a customer he must have to fulfil two conditions i.e. an offer by a person to open some sort of accounts and bankers' willingness to accept such an offer.

An important consideration which determines a person's status as a customer is the nature of his dealings with the banker. It is evident from the above that his dealings with the banker must be relating to the business of banking. A banker performs a number of agency functions and renders various public utility services besides performing essential functions as a banker. Broadly speaking, customer can be defined as one who uses bank or a potential user of the bank services. The word customer is also applicable to another Bank for whom a Bank collects the cheques i.e. one bank may be a customer of another bank. A customer of one branch is not a customer of another branch the bank does not maintain any account.

Different types of customers who are coming to the bank e.g. Minor, Married, Women, Illiterate Persons, Lunatics, Trustees, Executors etc. Naturally the nature of customer and his customer services varies from one customer to another. In modern banking business customer's satisfaction has become the main obligation of the banker. A person who merely comes to a bank for depositing - valuables in safe custody or to collect the proceeds of cheques across the bank counter cannot be called as the customer unless he is an account holder of the bank with a single transaction or manifold transactions passing through that account." Account is prelude to Banker-Customer Relationship.

Therefore, we can deduce the following requisites to constitute a customer.

- i) Opening of an account with a bank by depositing cash or by paying in cheques for collection.
- ii) Existence of an account is sufficient to constitute the account holder as the legitimate customer of the bank, even if he does not frequently operate his account. Stray dealings do not disqualify a customer, as long as his account exists in the books of Banks.
- iii) Duration of the 'account' is not a material factor in determining whether the person is a customer or not.
- iv) Intention to avail oneself of the primary facilities provided by the banker is essential feature of the concept of a bank customer. Any casual service rendered by a bank to person does not by itself make him a customer.
- v) Since anyone can become a customer of a bank as soon as account is opened for him, it is essential for a banker to ascertain the reputation and integrity of the concerned persons before agreeing to transact the dealings with them.

vi) A man will be deemed to be a customer even if his account is overdrawn. If a person secures from a bank an agreed overdraft never paying in but giving good security paying interest and drawing cheques on the account, he can be presumed to be a customer.

vii) Customer may be Individual, Partnership Firm, Association, Co-operative Society or Joint Stock Company etc.

4.3 DEFINITION OF SERVICE :

We have already seen the definitions of 'Banker' and 'Customer'. After that the definition of 'Service' is essential to be considered. At present in competitive world the importance of bank services is increased day-to-day. For this purpose, we have need to see the definition and meaning of service.

"A service is any activity or benefit that one party can offer to another that is essentially intangible and does not result in the ownership of anything." According to the American Marketing Association, "Services as activities, benefits or satisfaction which are offered for sale or are provided in connection with the sale of goods."⁹ From the above definitions, we assume that in

services two parties are necessary, one party offers sale services and another willingly accepts such an offer.

Service is an art used by banker with its customers. Banker must be always ready to serve its customers. Banker should try to serve to its customer as much as possible. The peculiar characteristics of services create challenges and opportunities to the service marketers i.e. bankers. Some of the important characteristics are as :-

1. Services are intangible. They cannot be seen tasted, felt, heard or smelled before they are bought.
2. A service is inseparable from its source, whether it be a person or a machine. Personal service cannot be separated from the individual.
3. As a marketable commodity, a service has a high degree of perishability. Time element assumes unique importance. It cannot be stored and carried forward.
4. Services are highly variable, as they depend on who provides them and when and where they are provided.

5. The quality of services offered by the competing firms cannot be uniform or standardised. It is difficult to judge accurately the quality of service.

4.4 DEFINITION AND IMPORTANCE OF

BANKER - CUSTOMER RELATIONSHIP :

India is well developed banking country. There is a large number of banks in public as well as private and co-operative sectors. After the nationalisation of 14 big private commercial banks there is a complete compartment between nationalised and private and co-operative banks. Gradually, there grew a competition between nationalised and private banks. The main function of the bank is to serve customers as much as possible. For this purpose at present there is sound competition among the nationalised banks and private, as well as co-operative banks. Every bank try to get more customers, by rendering good and useful services as compared to other banks. By the way of rendering good services to customers banks try to establish good relations between customers and itself.

"Customer relation is the art of getting alongwith people. It is related to the creation of an awareness in the customers present and potential of the bank's genuine interest in their planning. Customer relations go to built-up

the general reputation a bank has to earn in the community it seeks to serve."¹⁰ Good customer relation begin when a person seeks to open a bank account. Bank customers are basically of two types, depositors and borrowers. Both types of customers are equal important for the bank, for this purpose bank has try to make satisfy to depositors as well as borrowers.

"The relationship of banker and customer is primarily that of debtor and creditor." This relationship between banker and customer does not give a complete picture. Ordinarily a banker is not the depository or trustee of a customer, except in cases of deposits of securities or valuables with the former for safe custody, as in these cases the priorities belong to the customers and not to the bankers. A bank may act as an agent of its customers only when it undertakes to buy or sell securities, collect cheques and other instruments, and to serve as a trustee, executor attorney or correspondent, on behalf of the latter.

The relationship between a bank and customer, services is a vital and dynamic one. The subject of a banks customer relations is not directly sales and promotions but the effective functioning of the bank as a vital organ in the customer's economic life and growth. Customers expect many things from his banks. Firstly, security for deposits

secondly, as high a rate of interest as possible and, thirdly, good services. Customer look to the bank for financial guidance, for participation in customers' activity and for advice and help on various social affairs. Good customer relations create a positive image of the bank in the community and help in maintaining and increasing its business.

In order to have success banks should provide service to the full satisfaction of customers. Bank should maintain smooth relations with the customers. The aim of having proper customer relations is to create opinion for the bank. A bank operates among the public and sells its services to the prospective customers and exists mainly due to the patronage of the customers. So it has to develop good relations with the bank and made them like the bank. To have good customer relations bank has to do all those things which create favourable impression.

Having good customer relationship is nothing but having a skilled communication of ideas to the various types of customers with the object of producing a desired result. Good customer relations create a public image of bank's products or services. Though good customer relations bank can work out policies and action plans which either will build up or destroy customer goodwill.

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4.5 IMPORTANCE OF BANK SERVICES :

Banking is nothing if not a services. Banks are business organisations selling bank services. Banking is a service industry and bankers are expected to give top priority to satisfactory service to their customers. Whether customer be a depositor or borrower or one who uses the other services provided by banks, the motto should be, "Customers' satisfaction." Service is the end-product of a bank's work and its success depends on the range and quality of the services it can offer to its customers, big as well as small.

It is necessary for banks to continuously assess and reassess how customers perceive bank services, what are the new and emerging customer expectations and how these can be satisfied on an ongoing basis. Appraisal of customer service thus must be an essential activity for all banks to be carried out meaningfully. Customer service is an extremely dynamic concept. What is good customer service today may be indifferent service tomorrow, and bad service the day after. For that purpose bank must be always try to understand the expectations of their customers. There is a general consensus that the service presently rendered by banks needs, and is capable of vast improvement.

Now-a-days banks have no more remained financial institutions working for profit. They are looked upon as social organisations rendering financial services to subserve socio economic objectives of the society. The social obligations are in the form of services that the bank renders to its customers. From this prime function of bank, can be defined as creation and delivery of customers. This banks being service industry each and every person has to contribute something tangible to the development of growth of institution.

Banks must provide service and that bankers are there to serve. The most efficient way for bankers to serve/ work towards social and economic targets set by Government and to be of service to his customer is to bring the banks full range of service to his customers' attention. It is not enough to know what your customer wants. What he wants may not be what he needs, his wants may not be always in his best interest. The bank must be able to assess the genuine requirements of his customer and try to satisfy them.

The success or failure of any bank is purely depends upon the efficiency of the bank to serve of its customers. At present days customers expects more and more services from banks. So firstly bank must be know the expectations customers and then try to satisfy them. Unfortunately, now-a-days the quality of service is deteriorating day by day. An

impressionistic survey conducted by the Reserve Bank of India's Development of Banking Operations and Department has found the management of the commercial banks being responsible for the deterioration in banking services.

4.6 MARKETING OF BANK SERVICES :

4.6.1 MEANING AND IDEA OF BANK MARKETING :

In modern India, banking industry is a large developed industry. There are a number of opportunities to customers for getting services from bankers. Customer is not dependent upon any banker. The present day banker is required to go and knock at the door of the customer to get the business. Apart from this the business of banking is changing swiftly competition is growing technology advancing rapidly, costs are mounting. One way to get over there is adoption of marketing approach to banking services.

For this purpose it is important to know the meaning of marketing. 'Marketing is a total system of interacting business activities designed to plan, price promote and distribute products and services which satisfy wants both of the present and future customers.'¹¹ -
Marketing is the process concerned with creating, delivering and satisfying customer's demand. According to Warner's concept of marketing, 'Marketing is totally different from

selling. Marketing is ascertaining what the customer needs and then attempting to supply them, selling is merely providing what you have available.

The concept of marketing in banking is merely different from other industries. "Bank marketing is the identification or creation of customer demand followed by provision and selling of customer satisfying services as the key to achieving bank's corporate objectives."¹³ Bank marketing concept requires bank first to identify the needs of market and then design the product, fix the price and market the same through proper channels and by sales promotion. Thus marketing functions of the banks are :-

1. Identifying prospective customers and their financial needs.
2. Determining new services.
3. Estimating and forecasting size of market.
4. Seeking out markets banking needs i.e. finding out the requirements of various sectors and sections of the society.
5. Determining bank's share in the total market.
6. Forecasting economic growth and changes in economic activity.

7. Forecasting bank deposits, including estimation of potential deposits of the area.
8. Selecting locations for future offices i.e. both area and site.
9. Probing bank's image with customers and other competing institutions.

There must be a continuous effort on the part of banks to evaluate the effectiveness of their marketing strategies for various services for improving those services.

4.6.2 IMPORTANCE OF BANK MARKETING :

We have seen the meaning of bank marketing. It is clear that the concept of marketing has received proper attention in banking. In this competitive world the success of banking industry is purely dependent upon its ability to rendering services to customers. Customers not only want certain services but also want them in the right amount and quality. If bank customers have to stand in long lines or confront frowning bank tellers, they might switch to another bank."¹⁴

Banks have to try to understand customer's psychology in their dealings with the banks. Banks have to satisfy their customers so that not only their relationship

with the banks should continue but it will also become beneficial and attracting new customers to the banks. A very important aspect of the customer satisfaction is the treatment the customers receive at the hands of the bank personnel who actually interpret the working of the organization. The success or otherwise of the organisation in marketing the banking services depends upon these personnel. Hence such persons should get training not only in the work that they have to handle at the countries or behind the countries but also in the techniques of receiving courteously and assisting the customers. This will help in building a good image of the banks. In other words banks should continuously strive for better ways of meeting customer needs. Thus the relationship between bankers and customers is not merely of debtors and creditors but it should also embrace the super added obligation on the part of the bankers to honour the customers need effectively and efficiently.

The forces of competition oblige the banks to be in continuous search of avenues for making themselves more useful to the society i.e. to find out ways and means to sell their services effectively and efficiently to a larger section of the society. Efficient and quick service has a publicity value and hence will act as an instrument for deposit mobilisation.

The main problem in customer service is that of identifying customer expectations and devising ways and means of meeting the reasonable one. Another important aspect of customer service is the communication between the management, employees and customer of the banks. Many a time most of the employees do not know what their management stands for and what their objectives are with the result that they are unable to project the image of the banks in the society. If there is constant two way communication between the customers, employees and management, this will boost the morale of the employees and will motivate them to render satisfactory services to the customers and organisations.

Marketing is the process concerned with creating, delivering and satisfying customers' demand. In marketing the process stands with the customers, whose needs are determined before searching for the requisite goods or services. Thus marketing will have to be customer oriented. Successful marketing is based on the correct analysis of the market situation. Without a proper marketing effort, even the best services can fail to yield full social utility. Marketing can help to get the right goods and services to the customers. Marketing in banking industry implies working backward from customers' needs. In other words banks should think of marketing their services in

such a way that it will bring optimal satisfaction to the customers. Such a marketing effort will increase the reputation of the banks and will also attract larger number of customers.

There must be a continuous effort on the part of banks to evaluate the effectiveness of their marketing strategies for various services for improving those services. Thus the main objectives of successful marketing programme are to create an awareness in the people for the bank services, to coax the people to give a trial for the services and to persuade them to adopt those services afterwards. Hence the importance of marketing functions in banks lies in their contribution to maximise customers' utility. If banks want to be effective in their marketing activities, the goals must be clearly defined by the management for every kind of service the banks sell.

The banks should not remain satisfied by selling only those services which the customers are demanding, but should strive in creating additional demand for bank services from the old as well as new customers. Even in an urban centre banks have not been able to attract all the people to buy banking services. To the extent bank have not been successful in selling the services to

all the customers in a market, it would be a profitable exercise to try to determine why this is so.

It can be said that, bank marketing means the creation and delivery of customer satisfying services at a profit to the bank. An outline of marketing would include a series of guidelines as to how best it can be applied to banking industry in its relationship to customers. It is not enough to know what your customer wants. What he wants may not be what he needs, his wants may not be always in his best interest.

4.6.3 BANKING : AS A SERVICE INDUSTRY :

The term 'Industry' means to establish any business for buying, producing and selling some commodities and services. Banking is also one type of industry which gives more stress on rendering services to its customers. Banking is a service industry, not a productive industry. Some criterias of other industries are found in banking business and, therefore, banking business is also called as an industry.

Banks purchase factors of production, such as various types of deposits, land, labour etc. and produce a wide variety of 'products' such as loans, investments and other financial services. In this sense banks are firms

trying to earn profits. Banks derive their income mainly through interest by investing a major part of the deposits mobilised. Thus bank's income depends as much upon attracting additional deposits as on making proper investments i.e. advances. Like any other firms, banks are also trying to maximise future discounted stream of income or profits subject to many constraints. Supply and demand functions are not rigidly equated by the price (i.e. interest rates) alone but also influenced by habits, customs and environments etc. of the customers and bankers. -

banking essentially means performance of financial services, and in this sense the prime purpose of a bank is to sell financial services. Mobilisation of resources is one fact, although an important one, of the various services sold by banks. Originally banks were selling very few services, but with the passage of time a number of services have been ~~and~~ either added or improved. Customers of banks are heterogeneous in their demand for financial services. For example, retired persons may want to buy the service of investment, firms may desire to buy the services of 'advances' and 'discounting of bills' etc. Thus the art in banking is to sell that 'mix' of services which yields the highest expected - discounted stream of profits. If we compare banks with

some of the other financial institutions it appears that banks are less efficient. It is true that service charges of the unorganised sector of banking are high, but no one can deny that the services marketed by these sector are always tailored to meet the needs of the customers efficiently and promptly.

The Indian banking industry stands at the cross-roads today. It can go the way of indigo plantations and a number of technologically outdated industries and absoloscent institutions which did not read the sign on the wall or it can modernise itself, imbibe customer consciousness, and become a powerful catalyst of social change, and can convert Indians into world bankers by the turn of the present century.¹⁵

4.7 IMPROVING THE QUALITY OF BANKING SERVICES :

A search for improving the quality of banking services is certainly not new to banks. Checking, cross-checking, varification, authentication, audits, inspection, supervision and follow up of loans all the processes that form the care of banking operations are indicative of the concern of the banker to avoid mistakes and errors and ensure accuracy. And this, in itself, is a part approach to maintain quality of service.

However, in the present context when banking job profiles are changing and when banking institutions are required to play a leading and positive role in shaping the socio-economic life of the vast mass of the community, the need for a definite change in the above approach cannot be underscored and what is production quality in banking services. If design quality is born out of imagination in the beginning of an operation, production, quality embraces the whole process of performance of the service.

The problem of improving the quality of banking services has another dimension, too, and it is that there are no proper standard in banking industry. In fact as things stand, precise standards in diversified fields of banking activities are not possible. Secondly the standards that have developed primarily do not owe their origin to cater to customer satisfaction.

For the purpose of improving the quality of banking services, bankers need to be trained a fresh and extensively in the art and science of giving good customer service.¹⁶ There are many elements of good customer service which are well known prompt cash payments and receipts at the counter, efficient pass-book and statements service, reasonably quick collection and remittance services, early decision on credit application, patient attention to

complaints and service with a smile. May be something more or less is required but these are the areas which constitute 90% of public dissatisfaction with banking services.

But that is not the point of good customer service. It is actually quite different. The quality of customer service in banks has sunk to very low and poor levels, because of two vastly different reasons. Firstly, is that even simple daily routine services have broken down. Being in a seller's market, bankers have forgotten the distinction between internal accounting and administrative routine and attention to the customer over the counter or across the table. The second area in which customer service is lagging behind is that of special situations.

Customer service should also be improved in order to attract deposits. Through better customer services banks can mobilise more deposits. The Union Finance Minister, Shri. V. P. Singh said that the "Customer counter was the face of the banking systems and the people at large judged them by this face."¹⁷ Counter is the most important contact point only through satisfactory counter services banks can build up and maintain a favourable public image necessary for attracting deposits and prospective customers.

4.8 EMPLOYEES DEVELOPMENT FOR EFFICIENT CUSTOMER SERVICE :

A civilised and well educated employee is the asset of bank. The employee who is serving in bank he must know about the banking policy for customer services. Customer service is an art which is dependent upon banking policies toward customer and efficiency of employee of behaves with customer. For that purpose the employee in bank must be well trained and well developed. Training will not only increase the working efficiency of the bank personnel but will also satisfy the customers through efficient and quick services. Efficient and quick services has a publicity value and hence will act as an instrument for deposit mobilisation.

Banking is a service industry and so it has to give more tress on services. Bank must be always try to become satisfied to customers as much as possible."Customer dissatisfaction in the banking industry is neither recent nor unknown."¹⁸ National Institute of Bank Management has made two major contribution. One is to provide empirical evidence using all rigorous of research in regard to the extent of customer satisfaction or dissatisfaction in the industry. The second is to identify specific areas of banks operations where customer dissatisfaction is high so that action strategies could be developed around such area.

Quite logically an important point of intervention for improvement in customer service has been identified as the systems and procedures of the banking industry. There is a growing awareness in the industry that the system needs a thorough overhaul for providing expeditious service to the customers and one can reasonably expect that this awareness would soon be translated into action leading to positive outcome. This in similar instances lead one to the inevitable conclusion that the crucial factor in customer service is the attitude of the employees. Firstly, the employees should have a basic commitment to the goal of speedy customer service. Secondly, given the commitment they are much more likely to come up with innovative ideas for modification of the systems.

Training change the values and attitudes of employees. Mere appreciation of the need for customer service at the cognitive level would not be adequate. After all bank employees really feel that customer service is not important or deny that customers' satisfaction is the primary need of the industry. Any indication, continuous contacts with customers can bring about a change in the employee's attitude. Customer contacts take place much latter in their career by which time their values and attitudes have already become hardened.

It may perhaps be worthwhile to think in terms of utilising the first six months period of probation of the employee for inculcating the desired attitudes. Instead of entrusting the employee with routine, monotonous and repetitive type of work which can kill his initiative and can entrust him with a challenging task, involving interaction with the bank's customers. It is not impossible to think of a variety of problems on which the employees can work on. After the knowing of all practically problems about the customers service, employee systematically became a perfect. At present it is not possible to any bank to become a successful without taking employees participation. Banks apply new work systems and procedures will have to be designed with the twin objectives of expeditious customer service and greater employees satisfaction.

From the above discussion I can conclude that No bank can work without the necessary manpower. Bank personnel should be qualified, experienced and competent to discharge their duties well and in a systematic manner. The efficiency and reputation of the bank entirely depends upon the employees. A banker or a bank employee, apart from academic qualifications, should also be a man with rich experience and sound judgement. Training has a major role to play in the field of banking. A trained employee

is an asset to the bank. He works hard, does a better quality of work, establishes good relationship, and is sincere in his dealings. He gives every customer a homely & treatment.

4.9 SERVICE CHARGES OF BANK :

After considering all the things about customer services of bank it should be necessary to think about service charges of banks. Service charges is a source of bank which is get from services provided to its customers. Banks are charging some charge on which services has rendered to its customers. Banks are working for profit purpose and so it is necessary to charge on service.

There has been an upsurge of customer discount over the recent increase in service charges by banks. The increase was ill-timed, because it came at a time when customer service was the theme of the authorities. Any increase in prices is bound to cause some resentment among customers. In case of service charges, it is not the fact of increase nor even its timing, but the savage and irrational nature which has upset the bank customers.

Service charges are needed to the bank for recovery of its cost. When providing services to its customers some amount will be incurred on that services. The cost of bank is mostly dependent upon the operational

efficiency of the bank. So bank must be try to improve operational efficiency to bring down costs, which throw the burden on customers in the form of higher service charges. Banks are charging on services to the all customers at equal rate. *Banks are not gives some concessions to employees from the service charges, as like Post Office staff do not get postal stationery at a discount, nor are custom~~ers~~ staff exempted from customs duty if they bring dutiable goods from abroad.

Banks may be provides some services on non-fund or free of charge basis. If bank is get adequate source from other ways and recover the amount of cost, it will be able to provide some services on non-fund basis. Banks must be try to get source from other ways and reduce the service charges as much as possible. If the service charges are less as compared to other banks, the customers automatically approaches to your bank.

4.10 CUSTOMERS POINT OF VIEW TOWARDS SERVICES :

Bank customers are basically of two types, depositors and borrowers. Some problems are common to both. Basically, a depositor expects three things from his bank. Firstly, ~~xxxxx~~ security for deposits, secondly, as high a rate of interest as possible and thirdly, good services.

Some of the services offered by the bank involves all of the employees in a branch. The manner in which these services are great impact upon banker customer relationship. It is possible to categorise into broad areas the various services provided for customers e.g.

1. Those services performed in the customers absence.

2. These services performed in his presence.

Both have one thing in common, the service should be permitted in as period of time as circumstances permit i.e. during the working day and working hours of the bank.

The customers want prompt and direct access to management or to the employees who handle his transactions. Naturally he does not want to see the Manager when cashing a cheque but he wants uncomplicated, courteous, fast, accurate and confidential service.

Public opinion is that the gap between customer expectations and the services actually rendered is widening. It must be noted that in service-oriented systems like banking, railways, insurance etc. a continuous assessment of the quality of customer service and generation of scientifically valid data on it should receive prompt attention. The banker has to understand

the genuine grievances of the customers and the inadequacies that exist in their working vis-avis- public expectations.

The common complaints of the customers such as long queues at counters, poor telephone service, operating errors, delay in handling transactions, should be as far as possible be avoided so that it will help to emerge a good relationship between banker and customer. The bankers should try to solve the complaints from customers as satisfactorily and try to make good relation with them.

4.11 VARIOUS BANK SERVICES :

After considering all things about customer services of bank it will be necessary to researcher to study at present what actual services provided by modern banks. On the point of this idea the researcher has felt to need to study the customer services of banks. The important services of the modern bank which provides to its customers are discussed as below.

The business of banking consists mainly of accepting deposits and utilising the money in the form of lending it to its customers. Alongwith this main functions bank provides some important services to its customers. The range of services offered differs from

bank to bank, depending mainly on the site and type of banks. The services offered by banks may be classified as follows :-

a) MAIN OR PRIMARY SERVICES :

Accepting different types of deposits namely Current, Savings, Fixed and Recurring deposits and utilising this money in lending it to its customers, are the main services of the banks. These services of bank also known as primary functions of the banks. We will discuss these services in detail.

1) ACCEPTING OF DEPOSITS :

Accepting of different types of deposits is the main function of the banks. Without accepting deposits from public bank cannot do its banking business. The efficiency of the bank is measured by the amount of deposits in the bank. Bank accept deposits in the following form :-

CURRENT ACCOUNTS :

Deposits are received under different heads of accounts, the most important of which is the current account. This becomes the foundation of the 'Current Account' on which the deposits could draw at will. One thing was further needed - the invention of the cheque by which drawing on current account was facilitated. Generally no interest is allowed on current deposits and in some

cases the customer is required to leave a maximum balance undrawn with the bank. Bank keeps the current deposit accounts as a free balance.

FIXED DEPOSIT ACCOUNTS :

Deposits made under fixed deposit accounts cannot be withdrawn before the expiry of the period for which they are deposited or without giving a due notice of withdrawal. They are also known as 'Time' deposits which term is more commonly used by Americans. They are attracted by the payment of interest which is usually higher for longer period. In India, they are received for three months, six months and a year. Some of the banks receive it for more than a year as well.

The banks lend the money to its customers in the following form :-

BANK OVERDRAFT :

This is a temporary method by which banks finance their customers who are doing business. The customers in case, is allowed to overdraw from account upto a particular limit provided there is an arrangement or agreement between the banker and the customer. The customer enjoys a unique advantage in that he is required to pay interest on the actual amount utilised and not upon

the amount of overdraft contracted for such a facility is granted to the known customers, only against collateral security.

CASH CREDIT :

It is an arrangement between the banker and the customers. The customer can borrow funds upon a particular limit. It is given on the strength of either bond of credit by some guarantors or securities. This is the most popular and common method of borrowing used by many industrial and commercial concerns. It is used by - customers for long terms. In this case, the customer need not withdraw all the amount at once. He can withdraw by instalments and, whenever he has surplus funds at his ~~dis~~ disposal, he can as well deposit here and reduce his liability.

LOANS :

This is another important method by which banks finance the needy and deserving parties. In this case, the customer approaches the banker with a concrete - proposal referring therein to all the details such as the amount of loan, purpose, nature of security offered, the period, the method of repayment etc. The banker charges high rates of interest on the entire amount of loan irrespective of its utilisation. An agreement has to be entered into before loan is sanctioned. Loans are -

sanctioned for different periods and different purposes keeping in view the directives of the Central Bank.

DISCOUNTING BILLS OF EXCHANGE :

As a matter of fact, it is one of the important services a bank renders. Bills of exchange are presented to the bank for discounting. The Bankers, as a matter of rule and also for safety purpose, only accept such bills wherein the parties to the bill are known and reliable. The customers who present such bills get the advantage of a getting ready cash for carrying on their business and in the process, the bankers earn their income by way of discount. This is one of the methods whereby the bankers are in a position to attract additional customers.

b) AGENCY SERVICES :

The services under this head are not the main or primary services of a bank. These are additional services which a banker may or may not perform. In fact, these services enable a banker to earn additional income, in addition to attract new customers. When providing these services the bank act as an agent of its customers so it is called agency services. These services are in large number but some of them we have discussed fully.

COLLECTION OF INCOME TAX
ON BEHALF OF CUSTOMERS :

To the banker, his customers are important. If his customers will be earning their income by way of rent, interest, dividends, salary, pension etc. sometimes becomes very difficult for them to collect their income for certain reasons; such as lack of knowledge on the part of customers regarding procedure to be followed. All that the customers have to do is to approach their banker and place their cards on the table. The banker will do the rest. He will collect all the necessary documents and information and will also note down his customer's instruction. ~~and~~ ~~that~~ He has to be quite careful in respect of the dividend warrant, interest coupons and the dates on which the dividend and interest become due. The banker has to suffer losses in case his customers suffer losses on account of his negligence. He has got to be quite careful and diligent in handling all such matters. These services help the customers considerably.

MAKING PAYMENT ON
BEHALF OF CUSTOMERS :

This is another useful service a banker renders to his customers. The customers are desirous of making payments such as rent, insurance, premium, club dues or subscriptions, interests etc. It is quite likely that the

customers may forget to make their payments through mistake. On account of this, the customers may get into legal complications and sometimes, even financial losses. Therefore, it is safer and convenient for them to hand over all such payments to their bankers. The bankers, generally, are expected to note down all such instructions in a separate book called 'Standing Instructions Book' systematically. This book enables the bankers to debit their customer's account on the respective dates and make payments to the concerned parties.

The bankers also come across bills of exchange for the purpose of discounting. These bills are accepted by his customers. The banker has to be quite diligent in handling and discounting of bills. He must verify as to whether the instrument is in order.

PURCHASE AND SALE OF
SECURITIES FOR CUSTOMERS :

Bankers are financial experts. They have the knowledge of money-market, stock exchanges and have close contact with stock brokers and other financial institutions. On many occasions customers approach their bankers either for purchasing or for selling of their securities. The banker in such cases is required to act as an agent. In case he is to purchase, he should obtain all the -

details and instructions and then do the needful through the brokers. Similarly, in case he is required to sell the customer's securities he should verify as to whether it is original, whether the necessary transfer terms are duly signed, dated and stamped, if necessary. Since bankers have close contacts with the stock brokers, who are experts they do not find any difficulty in rendering this type of service. They even give financial advice to their customers regarding their investment.

ACTING AS TRUSTEE,

EXPERTS OR ADMINISTRATOR :

Generally, majority of the commercial banks render this service invariably. Some of the banks have separate department to look after this service.

A Trustee is one to whom the assets are given by another. There is an important document known as 'Trust Deed' which contains terms and conditions of the trust and the trustee appointed is expected to abide by those terms and conditions. Banks, sometimes, are called upon to act in this capacity and since confidence is reposed in them, they have to be honest to the core. As a trustee, it is his bounden duty to look after the assets of the trust in the best possible manner.

REMITTANCE FACILITIES :

This is another important service which provides by bank to its customers. In case bank give facility to customer for transferring their funds from one place to another. Banks transfer the funds of customers through Bank Draft, Mail Transfer, Telegraphic Transfer. This is very useful service provided by bank to its customers. In this case precaution should be taken by bank, to transfer funds at proper place and in time. With the help of this facility customer may transfer its funds with the save of time and expenses.

c) GENERAL UTILITY SERVICES :

Alongwith the agency services, banks render some general utility services to its customers. There are miscellaneous services wherein the services rendered by a bank are more useful and possess utility to the general public. The important general utility services were as follows :-

SAFE DEPOSIT LOCKERS :

As a matter of fact such a service was rendered by the Goldsmith in the olden days. He used to receive jewellery, documents of the title to property etc. Today

a modern banker renders this useful service to such people who own valuables like gold and silver or ornaments or articles, securities etc.

The banker who intends to give such a service has a strong room which is situated normally underground and therein lockers of different sizes made out of steel are available on rental basis. The customer has to pay rent in advance. There are two keys for the locker - one key with which it can be opened is given to the customer and another key with which it can be locked is kept with the banker. Sometimes, in certain banks, the system of operation is slightly different. There are two keys, one with the customer and the other one with the banker. Both the keys have to be used or applied for opening as well as for locking the locker.

ISSUING LETTER OF CREDIT :

It is a very important document of foreign trade. It is a letter given by an importing countries banker, addressed to the executor referring therein to the credit worthiness of the importer-cum-customer.

Dictionary of Banking defines - 'A letter of credit is a document issued by a banker authorising the banker to whom it is addressed to honour the cheques of

a person named to the extent of a certain amount."

It means the period for which it remains effective and whenever such letters are given the banker issuing such letters debit his customer's account and keeps that amount separate since he is acting as - Guarantor of that amount to the exporter. Such letter of credit are very useful to the exporter as it is quite likely that some may give a wrong impression about the importee to the exportee and thus making the exportee to sell the goods on credit basis and afterwards face difficulty in recovering the amount.

ISSUING TRAVELLER'S CHEQUES :

These cheques are useful to the people who travel from one place to another. There is always a danger of carrying cash and it is eliminated through this cheque system. In this case, the traveller approaches the banker where such facility exists and remits the amount of cash to the banker and requests him to give the traveller's cheques of particular denomination. At the time of issue, the traveller signs on all the counterfoils in the banker's presence and whenever he needs money at different places, he contacts the banker and in their presence, he has to sign again and only if the signature tallies, the amount is paid, otherwise not.

GIFT CHEQUES :

This is latest service provided by modern banks to its customers. Banks in India also sell gift cheques against payment in cash or by deposit to account. Gift cheques are in round figures and of fixed denominations. As the name indicates, these cheques are intended to be given by the applicant as gifts on occasions such as weddings and birth days. This is mainly intended to popularise this facility. There is a great need for developing the banking habit in India.

UNDERWRITING OF SECURITIES :

It is a customary for banks to agree to underwrite a portion of the public issue of shares, bonds, and debentures of joint-stock companies. Such underwriting assists capital formation and provides an indirect form of insurance to the concern, which is trying to mobilise sufficient capital in the event of the public subscriptions falling short of expectations. Commission for underwriting is charged by banks and this forms an additional source of revenue. Sometimes, banks also act as banker to a particular issue of security.



ACCEPTANCE OF STANDING INSTRUCTIONS :

Banks accept standing instructions from customers either to make payments on their behalf, collect monies or effect transfers of money. Such instructions are preferably obtained on the letterhead of the account-holder and should be clear and unambiguous. The banker is generally free to refuse instructions which are difficult to comply with. Once accepted, the instructions should be carefully and promptly carried out. The standing instructions must be dearised and a note also taken in the ledger folio of the customer.

CONSULTANCY SERVICES :

Some banks also provide consultancy services to its customers. These are in the nature of extension services to assist in overcoming difficulties. In consultancy services for consultancy and investment consultancy are most popular one.

Tax consultancy service is of recent origin. At present, banker offer assistance only in the case of individual assesses. Bank also provides the investment advice to its customers. With wide knowledge of the

financial market conditions, bankers are in a position to advise the customers about the various investment avenues.

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