CHAPTER IV

CONSUMER SERVICE IN BANKS

1. Commercialisation of Banking system.

2. Concept of door to door Banking system.

3. Banks to undertake all the economic activities of individual.

4. Banking to be made a habit rather than a concept for economic help.
1. COMMERCIALISATION OF BANKING SYSTEM:

Banking essentially is a service Industry and the main objective of a commercialized bank is to sell financial services. Mobilisation of financial resources to the Bank's mainstream from which flows a significant out-put of services for its customer-clientele. Mobilisation of resources is one fact, the services rendered by banks. Indian commercial banks have relied up-on the traditional type of services rendered to customers in the usual fashion. But now, as a consequence of both, technological advances through out the world, and consumer demands, Banking service need to be progressively updated, consistent with modern day needs. It is high time that banking undergoes a developmental orientation. This requires fundamental changes in the basic routine and procedure as well as staffing pattern.

The marketing of banking services is basically providing customer satisfying service at a profit to the bank. The effective usefulness of the Bank's service will determine the level of good will and satisfaction enjoyed by its clientele-customers. Since the best form of advertising for any service is, indeed by the
customers themselves, it is imperative that banks should plan, organise, direct and control their marketing programme to fulfill and achieve the needs of its clients, in the ever changing climate of socio-economic requirements.

Bank Personnel must make changes in this systems and methods to incorporate the progressive increase in science and technology with a view to expanding and expediting their services and thereby meeting the ever increasing demand from urban and rural development.

Marketing as a tool of customer satisfaction in past, was rarely employed by the banking system in our country. Now it is the creation and delivery of customer satisfying services at profits to the banks. The bankmen create a lasting impression in the mind of the customer therefore bank personnel should realise that a satisfied customer is not only going to come again but perhaps more important is, that a customer will be a source of getting additional consumers for them. The banks must but perhaps more important is, that a customer will be a source of getting additional consumers for them. The banks must, organise to control their marketing programme with a view to attain their
desired objectives. Besides, banks should pay due attention to technological development and adopt techniques with changing requirements. The Chief General Manager, Shri Bodhistwar Rai has pointed out to bankmen for the better services, he says "an attempt has been made to present for the benefit of our operating staff, the various mechanism/tools in use with us for gauging the standard of customer service rendered by banks. The objective indeed is to make 1986, the true "year of the customer". Banking is a service industry with an expanding market. Therefore economic growth has shifted "its center of gravity" from Urban to the Rural sectors", hence a new market strategy will have to be evolved".

Bankers, need modernisation and active participation because in modern times they have to begin to deal with a large number of services to their customers in order to attract deposits and other functions. They act as custodian of stocks, shares, valuable and ornaments, they deal not only in foreign and inland bills of exchange but also with bills of railway receipts, ware houses receipts, and marine Insurance policies. They stand as securities on behalf of their customers and help industries by under writing
their shares and debentures. They transact for passports visas etc. so as to assist businessmen traveling abroad. Cheque cards and credit card arrangements and pay roll services have been introduced (and are operating) various other schemes as ladies counters, morning and evening shifts of working for the convenience of customers Loan scholarships for students, personal loans for the purchase of domestic consumer articles like sewing machines, cookers, radios, furnitures and fans, scooter, motorcycles etc. The Motive behind all this is to extend maximum service to the customers and create an environment of goodwill.

The Redclief Committee, which reported in 1959 rightly stressed the supremacy of service as a factor in gaining confidence and good-opinion of the general public. Anon has aptly observed that "no matter how many important international arrangements, it may enter into it, is the service of the Local branch that gives most people their view of banking in general and their opinion of the individual institution. Thus the motto of every bank should be first to effectively retain the existing customers and secondly to attract new ones, by good service - liaison relationships."^2

Another serious point which should attract the
attention is that the banker is the deposit savings (mix current deposits and saving deposits together) from only a minor portion. The lion share is consumed by term deposits. The cost is also relatively higher. This has left the banker with a narrow margin between interest received on advances and interest paid on deposits.

The only alternative left to the banker is to find out new vistas which will fetch income to the banks. One such move can be to enlarge the ancillary business. As the banks are getting commercialised more and more, they are going to indulge in all commercial spheres, therefore, these keep in mind for their expending services.

Banks have started extending services at times convenient to various categories of customers in the morning, afternoon and evening etc. Services like night deposits, late night lockers facility are now extended by a number of banks on selection basis.

Keeping the convenience of the customers in view, bank have started opening branches in residential areas, shopping centers, industrial complexes and University campuses so that their customers do not have to walk long distances.

A number of banks now help customers by giving
them technical advice direct or through institutional agencies. The commercial banks have been conscious of that fact that it is not difficult to induce people in the supper income brackets to deposit their savings with them. The real difficulty arises with the small men in the rural areas, to mobilise savings of the small men in rural India. Banks have started opening offices at a rapid pace in such areas since the nationalisation, but opening a branch in a rural area does not mean banking. Although a new approach to publicity is called for realising this, nationalised banks began with translating forms and other publicity literature into regional languages.

To collect deposits from the lower income class, banks have introduced a number of schemes to suit various categories of depositors to motivate them to have at regular intervals, the piomy, Janta deposits, Insurance linked deposit, Annuity/Retiring scheme, Minor saving scheme, cash certificate scheme, festival deposit Scheme, housing deposits scheme, gift Cheques, extension counters, farmers deposit scheme, recurring deposit etc. are the new schemes for the customers to expand the area of marketing to popularise the bank in view of commercialisation.
2. THE CONCEPT OF DOOR TO DOOR SERVICES:

In view of the vast size of the country and the difficulty of covering all rural areas with banking offices, it has been suggested that Indian banks should be encouraged to start mobile banks in order to tap sources of deposits in widely scattered areas of population which would otherwise be left untouched. The mobile banks have a great publicity value. They have to serve the far flung Localities and make them ripe for a permanent branch.

Mobile banking probably had its origin in November, 1946 when the National Commercial bank of Scotland introduced the world's first mobile office in the island primarily to provide a service to the crofters engaged in the Harris- Tweed Industries. It proved useful travelling and created great interest in other countries including India.

The mobile bank consist of all comforts. It is bullet proof and equipped with two way radio telephone system. The Radio in addition to rendering a valuable security service against attack on breakdown, it informs with no delay to its parent branch customers information, Arrangements are made to feed the town
daily and the villages by weekly or tri-weekly according to the needs so that more villages could be brought within the perview of the same mobile bank. The route is usually taken in a horse-shoe fashion, as far as possible. The entire journey, however does not exceed 50 to 60 miles in foreign countries and 25 to 35 miles in India. So that a day's transaction can be settled the same day or the next day. The mobile bank is staffed with a manager, a secretary, two tellers and a driver who takes changes of the duty of a guard as soon as the Bank has opened its doors to the public.

The door to door services in India gained popularity through the mobile bank. The first "Bank on Wheels" was Launched in India in 1950. It became so popular that a second one was started into service soon after. The bank of Jaipur, Bank of Rajasthan and around 1970 Bank of Baroda, Bank of India, Punjab National Bank, Dena Bank have embarked upon similar experiments. Unfortunately, the Bank of Patiala and the Bank of Jaipur abandoned the innovation in Lurch without giving ample opportunity for its success. The sponsors of the scheme Judged it solely by considerations of immediate profit and not by the angle of crucial role it might play in a welfare state. If the post offices which
copied the idea could multiply its mobile offices. The Indian Banks could also do it in 1962 "Asian seminar on Banking" held in Bombay suggested "with proper planning and perseverance, mobile banks could even play their role in due course. It will therefore be worth while commissioning a mobile bank to operate in exhibitions industrial colonies and such residential colonies that can not sustain a regular office of a bank, Mining areas, tea-gardens and newly established town-ships may be the best fields where traveling banks may be tried as a pioneering effort to inculcate use of banks among people." ^3 Though people now have got awareness about the utility of banks but still require newly developed areas. The villages and the new township area even very near to the city still require encouragements of banking habits.

In developing countries like India, which are sought to be served by mobile banks, have got some difficulties, one among them is very severe and that is lack of communication and good roads, several regions in our country are more or less cut off from the outside world during the monsoon, it creates the problem of security ^00. These days bank dacoities are not uncommon, rural areas in many parts of India have hardly
come out of medieval conditions. In Rajasthan, M.P. and U.P. for example regular gangs of dacoits are operating. Even today white collared today have started operating the job and not only in the night but in day light banks are looted and no amount of police vigilance could field the requisite results. To make it counter, the joint venture of mobile banks and post offices can be applied. The security problem is the same before the two institutions, therefore it would be best recommended to adopt the security measure jointly.

Besides these, banks are reported to be costly as they do not yield results against the experiments incurred on the project. Though these banks have not failed but these could have been very successful. In rural areas they have hardly gained anything except advertising for its business. Good progress however has been made by those branches which operate in colonies of big cities.

There is yet another dis-advantage of a mobile bank which can not secure maximum utilisation of the employees capacity as part of the time is lost in moving from one center to another.

Moreover, persons serving in a mobile banking unit
are subjected to much greater physical strain and mental tensions than those working at the counters of a normal banking office in a town, how so ever small as such it is with great reluctance that experienced members of the staff agree to work in a mobile branch for a pretty long time. The possible solution is to make more frequent transfers and to give incentive in forms of allowances, promotions, preferences or anything for mobile staff.

A significantly note worthy point about a mobile bank is that, it is certainly not going to fetch as much business as a branch in a big city. But since its sphere has been broadened to cover not only one but a nucleus of eight to ten centers. It has reasonably good chances of becoming viable within a few years. The greatest achievement of a mobile unit, however, is that it helps the banks in locating potential centers of growth suitable for permanent branches. A number of permanent branches of important banks in India are the direct outcome of experience gained through mobile banking operations.

Some mobile offices these days, are operated by some Indian Commercial banks in our country. Some of these banks are, the Bank of Rajasthan, Bank of Baroda,
Bank of India, Dena Bank and Punjab National Bank. The Rajasthan Bank was the first successful experiment of any bank in India to start door to door services in a city. The bank of Baroda commissioned 3 mobile banks in 1964 one each at Nadiad, Patah and Baroda. The first mobile Bank started functioning on 7th Feb. 1969 at Porbandar. The P.N.B. also operated the mobile services for "Delhiates".

Some efforts in relation to door to door services were operated in favour of small schemes and the schemes for childrens' saving. The children who took part in this scheme could save money each month and that money was taken by bank mean going from door to door, to their small customers. Though this scheme could not prove very successful but it can be made successful with some improvement in it. The point of convenience will make the plan more extensive and successful.

3. BANKS TO UNDERTAKE ALL THE ECONOMIC ACTIVITIES OF THE INDIVIDUAL

It was Adam Smith who wrote Long back about the bank and its utility "it is not by augmenting the capital of the country but by rendering a greater part of that capital active and productive than would otherwise be so, that the most Judicious operations of banking can increase the industry of the country. As such banks can play an important role in accelerating the pace of economic growth." "The pivotal role" aptly observed by the father of Economics. and The erstwhile ex-finance Minister of India Mr. Morarji Desai once said "that the role of the commercial banks play in the economic development of the country needs no emphasis. Banking when properly organised adds facilities to grow the industry and hence of the national economy. In fact commercial banks are the heart of the world, the nerve centre of economic and finance of a nation, and the barometer of prosperity and adversities. They form a significant part of financial mechanism of the modern state and stimulate the flow of capital in to trade, commerce and industry. The commercial banks provide an effective channel for utilisation of individual saving
into most productive use of the country's economy. 4

Therefore Banks are required to play such a role where the masses of the country may act in the function of banking. Banks are needed to involve in each economic activity where each individual may get benefits out of it. As it has analysed above in a developing country, the role of banking is greater, hence banks have to render its services involving all the economic aspects of the individual from morning till evening and even at the night. Thus the banks should think of increasing services such as taxation and investment, advisory services, pay day, quick loan, booking of air and railway tickets, issuing "all-purposes", credit cards on the basis of credit grading of the customer and arranging for passport etc.

The carrying of standing orders like payments of income tax, house tax, water and electric charges are now getting common. On the advice of clients banks undertake to function as executioners of their customer's will collect on salary of bills of the Government employees etc. 5 In short there is hardly any economic activity in industrialised nation where the guidance and help of a bank is not needed. Thus not only literates but even illiterates, not only major but also minor and
not only males but also "Pardah Nashin" women open their accounts with modern banks. These programmes are applied for our country also. There are so many functions which are rendered by our commercial banks apart from providing facilities of deposit and withdrawal of several kinds. Payment of salary through banks, granting of scholarships to the students, granting loans to the urban and rural people and Foreign Exchange Banks for international affair etc.

Some other programmes also suggested for deep involvement in economic activities. Such as "An emergency voucher service" in banks. Such a service is prevalent in the United Kingdom and the United States of America which provides unique service to the common man who will be able to encash the voucher issued by the bank at any Burmah-shell service station. These vouchers are like traveller's cheques and can be purchased from any branch of the bank concerned in denomination of Rs. 100 or Rs. 50. They have to be countersigned at the time of encashment of the service station. Such service has been started by the Central Bank of India in our country. In Bombay they are subject to a maximum of Rs. 100 at a per person. The service is free. Other Banks in India may follow it in collaboration with the Indian oil...
corporation. Some banks have started the service.

In metropolitan centers of the country, certain branches of bank should provide some services round the clock. In India banks were open to the public for only 22 hours a week against 27 1/2 hours in London, 30 hours in Frankfort, 35 hours in Stockholm, 40 hours in New York, 42 1/2 hours in Zurich. Hence working hours should be increased on Sundays and holidays as working days whenever it is felt necessary or desirable. An extra shift should be run by a section of the banks to clear remittances and transfers even on the same day.

Banking comittee states "The possibility of starting "Night Dispository service" may be explored. Indeed it will be worthwhile installing "night safes" at some of the bank offices, particularly those located in busy shopping centers to enable customers to lodge cash safely over night after business hours. A few banks have been experimenting with "Local Box Services" at selected centers."^5

The establishment of Drive in Banks in places considered suitable for the purpose will have a specification effect on the customers who could drive in their car right up to the counter, cash their cheque or
remit in cash their cheques and obtain receipt in a minute's time without even having to shut their engine. The experiment is worth trying in large cities, in areas with parking hardships in busy suburbs and entrance to big cities.

Saving by students is another activity which is significant for the saving habit. The student community has not been goaded directly to build-up the habit of saving. The youngsters in the colleges and schools are definitely a potential source of savings. The temptation in the modern life to spend on unnecessary things are available. It is essential, therefore that student are told about the virtues of saving, the classical prescription of "Hard work and save more" is equally applicable to the students and for the entire society. The banks can come into contact with the students community by providing "Educational Advances" to the needy and worthy students to continue their higher studies. "Students saving scheme should be observed by all the branches of the banks. Such a scheme is bound to have a solutory impact on the savings of the community in the long run. They will be aware of the utility of banks not only for saving but for their other economic activities too."
"Boat Banks" is another concept which may consider to act for those who live near the coastal areas. The Syndicate Bank and other have started functioning covering the west coast of India, intensively leaving Bombay, from Ratnagiri to Kanya Kumari districts. The Banks in this area are operating with high potential in mineral wealth, spices and fisheries. Similarly these areas are in the East Coast which require the bank's help for the proper development of its natural resources. It is argued that more funds should be available for mechanised boats, cold storage facilities and boat building yards, so that the potentialities of the sea coast could be fully exploited. The sharp growth of boat banks around coastal areas and Nicobar and Lakshawadeep Islands will help small fisherman, farmers, Islanders and others.

Banking activities are not only for urban people but the efficiency of banking will be real when they undertake the economic activities for rural people. Banks however have introduced some schemes to help agriculturists and artisans. "Village adoption schemes" have been started by some banks for extending their financial assistance. Farmers service societies provide a package of agricultural credit for related services.
Farm graduate scheme is for those, who are agriculture graduates and enable to acquire land. Many of the banks have launched schemes for farm based activities like poultry, dairy, farming pisciculture etc. and also for fishermen. When there is occurrence of natural calamities, the commercial banks on the advise of the Reserve Bank of India provides assistance to effected farmers.

Some banks have started to perform the service in travel agency work, securing of passenger accommodation in hotels, obtaining details of passengers sailing and general travel information.

Scheme of payment of pension in our country has been started on the recommendation of the Reserve Bank of India. The collection of pension cheques drawn by central/state government. as a social obligation and not to levy - collection charges other than postal charges.

The banks provide overdraft facilities under certain conditions. The facilities may attract consumers to use bank for their economic behavior. Credit cards or "Courtesy" cards are issued to value constituent as identification cards, upto specific amount on any particular day. The constituent can encash his cheques.
The new Bank of India recently on (18th March 1987) on its Golden Jubilee day introduced New Cards for cheque encashment facility. The holder of this, can avail the facility for encashment of two cheques up to a total limit of Rs. 2,500/- per month free of charge. A few banks provide tax assistance service, few provide execution and trustee services, some of the banks have formed subsidiaries to undertake this business which is of a highly specialised nature.6

Banks can begin service in the area of consultancy and also they can provide guidance fostering round projects. The banks may try to go out of the traditional rut and offer assistance through intelligently designed schemes for growth having potential for development. Banks can give suggestions to various industries, firms, factories and also in agriculture sector in finance and other matters. The bank which will work as a consultancy bank will advice its associated banks for economic betterment, (for the involvement of finances and achievement of their goals. Banking and its wide activities will finally affect banking habits of the people. Therefore again it becomes an important responsibility of banks to create banking habits among persons.
4. BANKING TO BE MADE A HABIT RATHER THAN A CONCEPT FOR ECONOMIC HELP:

Banking habit is a feature which can develop the business of bank and economic development. The banking habit will increase the deposits, consequently it will effect the economy.

The bank should take measures to adopt meaningful marketing approach. In locating classes and groups of customers worthy of nature, Indian banks should make continuous search and research to find out what attracts and detracts depositors to a bank. Even some of the biggest bank in the world carry on regular investigation, and for banks in a developing country like ours with low per capita income and need for such studies are all the more important.

Though some efforts have been made through mobile banks which make people conscious about their deposits and other banking utility, the rural people have also come to know about the banking habit, but still a gap is experienced between the activity of banks and the habit of banking in our country. Intensive efforts are necessary to make more people bank minded and the approach in this respect could be section wise i.e.
covering certain specific villages of groups of village or both.

There is one important suggestion given regarding women branches, to open in large scale. "As women are powerful source of saving, banks should, therefore make unflinching efforts to tap savings from them by opening the above said "women branches". With the growth of economy, it is but natural that the female participation is gainful. Even in India one may find that the social stigma attached to female employment is slowly withering away. Ladies are increasingly taking part in the different areas of economic life, and as a result the number of working women is increasing." 7

Therefore except a few attractions provided by the banks in the form of loans to furnish houses for interior decoration and for the purchase of few electrical appliances, the banking branch should be purely for women. The frugal house-wives and the working girls provide a great potential for deposit mobilisation. The new carrier girls carry high propensity to save. If these efforts are made, no wonder that most of the people in country will have the banking habit. Such developments have some problems which are

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mostly related with organisation, the involvement of
general mass in the campaign for deposit mobilisation is
likely to field impressive results.

The Pandya Bank Limited Madurai (now Canara Bank)
was the first to open an "all women's" branch in 1952.
In Bangalore a bank a women branch was opened in 1962.
Syndicate Bank had 8 banks' in 1970.

The adjustment of time and slightly high rate of
interest attracts women for the banking habit. The door
to door service is also helpful for banking habits.

To make intense efforts and to involve more people
in it, printing forms in the regional Language can do
better.

It will be worthwhile to increase the number of
evening banks particularly near shopping centers and
government offices so as to enable customers to lodge
cash safely overnight after business hours with the
facility of withdrawing the same when the shops or
offices start business. Evening branches will also
attract extremely busy customers like house-wives,
government officials and such other persons who are not
free during the day time.
Some banks have opened their evening branches but their number is negligible therefore to investigate the business of the city, some other branches should open.

In rural areas banking habits should be encouraged and an efficient and prompt remittance facility will help rural people to take the services of the banks. Mobile banking in rural areas as well as in urban should be opened in as large numbers as possible in the country.

At some places one man offices may be opened to attract deposits and other banking utility. These offices are designed to foster closer participation in the life of the rural community by spreading the banking habit in the rural areas. A "one man" office was opened on September 2nd 1965. By the end of 1969 12 "one man offices" were being run by the State Bank of India.8 The one man office will reduce the operating cost in areas where full fledged branches are not considered viable.

To increase the amount of banking habits suggestions may be given to use publicity measures. Publicity campaigns can function more effectively and purpose fully. Banks may take a clue from Prof. C.N. Parkinsah advice to the advertisers" like the publishers
that they should not advertise individual books as much as they should advertise "the book" to create a market for all kinds of books." Banks should not treat another bank as its competitor but as a helping hand. Hence the bank should advertise the "banking habit" as such in those areas where the ignorance of the people is the main hurdle, of course the publicity material may be in regional languages which may be understood easily by the local and ignorant people. It may be recommended that the banks should institute a scheme of employing agents on the lines of the life insurance corporation to propagate banking habits among people who can not be approached otherwise.
FOOT NOTE


7. Report of the banking commission Delhi, P.P. 64.
