manufacturing. The difficulty in developing quality metrics had biased service businesses to focus on controlling measurable variable-typically, expenses and work flows-while under investing in the more tangible factors of service capacity and service quality. In the long-term, strategy could result in mediocre levels of service quality. Poor customer satisfaction, low customer loyalty, and high turnover of service personnel. Ultimately, result could change the cost structure of service delivery by shifting the major cost component from operating expenses to cost of poor quality. The new cost structure caused poor financial performance that lead management to tighten the control of expenses and work flows, creating a vicious cycle of eroding service.

Lewis, (1993)\textsuperscript{61} stated that bank and other financial services providers were increasingly developing service quality initiatives. He also stressed the development of service quality measurement tools and the need for an integrated approach to service quality relating to changing customer expectations.

Roth Aleda Vander Marjolijn (1991)\textsuperscript{62} said that the competitive priority of retail banks was empirically linked with operation strategy contents entailed in the creation of the service product. Thomas, Dan R.E.,(1978) says that service differentiation is necessary for the growth and development of service businesses.

\textbf{CHAPTER – III}


CUSTOMER SERVICE QUALITY IN COMMERCIAL BANK IN RAMANATHAPURAM DISTRICT

3.1. INTRODUCTION
3.2 BACKGROUND
3.3 HISTORY
3.4 GEOGRAPHICAL LOCATION OF THE DISTRICT
3.5 ADMINISTRATIVE ARRANGEMENT IN THE DISTRICT
3.6 LOCATION & GEOGRAPHICAL AREA
3.7 BANKING PROFILE OF RAMANATHAPURAM DISTRICT.
3.8 CUSTOMER SERVICE QUALITY IN COMMERCIAL BANK
3.9 INVESTOPEDIA EXPLAINS 'COMMERCIAL BANK'
3.10 COMMERCIAL BANKS: TYPES AND FUNCTIONS OF COMMERCIAL BANKS OF INDIA
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3.13 CUSTOMER SERVICE QUALITY
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3.19 CHALLENGES FOR CSQ IMPLEMENTATION
3.20 METHOD OF EFFECTIVE CSQ IMPLEMENTATION
3.21 CONCLUSION
3.1 INTRODUCTION

In this chapter, the profile of the study area and the selected public and private sector banks for the present study are discussed.

In the early 15th Century the present territories of Ramanathapuram district comprising of taluks Tiruvadanai, Paramakudi, Kamuthi, Mudukulathur, Ramanathapuram and Rameswaram were included in Pandiyan Kingdom. Acting upon the weakness of the Nayak rules, the local chieftains (Palayakarars) became independent. Raja of Sivagangai, Sethupathy of Ramanathapuram was prominent among them. In 1973, Chand, a Sahib of Carnatic, captured Ramanathapuram.

In 1795, the British deposed Muthuramalinga Sethupathy and took control of the administration of Ramanathapuram. In 1910, Ramanathapuram was formed by clubbing portions from Madurai and Tirunelveli district. Shri J.F. BRYANT I.C.S was the first collector. And this district was named as Ramanathapuram. During the British period this district was called “Ramnad”. The name continued after independence. Later the district was renamed as Ramanathapuram to be in conformity with the Tamil Name for this region.

3.2 BACKGROUND

This district was carved out in 1910 AD, by the British out of portions from Madurai and Tirunelveli districts. The district was named as Ramanathapuram after the name of the important Zamindari town, Ramanathapuram. According to a legend, Lord Ramanathaswamy, the presiding deity of the temple of Rameswaram is said to have directed his faithful servant, Guha to build a town near the Sethu (Adam’s bridge). The town was called "Mugavainagaram". The town then appears to have been very near the sea. This town was later known as Ramanathapuram. Its association with the name of Rama and its proximity to the Sethu would justify the town being considered a very ancient one. During
the British period, this district was called ‘Ramnad' and this name continued to for some time even after Independence. Later, the district was renamed as Ramanathapuram to be in conformity with the state language. In the year 1985 the district of Ramanathapuram trifurcated forming three separate districts i.e. Ramanathapuram, Sivagangai and Kamarajar vide State Government Notification G.O. Ms. 347 dated 8-3-85.

3.3 HISTORY

In the early centuries, Ramanathapuram district formed part of Pandya Kingdom. Its history is closely linked with the Pandya Kingdom till the end of the 15th century. The Pandya Kings ruled over the territories, which comprised Madurai, Ramanathapuram and Tirunelveli. For a brief period, this area was also under the Chola Kings when Rajendra Chola brought it under his authority in 1063 AD Ramanathapuram territory was also under the Muslim Empire till 1365 AD With the help of the Vijayanagar King, this territory was brought again under the rule of Pandya by Parakaram Pandya Deva. By about 1520 AD, the Nayaks of Vijayanagar took over this territory under their control from the Pandya Dynasty. For about two centuries, Nayak Kings ruled Ramanathapuram territory from Madurai. During the Nayaks rule, the marava chieftains-Sethupathis who were lords under the Pandya Kings reigned over this part in 17th century and in 1710 AD, over succession resulted in the division of Ramanathapuram due to family disputes. In 1730 AD, with the help of the King of Thanjavur, one of the chieftains deposed the Sethupathi and became the Raja of Sivagangai.

The Nayak rulers of Madurai became weak by this time. With the downfall of the Nayak rulers, the local chieftains Palayakarars became independent. Prominent among them was the Sethupathy of Ramanathapuram and the Raja of Sivagangai. The history of Ramanathapuram is thus closely linked with the history of these two palayams in the later years. After this, Ramanathapuram fell into the hands of Chanda Sahib of Carnatic in 1731
AD In 1741 AD, the area came under the control of the Mahrattas and then under the Nizam in 1744 AD Nawab's rule was not acknowledged by these chieftains. The middle of 18th century, they declared the adopted son of Queen Meenakshi, the last Nayak ruler, as the King of Pandya Mandalam against the Nawabs. At this time, the throne of Carnatic had two rival claimants - Chanda Sahib and Mohamed Ali and this district was a part of the Carnatic. The Europeans - the French and the British supported Chanda Sahib and Mohamed Ali respectively which resulted in a series of conflicts in the southern part of the continent. The two Chieftains supported Chanda Sahib in his conflict with Mohamed Ali. In 1773 AD, General Smith subdued them and brought them under the authority of the British.

The Sethupathy of Ramanathapuram lost his personal freedom. In 1792 when Muthuramalinga Sethupathy, who was paying a sum of Rs.220000 as the tribute to the British to prove his loyalty, the British deposed him and took control of the administration of Ramanathapuram in 1795 AD. It was converted into a Zamindari in 1803 AD and Mangaleswari Nachiyar was made a Zamindar. During these periods, the ruler of Sivagangai, Muthur Vadugunathar, also revolted against the British. In his efforts he was ably assisted by the Marudu Brothers-Periya Marudu and Chinna Marudu. Muthu Vadugunathar lost his life in the revolt. After his death, the queen passed on the sovereignty to Marudu Brothers who ruled Sivagangai peacefully and devotedly on payment of regular revenue to the East India Company. In 1801 AD, the Marudu brothers of Sivagangai revolted against the British in collaboration with Kattabomman of Panchalamkurichi.

In 1801 AD, Colonel Agnew captured the Marudu brothers in Kalayarkoil on 1st October 1801 and hanged them. The Company installed Gowri Vallabah Periya Udaya Thevar as Zamindar of Sivagangai. The British who earlier were supporters of the Nawabs finally annexed the country. The Nawab became powerless and handed over the administration of Ramanathapuram even as early as 1781. With the fall of Tippu Sultan, the British took full control and the Nawab of Carnatic was pensioned. In 1792 AD, a British
collector was appointed to administer the territory. Ramanathapuram and Sivagangai continued to be Zamins till the system of Zamindari was abolished in 1948 AD after India attained Independence.

3.4 GEOGRAPHICAL LOCATION OF THE DISTRICT

Ramanathapuram is one of the coastal districts of Tamilnadu having a seacoast extending to nearly 260 kms. It is bounded on the north by Sivagangai and Pudukottai districts, on the east and south by the Bay of Bengal, and on the west by Thoothukudi and Kamarajar districts. The district headquarters is located at Ramanathapuram. The district lies between 90° 09’ and 90° 98’ north latitude and 78° 23’ and 79° 45’ east longitude. The general geographical information of the district is simple and flatted. Vaigai River and Gundar River are flowing in the district and they will be dry during the summer season. The total geographical area of the district is 3889.62sq.km.

3.5 ADMINISTRATIVE ARRANGEMENT IN THE DISTRICT

Ramanathapuram district comprises 6 taluks, 11 blocks and 2087 Villages. As regards the hierarchy of administrative arrangement, there are 2 Municipalities, 8 Town Panchayats and 444 Village Panchayats in the district. The Community Development Blocks are Tiruvadanai, Rajasingamangalam, Paramakkudi, Bogalur, Nainarkoil, Kamudi, Madukulattur, Kadaladi, Ramanathapuram, Tiruppullani, and Mandapam.

3.6 LOCATION & GEOGRAPHICAL AREA

Ramanathapuram is located between 9° 05’ and 9° 50’ North of Latitude and between 78° 10’ and 79° 27’ East of Longitude. It is bounded on the north by Sivaganga District, on the northeast by Pudukkottai District, on the east by the Palk Strait, on the south by the Gulf of Mannar, on the west by Thoothukudi District, and on the northwest by Virudhunagar District. It covers the geographical area of 4175.00 Sq. km.
Ramanathapuram is situated in South-eastern part of Tamilnadu and it is something in dumper shape.

MAP 3.1

RAMANATHAPURAM DISTRICT MAP IN BLOCKS

![Ramanathapuram District Map in Blocks](image)

TABLE – 3.1

DISTRICT AT A GLANCE

<table>
<thead>
<tr>
<th>S.No</th>
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<th>Unit</th>
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<tr>
<td></td>
<td>i. Latitude</td>
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<td></td>
<td>09° 05’ to 09 50’</td>
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<td></td>
<td>ii. Longitude</td>
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<td>ii) Municipals</td>
<td>Nos</td>
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<tr>
<td>iii) Taluk</td>
<td>Nos</td>
</tr>
<tr>
<td>iv) Town</td>
<td>Nos</td>
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<tr>
<td>v) Block</td>
<td>Nos</td>
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<tr>
<td>vi) Firkas</td>
<td>Nos</td>
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<tr>
<td>vii) Revenue Village</td>
<td>Nos</td>
</tr>
<tr>
<td>viii) Panchayats</td>
<td>Nos</td>
</tr>
<tr>
<td>xi) Hamlet villages</td>
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<td>x) Assembly Area</td>
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<tr>
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<td>iii) Co-Operative bank products</td>
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<td>Nos</td>
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</table>

### 3.7 BANKING PROFILE OF RAMANATHAPURAM DISTRICT.

The district has 145 bank branches out of which 65 are rural branches. There is a scope for opening of bank branches in rural areas by commercial banks as some of the public sector banks do not have any rural branch in this district. The deposit outstanding as on 31<sup>st</sup> March 2010 stood at Rs. 266.73 cores as against Rs.179.50 crores during 2008-09, showing a growth rate of 15 per cent. Loans and advances outstanding have also increased form Rs.
1525.56 crores during 2008-09 to Rs. 1904.22 crores during 2009-10. The C-D ratio of the
district during last three years (2006-07 to 2008-09) was more than 100 per cent which is
very high compared to the RBI norm of 60 per cent. The C-D ratio of few commercial banks
like PNB, SBI, Corporation Bank, ICICI bank and KVB was hovering around 50 to 60 per
cent. The C-D ratio of TMB has been 25 per cent which makes a significant improvement.

From 2007-08 to 2009-10 the banks have achieved the targets earmarked in Annual
Credit Plans. Further, targets of all the sub sectors of national importance such as priority
sector and direct agriculture were also achieved. The share of agriculture advances to total
advances was 44 per cent in 2009-10 which crosses the RBI mark of 18 per cent while the
share of priority sector advances to total advances was 71 per cent in 2009-10 as against the
RBI norm of 40 per cent. The credit agencies are actively involving themselves in the
planning process initiated by NABARD. Credit dispensation by the existing credit delivery
system has been smooth in the District. However, post disbursal monitoring and follow up
requires closer attention than before. The increase of scheduled commercial banks in
Ramanathapuram District, from 107 in 2000-01 and 124 in 2009-10 shows 15.88 per cent
of growth.

3.8 CUSTOMER SERVICE QUALITY IN COMMERCIAL BANK

In this chapter an attempt is made to analyze the significance of Customer Service
Quality in Commercial Banking sector, its importance, implementation, principles and
benefits to their customers, challenges for CSQ implementation and the method of its
effective implementation.

'COMMERCIAL BANK'
A financial institution that provides services, such as accepting deposits, giving business loans and auto loans, mortgage lending, and basic investment products like savings accounts and certificates of deposit. The traditional commercial bank is a brick and mortar institution with tellers, safe deposit boxes, vaults and ATMs. However, some commercial banks do not have any physical branches and require consumers to complete all transactions by phone or Internet. In exchange, they generally pay higher interest rates on investments and deposits, and charge lower fees.

**3.9 INVESTOPEDIA EXPLAINS 'COMMERCIAL BANK'**

Commercial banking activities are different than those of investment banking, which include underwriting, acting as an intermediary between an issuer of securities and the investing public, facilitating mergers and other corporate reorganizations, and also acting as a broker for institutional clients. Some commercial banks, such as Citibank and JPMorgan Chase, also have investment banking divisions, while others, such as Ally, operate strictly on the commercial side of the business. A **commercial bank** is a financial institution that is authorized by law to receive money from businesses and individuals and lend money to them. Commercial banks are open to the public and serve individuals, institutions and businesses. A commercial bank is almost certainly the type of bank you think of when you think about a bank because it is the type of bank that most people regularly use.

Banks are regulated by federal and state laws depending on how they are organized and the services they provide. Commercial banks are also monitored through the Federal Reserve System.

Functions

A commercial bank is authorized to serve the following functions:
• Receive deposits - take money in from individuals and businesses (called depositors)

• Disburse payments - make payments upon the direction of its depositors (such as honoring a check)

• Collections - a bank will act as your agent to collect funds from another bank payable to you (such as when someone pays you by check drawn on an account from a different bank)

• Invest funds in securities for a return

• Safeguard money - banks are considered a safe place to store your wealth

• Maintain and service savings and checking accounts of its depositors

• Maintain custodial accounts - accounts controlled by one person but for the benefit of another person, such as a trust account

• Lend money

The focus of banking is varied, the needs diverse and methods different. Thus, we need distinctive kinds of banks to cater to the above-mentioned complexities. Deposit-taking institutions take the form of commercial banks, which accept deposits and make commercial, real estate, and other loans. There are also mutual savings banks, which accept deposits and make mortgage and other types of loans. Another type is credit unions, which are cooperative organizations that issue share certificates and make member (consumer) and other loans.

The banking industry can be divided into following sectors, based on the clientele served and products and services offered:

1. Retail Banks
2. Commercial banks

3. Cooperative banks

4. Investment Banks

5. Specialized banks

6. Central banks

3.9.1 Retail Banks

Retail banks provide basic banking services to individual consumers. Examples include savings banks, savings and loan associations, and recurring and fixed deposits. Products and services include safe deposit boxes, checking and savings accounting, certificates of deposit (CDs), mortgages, personal, consumer and car loans.

3.9.2 Commercial Banks

Banking means accepting deposits of money from the public for the purpose of lending or investment. Commercial Banks provide financial services to businesses, including credit and debit cards, bank accounts, deposits and loans, and secured and unsecured loans. Due to deregulation, commercial banks are also competing more with investment banks in money market operations, bond underwriting, and financial advisory work. Commercial banks in modern capitalist societies act as financial intermediaries, raising funds from depositors and lending the same funds to borrowers. The depositors’ claims against the bank, their deposits, are liquid, meaning banks are expected to redeem deposits on demand, instantly.

Banks’ claims against their borrowers are much less liquid, giving borrowers a much longer span of time to repay money owed banks. Because a bank cannot immediately reclaim
money lent to borrowers, it may face bankruptcy if all its depositors show up on a given day to withdraw all their money.

There are two types of commercial banks, public sector and private sector banks.

3.9.3 Public Sector Banks

Public sector banks are those in which the government has a major stake and they usually need to emphasize on social objectives than on profitability.

3.9.4 Private sector banks

Private sector banks are owned, managed and controlled by private promoters and they are free to operate as per market forces.

3.9.5 Investment Banks

An investment bank is a financial institution that assists individuals, corporations and governments in raising capital by underwriting and/or acting as the client's agent in the issuance of securities. An investment bank may also assist companies involved in mergers and acquisitions, and provide ancillary services such as market making, trading of derivatives, fixed income instruments, foreign exchange, commodities, and equity securities.

Investment banks aid companies in acquiring funds and they provide advice for a wide range of transactions. These banks also offer financial consulting services to companies and give advice on mergers and acquisitions and management of public assets.

3.9.5 Cooperative Banks
Cooperative Banks are governed by the provisions of State Cooperative Societies Act and meant essentially for providing cheap credit to their members. It is an important source of rural credit i.e., agricultural financing in India.

3.9.6 Specialized Banks

Specialized banks are foreign exchange banks, industrial banks, development banks, export-import banks catering to specific needs of these unique activities. These banks provide financial aid to industries, heavy turnkey projects and foreign trade.

3.9.6 Central Banks

Central banks are bankers’ banks, and these banks trace their history from the Bank of England. They guarantee stable monetary and financial policy from country to country and play an important role in the economy of the country. Typical functions include implementing monetary policy, managing foreign exchange and gold reserves, making decisions regarding official interest rates, acting as banker to the government and other banks, and regulating and supervising the banking industry.

These banks buy government debt, have a monopoly on the issuance of paper money, and often act as a lender of last resort to commercial banks. The term bank nowadays refers to these commercial banks. The Central bank of any country supervises controls and regulates the activities of all the commercial banks of that country. It also acts as a government banker. It controls and coordinates currency and credit policies of any country. The Reserve Bank of India is the central bank of India.- Learn more at www.technofunc.com. Your online source for free professional tutorials.

3.10 COMMERCIAL BANKS: TYPES AND FUNCTIONS OF COMMERCIAL BANKS OF INDIA
A bank is an institution where debts (usually referred to as bank deposits) are commonly accepted in final settlement of other peoples’ debts. Yet another definition defines banking as “the accepting for the purpose of lending, investment of deposits of money from the public, repayable on demand or otherwise and with drawable by cheques, drafts or otherwise.”

The modern bank thus, carries out several functions. It provides safe custody for those savers who want to put their savings with it and earns an income also, offers facilities to the busy businessmen or professional as the cheque facility, thus making the flow of payments and receipts easier while at the same time acting as the custodian of their funds. It also provides finance for the needy ones by allowing overdraft and loan facilities by creating credit.

3.11 TYPES OF BANKING

Banks can be classified into different groups either on the basis of their structure or on the basis of their function. Structurally banking can be divided into Branch banking and Unit Banking. Functionally, banking can be divided into Deposit Banking, Investment Banking and Mixed Banking.

3.11.1 Branch Banking

This refers to a system under which two or more banks are opened under a single ownership. Examples are State Bank of India, Punjab National Bank, Indian Bank etc. which have several branches spread all-over India.
3.11.2 Unit Banking

This refers to that system of banking in which banking operations are carried on through a single organization, without any branches. This system used to be popular in America. One great advantage of branch banking is that the same bank can cater to several parts of a large country (through its branches situated in those parts) which a unit bank would find difficult to do. As against this, a unit bank has the advantage that its efforts are concentrated in one area so that it can serve that area well.

3.11.3 Group Banking

This is a system under which two or more banks, separately incorporated, are connected by being controlled by a single holding company as trust.

3.11.4 Chain Banking

This is similar to Group Banking. Here two or more banks are controlled by a single group through the ownership of shares or otherwise.

3.11.5 Deposit Banking

In this category, the banks act as custodian or trustees of the depositors.

3.11.6 Investment Banking

This refers to banks whose main function is to provide finance for investment to industrial concerns. They provide this by purchasing shares and debentures of newly floated companies.
3.11.7 Mixed Banking

Most banks in India play both roles. Deposit Banking and Investment Banking. Such type of banking is called mixed banking.

3.12 FUNCTIONS OF COMMERCIAL BANKS:

The major functions of Commercial Banks are as follows:

3.12.1. Acceptance of Deposits

The main function of commercial banks is to accept deposits from the public. Banks maintains demand deposits accounts for their customers and converts deposit money into cash and vice versa, at the direction of the latter. Demand deposits are technically accepted in current accounts, which are withdraw able any time by the depositor by means of cheques.

Deposits are made in fixed deposit accounts which are withdrawable only after a specific period. Thus, fixed deposits are time liabilities of the banks. Deposits are also received in saving bank accounts subject to certain restrictions on the amount receivable and withdrawable. This is how banks pool the scattered savings of the community and serve as the reserves of its savings.

Giving Loans and Advances:

Another function of commercial banks is to extend loans and advances out of the money which comes to them by way of deposits to businessmen and entrepreneurs against approved securities such as gold or silver bullion, government securities, easily saleable stocks and shares and marketable goods.

3.12.2 Bank advances to customers may be made in the following ways:
(i) Overdrafts, (ii) discounting bills, (iii) money-at-call and short notice, (iv) loans and advances (v) various forms of direct loans to traders and producers.

3.12.3. Using Cheque System

Banks also render important services by providing an expensive medium of exchange, such as cheques. In modern business transactions, the use of cheques to settle debts is found to be much more convenient than the use of cash. In fact, the cheque is also known as the most developed credit instrument.

3.12.4. Other Functions

Commercial banks also perform a multitude of other non-banking functions which may be classified as (a) agency services and (b) general utility services.

(a) Agency services:

3.12.5 The bankers perform certain functions for and on behalf of their customers, such as:

(i) To act as executor, trustee and attorney for the customer’s will.

(ii) To collect or make payments for bills, cheques, promissory notes, interest, dividends, rents, subscriptions, insurance premium, etc. For these services, some charges are usually levied by the banks.

(iii) To remit funds on behalf of the clients by drafts or mail or telegraphic transfers.

(iv) To arrange income-tax experts to prepare income tax returns for their customers, and help them to get refund of income tax in appropriate cases.
(v) To work as correspondents, agents or representatives of their clients.

(b) General Utility Services:

3.12.6 The modem Commercial banks usually perform certain general utility services for society, such as:

(i) Bank drafts and traveler’s cheques are issued in order to provide facilities for transfer of funds from one part of the country to another.

(ii) Letter of credit may be given by the banks to their customers to enable them to go abroad.

(iii) Dealing with foreign exchange or finance foreign trade by accepting or collecting foreign bills of exchange.

(iv) Shares floated by Government, Public bodies and corporations may be underwritten by banks.

(v) Banks arrange the safe deposit vaults, to the customers, for their valuables.

(vi) Banks also compile statistics and business information relating to trade, commerce and industry. Some banks may publish valuable journals or bulletins containing research on financial economic and commercial matters.

3.13 CUSTOMER SERVICE QUALITY

3.13.1 The Concept

Customer Service Quality is the establishment, development, maintenance and optimization of long-term mutually valuable relationships between consumers and the organizations. Successful Customer Service Quality focuses on understanding the needs
and desires of the customers and is achieved by placing these needs at the heart of the business by integrating them with the organization's strategy, people, technology and business processes. At the heart of a perfect CSQ strategy is the creation of mutual value for all the parties involved in the business process. It is about creating a sustainable competitive advantage by being the best at understanding, communicating, and delivering, and developing existing customer relationships in addition to creating and keeping new customers. So the concept of product life cycle is giving way to the concept of customer life cycle focusing on the development of products and services that anticipate the future need of the existing customers and creating additional services that extend existing customer relationships beyond transactions. CSQ is a comprehensive approach for creating, maintaining and expanding customer relationship. It provides seamless co-ordination between customer service, marketing, information technology and other customer related functions. It integrates people, process and technology to maximize relationships with all the customers. It does not aim to build closer relationship with all customers, but it recommends that organizations take initiative to identify the most valuable customers by looking for their life time value. CSQ means building an interdependent relationship with the customer in which each one relies on the other for business solutions and successes. From the Bank’s point of view, it is the management process or approach of acquiring, retaining and growing.

3.13.2 Significance of Relationships

Defining relationship is a difficult work and mostly defining relationship at academic and practical level is avoided. Operationally, relationship consists of a number of episodes and that buying a service twice is a minimum requirement for relationships. Similarly, a relationship exists when a series of interactions between customer and organization occur. Relationships plays vital role in human`s daily and professional lives, for example, choosing
careers, involvement in work and the like. Generally, people make major decisions in their lives based on their relationships with organizations and persons.

Based on the above criteria, firstly it shows clearly that there is commitment on both sides that is commitment on the side of bank as well as on the side of its customers. Secondly, banks accommodate customers as best as it can. Thirdly, there is trust on both sides, that is customer and bank trust each other. Fourthly, parties that are customers and banks respect each other, fifthly, there is affection among customers and banks, sixthly, and there is effective communication between banks and customers like verbal and non-verbal communication. Seventhly, banks give priority to its customers and try to take care of the various interests on its customers with banks. Eighth, banks try to support its customers and if a customer has a strong relationship with their banks, they also support their banks like mouth reference and the like. Finally, banks try to assist their customers in achieving their long-term goals.

3.13.3 Significance of Customer Service Quality

In this globalized world managing relationships with the customer and making them contented has become a necessity. It is a ground reality for many companies which had realized the customers need. They had started seriously giving more care to them than ever before. The perception and understanding of the bank is based on the customers varied experiences with their employees and services. It is accepted that the cost to bring a new customer is ten times higher than to retain the existing customer. In addition to this it is also agreed that the various choices have opened today for the customers. Therefore all this require a better understanding of the customer. What customer expects from the bank and their requirements are to be understood, even though all customers do not contribute equally to the profit kitty of the banks. If the customer relationship management is attended properly,
it will not only help to improve the bank but also help to focus bank‘s effort where it is required most. Customer relationship management is the most efficient and strongest approach while creating and maintaining relationship with consumers. It is not only pure business but also it develops strong personal bonding with the customers. Through maintaining CSQ it is very easy for them to identify the customer’s actual requirement. It may help them to serve with a better quality and way of services. It is said that if banks want to be strong and fruitful, they should implement sophisticated strategies involved in customer relationship management. It is also the most important tool for better future growth. Customers’ requirements and complaints are part of their banking business life.63

3.13.4 CSQ in Banking Sector

Customer service quality helps banking sector to use technology and human resources. These factors allow them to gain insight about consumer behavior and their values. If CSQ works better then the bank can provide better customer service, it can help sales staff close deals faster, cross sell products more effectively, make call centers more efficient, discover new customers, simplify marketing and sales processes and increase consumer revenue. It could not happen with just buying software and installing into the system. In this the bank must decide as what type of customer information that they are going to ask. It has to further decide as to what they intend to do with the information. After all these after that the banks decide and run a model considered as best. Efficiently dealing with all the customers and providing them what they actually need increases the customer satisfaction. This increases the chance of getting more business which ultimately enhances turnover and profit. If the customer is satisfied, they will always be loyal to the bank and will remain with the same bank forever resulting in increasing customer base and ultimately

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enhancing net growth of banking business. In today’s commercial world, practice of dealing with existing customers and get a thriving business by bringing in more customers into loop is predominant. Installing a CSQ system can definitely improve the situation and help in challenging the new ways of marketing and business in an efficient manner. Hence in the era of business every organization should be recommended to have a full-fledged CSQ system to cope up with all the business needs. So, banking business is not an exception. 64

CSQ is a powerful management tool that can be used to exploit sales potential and maximize the value of the customer to the bank. Generally, CSQ integrates various components of a business such as sales, marketing, IT and accounting. This strategy may not increase a business’s profit today or tomorrow, but it will add customer loyalty to the business. In the long run, CSQ produces continuous scrutiny of the bank's business relationship with the customer, thereby increasing the value of his business. Although CSQ is known to be a relatively new method in managing customer loyalty, it has been used previously by retail businesses for many years. The core objective of modern CSQ methodology is to help businesses to use technology and human resources to gain a better view of customer behavior. With this, a business can hope to achieve better customer service, make call centers more efficient, cross-sell products more effectively, simplify marketing and sales processes, identify new customers and increase customer revenues.

As an example, banks may keep track of a customer's life stages in order to market appropriate banking products, such as mortgages or credit cards to their customers at the appropriate time. The next stage is to look into the different methods of gathering customers', where and how this data is stored and how it is currently being used. For instance, banks may interact with customers in a countless ways via mails, emails, call centers, marketing and

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The collected data may flow between operational (such as sales and stock systems) and analytical systems that can help sort through these records to identify patterns. Business analysts can then browse through the data to obtain an in-depth view of each customer and identify areas where better services are required.

3.14 CSQ AND BANKS

One of the banks’ greatest assets is their knowledge of their customers. Banks can use this asset and turn it into a key competitive advantage by retaining those customers who represent the highest lifetime value and profitability. Banks can develop customer relationships across a broad spectrum of touch points such as bank branches, kiosks, ATMs, internet, electronic banking and call centers.

CSQ is not a new phenomenon in the industry. Over the years, banks have invested heavily in CSQ, especially in developing call centers, which, in the past, were designed to improve the process of inbound calls. In future, call centers will evolve to encompass more than just cost reduction and improve efficiency. According to Gartner Group, more than 80 per cent of all US banks will develop their call centers as alternative delivery channels and revenue centers, to be used for the delivery of existing products and services. But to be successful, a bank needs more than the ability to handle customer service calls. It needs a comprehensive CSQ(Customer Service Quality) strategy in which all departments within the bank are integrated.

3.14.1 Objectives of CSQ in Banks

CSQ (Customer Service Quality), the technology, along with human resources of the banks, enables the banks to analyze the behavior of customers and their value. The main areas of focus are as the name suggests: customer, relationship, and the management of
relationship and the main objectives to implement CSQ (Customer Service Quality) in the business strategy are:

- To simplify marketing and sales process
- To make call centers more efficient
- To provide better customer service
- To discover new customers and increase customer revenue and
- to cross sell products more effectively

The CSQ (Customer Service Quality) processes should fully support the basic steps of customer life cycle. The basic steps are:

- Attracting present and new customers
- Acquiring new customers
- Serving the customers and
- retaining the customers

In today's increasingly competitive environment, maximizing organic growth through sales momentum has become a priority for banks and financial institutions. To build this momentum banks are focusing on customer relationship management initiatives to improve.

- Customer satisfaction and loyalty
- Customer insight/ 360° view of customer
- Speed to market products and services
Increase products-to-customer ratio

Improve up sales and cross sales and

capitalizing on new market opportunities

The idea of CSQ (Customer Service Quality) is that it helps businesses use technology and human resources to gain insight into the behavior and value of those customers. If it works as hoped, a business can provide better customer service, make call centers more efficient, cross sell products more effectively, help sales staff close deals faster, simplify marketing and sales processes, discover new customers and increase customer revenues. It does not happen by simply buying software and installing it. For CSQ (Customer Service Quality) to be truly effective an organization must first decide what kind of customer information it is looking for and it must decide what it intends to do with that information.

For example, many financial institutions keep track of customers' life stages in order to market appropriate banking products like mortgages or IRAs to them at the right time to fit their needs. Next, the organization must look into all of the different ways of gathering information about customers who come into a business, where and how this data is stored and how it is currently used. One company, for instance, may interact with customers in a myriad of different ways including mail campaigns, web sites, brick-and-mortar stores, call centers, mobile sales force staff and marketing and advertising efforts. Solid CSQ (Customer Service Quality) systems link up each of these points. The collected data flows between operational systems and analytical systems that can help sort through these records for patterns. Company analysts can then comb through the data to obtain a holistic view of each customer and pinpoint areas where better services are needed.
3.14.2 Need of CSQ (Customer Service Quality) in Banks

The bank merely is an organization as it accepts deposits and lends money to the needy persons, but banking is the process associated with the activities of banks. It includes issuance of cheques and cards, monthly statements, timely announcement of new services, helping the customers to avail online and mobile banking etc. Huge growth of customer relationship management is predicted in the banking sector over the next few years. Banks are aiming to increase customer profitability with customer retention. It is a sound business strategy to identify the bank’s most profitable customers and prospects, and devotes time and attention to expanding account relationships with those customers through individualized marketing, pricing, discretionary decision making.

In banking sector, relationship management could be defined as having and acting upon deeper knowledge about the customer, ensure that the customer such as how to fund the customer, get to know the customer, keep in touch with the customer, ensure that the customer gets what he wishes from service provider and understand that when they are not satisfied might leave the service provider and act accordingly. CSQ (Customer Service Quality) in banking industry is entirely different from other sectors, because banking industry is purely related to financial services, which needs to create the trust among the people. Establishing customer care support during on and off official hours, making timely information about interest payments, maturity of time deposit, issuing credit and debit cum ATM cards, creating awareness regarding online and e-banking, adopting mobile request and others are required to keep regular relationship with customers.

The present day CSQ (Customer Service Quality) includes developing customer base. The bank has to pay adequate attention to increase customer base by all means. It is possible if the performance is at satisfactory level, the existing clients can recommend others to have
banking connection with the bank, so that he is they are connected. Hence seeking references from the existing customers for the prospective future customers can develop their client base. If the base is increased, the profitability also increases. Therefore the bank has to implement lot of innovative CSQ (Customer Service Quality) measures to capture and retain the customers. There is need for a shift from bank centric activities to customer centric activities. The private sector banks in India deployed much innovative strategies to attract new customers and to retain existing customers. CSQ (Customer Service Quality) in banking sector is still in an evolutionary stage. It is the time for taking ideas from customers to enrich its service. The use of CSQ (Customer Service Quality) in banking has gained importance with the aggressive strategies for customer acquisition and retention being employed by the banks in today’s competitive milieu. This has resulted in the adoption of various CSQ (Customer Service Quality) initiatives by these banks. 65

3.14.3 Steps to Follow

The following steps minimize the work regarding adoption of CSQ (Customer Service Quality) strategy. These are:

➢ Identification of proper CSQ (Customer Service Quality) initiatives

➢ Implementing adequate technologies in order to assist CSQ (Customer Service Quality) initiative

➢ Setting standards (targets) for each initiative and each person involved in that circle

➢ Evaluating actual performance with the standard or benchmark and

➢ taking corrective actions to improve deviations, if any

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Customer relationship management is concerned with attracting, maintaining and enhancing customer relationship in multi service organizations. CSQ goes beyond the transactional exchange and enables the marketer to estimate the customer’s sentiments and buying intentions so that the customer can be provided with products and services before they start demanding. Customers are the backbone of any kind of business activities, maintaining relationship with them yield better result.

3.14.4 CSQ (Customer Service Quality) Strategies

This is a new way of thinking for many banks with thousands, even millions of customers. Managing customer relationships successfully means learning about the habits and needs of the customers, anticipating future buying patterns and finding new opportunities to add value to the relationship.

3.14.4.1 Customer Behavior Patterns

In the financial sector, early beneficiaries of successful CSQ (Customer Service Quality) strategies were the banks. These banks use data warehousing and data mining technologies to learn from the millions of transactions and interactions with their customers, and to anticipate their needs. The patterns of customer behavior and attitude derived from this information enable the banks to effectively segment customers on pre-determined criteria. Detailed customer data can provide answers to the following questions:

- Which communication channel do they prefer?
- What would be the risk of giving up one bank for another bank? and
- What is the probability that the customer will buy a service or product?
This knowledge assists financial institutions with CSQ (Customer Service Quality) solutions in place to develop marketing programs that respond to each customer segment, support cross-selling and customer retention programs. It enables the staff to understand how to maximize the value of each customer’s interaction. CSQ (Customer Service Quality) applications provide functionality to enhance customer interactions. Banks known for their high level of customer service might use this characteristic as a starting point for implementing a CSQ (Customer Service Quality) application. Another company may be very good at targeting profitable customers. Each bank should seek a niche for itself on which to develop its CSQ (Customer Service Quality) strategy.

3.14.4.2 Customer Data

A common problem many organizations share is integrating customer information. When information is disparate and fragmented, it is difficult to know who the customers are and the nature of their associations or relationships. This also makes it difficult to capitalize on opportunities to increase customer service, loyalty and profitability. For example, knowing that other family members are also customers provides an opportunity to up-sell or cross-sell products or services, or knowing that a customer uses several sources of interaction with a supplier can also provide opportunities to enhance the relationship. The creation and execution of a successful CSQ (Customer Service Quality) strategy depends on close examination and rationalization of the relationship between an organization’s vision and business strategy. Building toward a CSQ (Customer Service Quality) solution and evaluating the use of customer data requires analysis and alignment of the following core capabilities:

- Customer value management
• Prospecting

• Selling

• Collection and use of customer intelligence

• Customer development (up-selling and cross-selling)

• Customer service and retention and

• protection of customer privacy

Successful CSQ (Customer Service Quality) implementations result from the capability of the organization and its employees to integrate human resources, business processes and technology, to create differentiation and excellence in service to customers, and to perform all of these functions better than its competitors. The current economic context and financial crisis has most probably led many financial services institutions to refocus their CSQ (Customer Service Quality) strategies with the customer relationship being more than ever the key to profitability of a retail activity. These institutions have to design a new approach to regain and reassure customers. Even if they have only started building a “how to win back trust” strategy, there is a general movement towards “refocusing on the customer” for the “post-financial” crisis phase.

3.14.5 Techniques in CSQ (Customer Service Quality)

Techniques in customers’ relationship management can be classified as follows.

3.14.5.1 Customer Service and Retention

More competition and increased regulation made it more difficult for banks to stand out from the crowd. However, the development of CSQ (Customer Service Quality) gave
banks proactive access to technology that helped them improve customer retention by using
customer feedback to offer conveniences like ATMs and online banking. Banks can also use
CSQ (Customer Service Quality) tools to improve customer loyalty by using data collected
through customer sign-ups, transactions and feedback processes.

3.14.5.2 Call Centers

Bank call centers use CSQ (Customer Service Quality) solutions for various purposes. Cost-driven call centers use CSQ (Customer Service Quality) to track call transactions and troubleshooting techniques to fine-tune the service resolution processes. Metrics like average handle time and customer feedback ratings help bank call centers improve their customer support for retention. Profit-driven call centers also leverage CSQ (Customer Service Quality) customer account records for add-on selling opportunities.

3.14.5.3 Sales

Sales have gained more importance in banks with the evolution of CSQ (Customer Service Quality). Bundling of products and premier customer accounts are examples of techniques used by banks to build single-product customer accounts into full product suites including a range of financial services. With CSQ (Customer Service Quality) software, bankers can easily see what products the customers currently use, what products they are eligible for and what the benefits should be added to the additional product or service.66

3.14.6 Critical Success Factor of CSQ (Customer Service Quality)

CSQ (Customer Service Quality) is a holistic approach, which needs alignment of different aspects of a business. Management and leadership, change of management, human

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resources and using right technologies are the critical success factors of CSQ (Customer Service Quality).

3.14.6.1 Management and Leadership

Leaders/Mangers in a bank should have an important role by sharing CSQ (Customer Service Quality) team’s vision with the management. The leaders’ role has to be that of a facilitator for implementing CSQ (Customer Service Quality). Effective Leadership skills result in the success of CSQ (Customer Service Quality) initiatives. An innovative manger work with his team makes decisions by consulting his team, while still maintaining control over the group as well as appreciates all the feedbacks in the organization related with CSQ (Customer Service Quality) implementation and strategies and try to integrate people into it. Because CSQ (Customer Service Quality) is the backbone of communication, manager’s communication and coaching skills are important in CSQ (Customer Service Quality) implementation in any bank.

3.14.6.2 Change Management

“CSQ (Customer Service Quality) is an evaluation. Change is inevitable." When new IT systems, software, etc. are deployed, the way people doing their jobs would also change. Therefore the cultural change adaptation is crucial. It can be also be as Multi Pronged Change Strategy. Instead of rushing, CSQ (Customer Service Quality) team can prefer a gradual change. Workshops and brainstorming meetings with sales, marketing, and customer service staff can be conducted to discuss CSQ (Customer Service Quality) strategies. Banks do train employees and first of all, they tried to change employees’ mindset from operation centric to customer centric ones. Change in management is crucial to promote user adaptation. Major focus is based on training to achieve adaptation.
3.14.6.3 Human Resources

CSQ (Customer Service Quality) is the backbone for communication. For a successful CSQ (Customer Service Quality) implementation, human resources management of a company is very important. Integrating employees into strategies and training them is very important to adapt them to change. Employees are the interface of the company and so they can highly affect the bank’s image.67

3.15 CSQ IN COMMERCIAL BANKS

In recent years, the banking industry around the world has been undergoing a rapid transformation. In India also, the wave of deregulation of early 1990s had created heightened competition and greater risk for banks and other financial intermediaries. The cross-border flows and entry of new players and products have forced banks to adjust the product-mix and undertake rapid changes in their processes and operations to remain competitive. The deepening of technology has facilitated better tracking and fulfillment of commitments, multiple delivery channels for customers and faster resolution of miscoordinations.

Unlike in the past, the banks today are market driven and market responsive. The top concern in the mind of every bank's CEO is increasing or at least maintaining the market share in every line of business against the backdrop of heightened competition. With the entry of new players and multiple channels, customers (both corporate and retail) have become more discerning and less "loyal" to banks. This makes it imperative that banks provide best possible products and services to ensure customer satisfaction. To address the challenge of retention of customers, there have been active efforts in the banking circles to

switch over to customer-centric business model. The success of such a model depends upon the approach adopted by banks with respect to customer data management and customer relationship management.

Over the years, Indian banks have expanded to cover a large geographic and functional area to meet the developmental needs. They have been managing a world of information about customers - their profiles, location, and the like. They have a close relationship with their customers and a good knowledge of their needs, requirements and cash positions. Though this offers them a unique advantage, they face a fundamental problem. During the period of planned economic development, the bank products were bought in India and not sold. What our banks, especially those in the public sector lack are the marketing attitude. Marketing is a customer-oriented operation. What is needed is the effort on their part to improve their service image and exploit their large customer information base effectively to communicate product availability. Achieving customer focus requires leveraging existing customer information to gain a deeper insight into the relationship a customer has with the institution, and improving customer service-related processes so that the services are quick, error free and convenient for the customers.

Furthermore, banks need to have very strong in-house research and market intelligence units in order to face the future challenges of competition, especially customer retention. Marketing is a question of demand (customers) and supply (financial products and services, customer services through various delivery channels). Both demand and supply have to be understood in the context of geographic locations and competitor analysis to undertake focused marketing (advertising) efforts. Focusing on region-specific campaigns rather than national media campaigns would be a better strategy for a diverse country like India. Customer-centricity also implies increasing investment in technology. Throughout
much of the last decade, banks world-over have re-engineered their organizations to improve
efficiency and move customers to lower cost, automated channels, such as ATMs and online
banking. But this need not be the case.

As is proved by the experience, banks are now realizing that one of their best assets
for building profitable customer relationships especially in a developing country like India is
the opening of branch-branches which are a key channel for customer retention and profit
growth in rural and semi-urban set up. However, to maximize the value of this resource, our
banks need to transform their branches from transaction processing centers into customer-
centric service centers. This transformation would help them achieve bottom line business
benefits by retaining the most profitable customers. Branches could also be used to inform
and educate customers about other, more efficient channels, to advise on and sell new
financial instruments like consumer loans, insurance products, mutual fund products, and the
like. There is a growing realization among Indian banks that it no longer pays to have a
"transaction-based" operating model. There are active efforts to develop a relationship-
oriented model of operations focusing on customer-centric services. The biggest challenge
the banks face today is to establish customer intimacy without which all other efforts towards
operational excellence are meaningless. The banks need to ensure through their services that
the customers come back to them. This is because a major chunk of income for most of the
banks comes from existing customers, rather than from new customers.

Customer Service Quality (CSQ) solutions, if implemented and integrated correctly,
can help significantly in improving customer satisfaction levels. Data warehousing can help
in providing better transaction experiences for customers over different transaction channels.
This is because data warehousing helps bring all the transactions coming from different
channels under the same roof. Data mining helps banks analyses and measure customer
transaction patterns and behavior. This can help a lot in improving service levels and finding new business opportunities. It must be noted, however, that customer-centric banking also involves many risks. The banking industry world over is being thrust into a wild new world of privacy controversy. The banks need to set up serious governance systems for privacy risk management. It must be remembered that customer privacy issues threaten to compromise the use of information technology which is at the very center of e-commerce and customer relationship management – the two areas which are crucial for banks' future. The critical issue for banks is that they will not be able to safeguard customer privacy completely without undermining the most exciting innovations in banking. These innovations promise huge benefits, both for customers and providers. But to capture them, financial services companies and their customers will have to make some critical tradeoffs.

3.15.1 Importance of CSQ (Customer Service Quality) in Commercial Banks

For long, Indian banks had presumed that their operations were customer-centric, simply because they had customers. These banks ruled the roost, protected by regulations that did not allow free entry of anybody into the sector. And to their credit, when the banking sector was opened up, they survived by adapting quickly to the new rules of the game. Many managed to post profits. For them an unexpected bonanza came from government bonds. Ironically, the Reserve Bank of India's moves to cut aggressively the interest rates after 1999, pushed up the prices of bonds. So banks had a windfall doing almost nothing. The bond profits, like manna from heaven, improved the balance-sheets of all banks irrespective of their core performance. However, the era of lazy banking is soon to end. The mesh of rules that propped up the Indian banking industry is now being dismantled rapidly.

According to a RBI road-map, India will have a competitive banking market after 2009. As one of the most attractive emerging market destinations, India will see allows
foreign banks to come in with more freedom grow and acquire. Therefore, it is imperative that Indian banks wake up to this reality and re-focus on their core asset — the customer. A greater focus on customer relationship management is the only way the banking industry can protect its market share and boost growth. CSQ (Customer Service Quality) would also make Indian bankers realize that the purpose of their business is to "create and keep a customer" and to "view the entire business process as consisting of a tightly integrated effort to discover, create, and satisfy customer needs."

CSQ (Customer Service Quality) is variously misunderstood as a fancy sales strategy, an expensive software product, or even a new method of data collection. It is none of these. Customer relationship management in the Indian banking system is fundamental to building a customer-centric organization. CSQ (Customer Service Quality) systems link customer data into a single and logical customer repository. CSQ (Customer Service Quality) in banking is a key element that allows a bank to develop its customer base and sales capacity. The goal of CSQ (Customer Service Quality) is to manage all aspects of customer interactions in a manner that enables banks to maximize profitability from every customer. Increasing competition, deregulation, and the internet have all contributed to the increase in customer power. Customers faced with an increasing array of banking products and services, are expecting more from banks in terms of customized offerings, attractive returns, ease of access, and transparency in dealings. Retaining customers is a major concern for banking institutions which underscores the importance of CSQ (Customer Service Quality). Banks can turn customer relationship into a key competitive advantage through the strategic development across a broad spectrum. This chapter examines issues related to changing banking industry in India and the challenges in CSQ (Customer Service Quality).
CSQ (Customer Service Quality) is a simple philosophy that places the customer at the heart of a business organization’s processes, activities and culture to improve his satisfaction of service and, in turn, maximize the profits for the organization. A successful CSQ (Customer Service Quality) strategy aims at understanding the needs of the customer and integrating them with the organization’s strategy, people, and technology and business process. Therefore, one of the best ways of launching a CSQ (Customer Service Quality) initiative is to start with what the organization is doing now and working out what should be done to improve its interface with its customers. Then and only then, should it link to an IT solution. For large organizations it can be a mammoth task unless a gradual step-by-step process is adopted. It does not happen simply by buying the software and installing it. For CSQ (Customer Service Quality) to be truly effective, it requires a well-thought-out initiative involving strategy, people, technology, and processes. Above all, it requires the realization that the CSQ (Customer Service Quality) philosophy of doing business should be adopted incrementally with an iterative approach to learn at every stage of development.

3.15.2 Implementation of CSQ (Customer Service Quality) in Commercial Banks

Although CSQ (Customer Service Quality) as a concept is of recent origin its tenets have been around for some time. Field officers in the banks have always promoted close relationships with customers, but the focus on customer orientation rather than product orientation as a commitment had been on the Indian banking scene for nearly a decade. But the fact remains that implementing customer relationship management is not easy. There are really very few organizations that are actually optimizing customer experiences at all points of contacts. It is necessary to understand the customers are and their value, select customer carefully, design products and services that deliver the desired value, design effective sales channels and customer touch points, recruit, equip employees to deliver, increase customer
value, and constantly refine bank’s value proposition to ensure customer loyalty and retention.

With the advancement of banking technology and computerization and networking of bank branches, bank customers are becoming more and more dynamic and less loyal in their behaviour. The development of the Internet is further adding to this trend and the whole market becomes transparent and customers are in a position to move easily from one bank to another. In such a situation, customer satisfaction is the key to bank marketing, which aims at retention of the old customers and their bringing in new customers.

CSQ (Customer Service Quality) deserves differential treatment to different class of customers at times. Service can be given to customers either personally through individuals such as customer service manager or the process that can be automated by using computers. These different approaches are adopted depending on the value of relationship with the customer. Personal management of relationship is extended to business customers and high value personal customers and automated relationship management to lower margin mass-market segments.

CSQ (Customer Service Quality) system can open up new channels of delivery, which are most cost effective, as in the case of the Internet and call centers. According to an estimate, cost per transaction through these modes can be reduced by 90 per cent when compared to cost of transaction at branch. To offer better and extended services to customers new technology platforms are being created through huge investment in information technology in the banking sector. The recent development in this field is the introduction of CBS (Core Banking Solutions). A CBS helps in centralizing the transactions of branches and different banking channels and the customers start banking with the bank instead of at different branches. This is the only way to offer seamless transactions across different
channels (branches, the Internet, the telephone and Automated Teller Machines or ATMs). As such nowadays a customer is called a customer of the bank rather than that of a branch.

Another problem generally faced by a bank in implementing CSQ (Customer Service Quality) is resistance to change. The banking industry is passing through a radical transformation, from a seller’s market to a customer’s market, a regulated economy to a more liberalized and open economy, advancement in technology and a lot of other developments. These complex changes are forcing the banks to change the way they do business. A change denotes making things in a different manner. It should be planned properly, proactive and goal oriented. It requires two things:

Firstly, the ability of the organization to adapt changes in the business environment is to be increased. Secondly, the mindset of the employees has got to be changed in the development of right attitude, skills, expectations, perceptions and behaviour. Implementation of CSQ (Customer Service Quality) in Indian banking is still in its initial stage and has to go a long way to be developed to the global standards. But the Indian banks including the public sector banks are coming in a big way to address this issue to remain competitive with their counterparts the foreign and private sector banks.

3.16 CUSTOMERS SERVICE QUALITY – PRINCIPLES

Nowadays banks have to work keeping in mind the position of the financial market and anticipate change in the market place and prepare themselves accordingly. They have to make new resolutions to build further on their own strengths to explore new avenues of customers relationship management. This is the only strategic weapon to be pursued for excellence in the pursuit of performance and achievement. Both the retention of old business
as well as to search for new business, CSQ (Customer Service Quality) is the only choice. CSQ (Customer Service Quality), being the essence of modern banking, a sound understanding of the key principles, its theories and practices should be revisited and redefined to provide a road map to new ideas and techniques in the field. Over the years, banking institutions have been feeling the pressing need of putting up greater thrust on this initiative for improving their operations and appearances.

3.16.1 CSQ (Customer Service Quality) Principles

The main principles of CSQ (Customer Service Quality) can be grouped into seven guiding factors:

3.16.1.1 Customer focus

The first and foremost important guiding principle in CSQ is customer focus. The first question that arises in this regard is to define the customer. This question is very fundamental. A customer is a person or group of persons who receives the product or service—the final output of a process or group of processes. A customer is the final arbiter of quality, value and price of a product or service. A satisfied customer only assigns value to a service, on the contrary, to a dissatisfied customer a product or service has no value, even if the concerned service or product has been designed with lot of effort, energy and cost after a thorough planning. A satisfied customer motivates his fellow members to go in for the service or product that he has already acquired. But a disgruntled customer always counsels his friends, and fellow members not to go to banks where his experience proved to be wrong bitter or other-wise. So customer’s delight or customer’s satisfaction is the essence of any CSQ (Customer Service Quality) program. As a part of this focus on customers, banks
should ensure that clients are identified; their requirements are determined, understood and met duly enhancing customers’ satisfaction.

3.16.1.2 Leadership

Persuasion, judgment and decision-making abilities are the main attributes of quality leadership. When there is a slight chance of getting a business but the client is hesitating or in a fix, or not in a position to decide properly, it should be followed up by the relationship manager by patient hearing, mild counseling and to stand by the side of the prospective client to help clear his doubts and to make him feel happy by realizing that he is going in the right direction and he is right in choosing his requirements.

The following points may be found helpful in this regard:

- It is to be communicated to all employees that all customers should be given a proper hearing and it should be supported from all levels.
- Ways and means should be identified and practiced in getting and staying closer to customers.
- Proper regard should be extended to the customers. All relevant information about them should be collected from them with a humble and discrete approach. Proper value should be given to their feedback.
- There should be proper re-action to the information and feedback provided by the customers in designing, developing and providing desired products at affordable cost.

3.16.1.3 Process Approach
A process transforms an input into desired output by the use of resources, energies and time. In producing an output there may one single process or a group of inter-related processes. In case of inter-related processes, often the output from one process directly forms the input for the next. For effective functioning of an organization, it has to identify and manage numerous linked activities with the help of different processes for accomplishing its goal.

Proper attention should be given to the following points:

- All processes should be designed keeping in view the requirements and desires of the customers, within the policy, resource availability, strategy of the company.
- All processes should meet the legal and statutory requirements to perform the activity or deliver the product or service.
- Time involved in processing should be less with least waiting time for the customers. If required delegation of authority and assignment of account-ability at various executive levels should be addressed, they should be revised and fine-tuned to meet the requirements.
- All the processes should be properly integrated to meet the goal of congruence and should not function at cross-purpose and
- There should be in built control mechanism for ease of measuring, reviewing and taking corrective action.

3.16.1.4 System Approach

Customer’s requirement is one level of commitment. That level implies a system that is reactive and provides customers what they want but the target should be to achieve more
and to exceed the customer’s expectation to accommodate their future requirements and to build a cushion against the competitors’ attributes. CSQ (Customer Service Quality) denotes the management of the entire system and is not confined to only one or the other sub-systems or functional departments. CSQ (Customer Service Quality) is based on a system approach to management. Its primary objective is to increase value to customers on a continuous basis by designing and improving organizational processes and systems on an ongoing basis. Meeting each sub-system may have its own goal but the goal and objectives of all sub-systems are to be integrated to achieve the overall goal.

There may be one sub-system to acknowledge the customer’s order, a separate one to deliver the product within the delivery schedule, another sub-system to comply with the complaints of the customers etc, but all directed to accomplish the goal—value to the customers. The total system as a whole should decide on the product to be manufactured, the services to be offered, the quality to be imbedded, the price to be fixed, markets and customers to targeted upon and similar other issues.

3.16.1.5 Involvement of People

The fundamentals of CSQ (Customer Service Quality) bear the genes of customer relationship through involvement of people, i.e., the work-force at the disposal of the organization. The whole gamut of CSQ (Customer Service Quality) is for the people, of the people and by the people. People’s involvement at all levels is essential for the success of a CSQ (Customer Service Quality) program. The bank managers and staff must be in a position to exploit the concept of customer relationship completely. Customer relation may be defined as that dimension of relationship marketing that seeks and ensures customer loyalty by fulfilling promises and continuing to satisfy customer’s wants and needs so that defection is zero. It comprises of three levels of; financial, social and structural relationships
The main focus of financial relationship is frequency marketing programs based on financial incentives such as reduction of processing fees, lower rate of commitment charges, organization of loan mela on special occasions etc. A social relationship program revolves round a social bonding between company and its customers and establishes brand loyalty. Bankers, nowadays, make house calls, offer different services outside their formal activities, share the feelings and emotions of clients and even send clients bouquets on birthdays and anniversaries. A marketing relation with the middleman and interested groups is developed in an in-side-out manner mainly based on software, which would help in data warehousing, data mining and data analysis. The optimization of structural relationship lies in the replacement of physical resources by total service replacement. Drawing of money through ATMs instead of physical presence in the branch for withdrawal of cash through cheques or withdrawal forms may be cited as an example. To obtain the full benefits of people involvement, the human resource management should focus on employee empowerment, productivity linked reward, zero defeat service oriented training and total quality management.

3.16.1.6 Mutually Beneficial Customer Relationship

The relationship with the customer should be based on a mutually beneficial relationship. A bank should not concentrate its attention towards earning of profits only, but focus should be directed to the customers’ wealth creation or value enhancement with the motto of earning through service. As an example we can talk of a savings account that’s ‘fixed up’ to give a customer more interest. It ensures that any balance in your savings account above a certain amount, say, Rs 3,000 automatically gets transferred to a fixed deposit to give you higher returns, which will be swept back into your savings account, when you need it.
Sometimes, other benefits are also extended, such as, free personal accident insurance coverage along with fixed deposit scheme above a certain amount and above a certain term. Banks are no more restricting their activities to deposit and advances; rather they work with the motto of offering ‘integrated total package solutions’ to all needs of a customer. Banks have gone to the extent of booking cinema tickets, paying utility bills, school fees etc. for the ease of their clients who are very busy and do not find time for such works. Many of such activities are not profitable in terms of time and efforts spent by the bank. But banks are carrying out such services for mutual benefits, which pays in the long run.

Wealthy individuals are in the habit of placing all sorts of demands on their private bankers and a bank has to respond to such requests not merely for income generation but as a gesture of goodwill and at times such activities add a consider-able percentage to a bank’s fee based income. According to an estimate, a bank can earn Rs 35,000 to Rs 100,000 per annum for a good customer. But generally it is found that earnings start after the first two- three years of dealing with the customer. In a mature relationship, such fee-based income is a regular feature and is very much crucial in today’s banking where interest spread is getting reduced due to competition and fee based income can increase the bottom line. But in many instances, the expenses in terms of time, effort, recognizing individual needs and offering a customized investment solution are high. Retention of customers and building a long lasting relationship is the main criteria under this concept.

3.16.1.7 Continuing Improvement

Another objective of CSQ (Customer Service Quality) is the efforts towards continuous improvement in the customer relationship through the provision of value added services at a favorable cost. Business processes in the areas of finance, system integration,
human resource management etc are to be automated and optimized with an aim to increase the efficiency and effectiveness of operations.

The most effective way of improvement lies in innovation and change management. Today’s successful organizations must stimulate and foster innovation and master the art of change. Organizations that maintain their flexibility, spontaneity and unpredictability, continually improve their quality and beat their competitors in the market place with a constant stream of innovative products and services. They will be the winners.

The major areas to be targeted are:

- Improving the effectiveness of marketing.
- Implementing multichannel trigger driven marketing
- Implementing a strategic analysis capability to support strategic decision making and
- The ability to deliver the increasing levels service demanded by customers.

Also building a transparent communication system and employee participation to better define the needs of the customers and deliver the right services and products are equally important.

**3.17 BENEFITS OF CSQ (Customer Service Quality)**

Despite the fact that in most banks sometimes fail to get profits, they seldom pay attention to or adopt any customer strategy. It has long been the misconception that banks need not pay much attention to customer focus just because they had customers. Some banks even if they possess good customer relationships are unable to cross sell as they have not figured out the product or service with which to target the customers. They also are unaware of what may happen when customers are often approached with the wrong products.
However the new millennium has resulted in banks and financial agencies rethinking their strategies and goals. They have come to understand the importance of banking on to the customer and keeping him happy. The rules that once governed the banking industry have changed. They have realized that adopting a customer centric strategy is essential and needs to be compulsorily undertaken. The vast majority of banks now realize that they need a customer strategy and are opting for CSQ (Customer Service Quality).

Banking CSQ (Customer Service Quality) software serves to increase the market share and boost growth in the banking industry. CSQ (Customer Service Quality) banking solutions change the way the employees think and mould them into customer conscious people. CSQ (Customer Service Quality) induces bankers to know that they are required to maintain good relationships with their customers and should strive to retain them. They are made to realize that the business process should consist of efforts to discover and satisfy customer requirements. Since the banking field now boasts of so much of technological innovations there has been a wide variety of innovations in CSQ (Customer Service Quality) banking as well. Statistics show that bankers will bear staggering expenditure on CSQ (Customer Service Quality). The sector will also evidence an increase in expenditure of 14 percent each year. With such phenomenal statistics it is but a surety that with CSQ (Customer Service Quality), banking solutions sales will improve in the coming years.

3.17.1 Benefits of CSQ for Banks

3.17.1.1 Focus on the Customer

CSQ (Customer Service Quality) manages to place the customer at the focal point of the organization in order to cater to his needs, satisfy him and thus maximize its profits. CSQ (Customer Service Quality) understands the needs of the customer and integrates it
with people, technology, resources and business processes. It focuses on the existing data available in the organization and uses it to improve its relationship with the customers. Banking CSQ (Customer Service Quality) uses information and analytical tools to secure customer focus. Thus it is completely essential that banks implement CSQ (Customer Service Quality) in order to secure maximum gain all-round.

### 3.17.1.2 Overall Profitability

CSQ (Customer Service Quality) enables banks to give employee's better training that helps them handle customers easily. It achieves better infrastructure and ultimately contributes to better overall performance. The byproducts of CSQ (Customer Service Quality) banking solutions are customer acquisition, retention and profitability. Banks that don't implement CSQ (Customer Service Quality) will undoubtedly find themselves with lesser profitability coupled with a sharp decline in the number of customers.

### 3.17.1.3 Satisfied Customers

It is important to make a customer feel as if he / she is the only one customer in the bank. This will go a long way in satisfying and retaining them. Bankers need a return on investment and it has been proved that increase in customer satisfaction more than contributes a fair share to ROI. The main value of CSQ banking lies in satisfaction and increased retention of customers.

### 3.17.1.4 Centralized Information

CSQ (Customer Service Quality) banking solutions manage to clearly integrate people, processes and technology. CSQ (Customer Service Quality) banking provides banks with a holistic view of all bank transactions and customer information as well and stores it in a single data warehouse where it can be studied later.
3.17.1.5 CSQ (Customer Service Quality) Banking Boosts Small Banks

Banking CSQ (Customer Service Quality) software meets the needs of banks of all sizes in terms of attaining the required accuracy and understanding of customers. Merely assuming that banks that are considerably smaller in size have a better customer approach and are able to deal with their customers in a better manner is wrong. They are just as much in need of CSQ (Customer Service Quality) aid as the others. Small banks on account of a limited amount of money have had to realize that a large contribution to profits is directly the result of good customer service. CSQ (Customer Service Quality) makes sure that the bank delivers exactly what the customer expects.

3.17.1.6 Customer Segregation

CSQ (Customer Service Quality) enables a bank to see which customers are costing them and which are bringing benefits. CSQ (Customer Service Quality) provides them with the required analytical tools that will help them focus on the importance of segregating these two and doing what is required to avail of the maximum returns. After this segregation is done CSQ (Customer Service Quality) easily enables banks to increase their communication and cross-selling to their customers effectively and efficiently.

3.17.1.7 Aggressive Customer Acquisition

CSQ (Customer Service Quality) solution supports the creation of demand generation through multi-channel and multi-wave campaigns. The solution ensures that the bank’s marketing message is appropriately personalized and targeted towards the most suitable segment of prospects. This optimizes marketing efforts and results in greater conversion of prospects.

3.17.1.8 Improved Cross-selling Framework
The solution presents a unified 360° view of the customer, allowing single point access to all the relationships the customer has forged with the bank. This along with robust customer analysis effectively supports true relationship banking, providing a robust framework for cross-selling opportunities. CSQ (Customer Service Quality) solution also integrates with other white labeled solutions to facilitate contextual and personalized customer engagement, with a keen focus on right-talk driven right-sell.

3.17.1.9 Increased Operational Efficiencies and Collaboration

CSQ (Customer Service Quality) solution supports business automation for processes and business activities, eliminating manual tasks and reducing process time. Straight through processing abilities enhance reduction in turnaround and processing time, increasing output and enabling speedy completion of tasks. The multilingual web-based single repository of information enables remotely located bankers to collaborate and transact seamlessly.

3.17.1.10 Lower Total Cost of Ownership (TCO)

A web-based solution leveraging new-generation technologies, Finacle CSQ (Customer Service Quality) solution is future-proof and can be seamlessly integrated with other enterprise applications. With a robust architecture and proven scalability, it ensures protection for the bank’s technology investments.

3.17.1.11 Campaign Management

Banks need to identify customers, tailor products and services to meet their needs and sell these products to them. CSQ (Customer Service Quality) achieves this through campaign management by analyzing data from banks internal applications or by importing data from external applications to evaluate customer profitability and designing comprehensive customer profiles in terms of individual lifestyle preferences, income levels and other related
criteria. Based on these profiles, banks can identify the most prospective customers and customer segments, and execute targeted, personalized multi-channel marketing campaigns to reach these customers and maximize the lifetime value of those relationships.

3.17.1.12 Customer Information Consolidation

Instead of customer information being stored in product centric silos, (for e.g. separate databases of savings account and credit card customers), with CSQ (Customer Service Quality) the information is stored in a customer centric manner covering all the products of the bank. CSQ (Customer Service Quality) integrates various channels to deliver a host of services to customers, while aiding the functioning of the bank.

3.17.1.13 Personalized Sales Home Page

CSQ (Customer Service Quality) can provide a single view where sales managers and agents can get all the most up-to-date information in one place, including opportunity, account, news, and expense report information. This would make sales decisions fast and consistent.

3.17.1.14 Lead and Opportunity Management

These enable organizations to effectively manage leads and opportunities and track the leads through deal closure, the required follow-up and interaction with the prospects.

3.17.1.15 Operational Inefficiency Removal

CSQ (Customer Service Quality) can help in strategy formulation to eliminate current operational inefficiencies. An effective CSQ (Customer Service Quality) solution supports all channels of customer interaction including telephone, fax, e-mail, the online
portals, wireless devices, ATMs, and face-to-face contacts with bank personnel. It also links these customer touch points to an operations center and connects the operations center with the relevant internal and external business partners.

3.17.1.16 CSQ (Customer Service Quality) with Business Intelligence

Banks need to analyze the performance of customer relationships, uncover trends in customer behavior, and understand the true business value of their customers. CSQ (Customer Service Quality) with business intelligence allows banks to assess customer segments, which help them calculate the net present value (NPV) of a customer segment over a given period to derive customer lifetime value. Customers can be evaluated within a scoring framework. Combining the behavior key figure and frequency to monetary acquisition analysis with a marketing revenue quota can optimize acquisition costs and cut the number of inefficient activities. With such knowledge, banks can efficiently allocate resources to the most profitable customers and reengineer the unprofitable ones. Data warehousing solutions have been implemented in Citibank, Reserve Bank of India, State Bank of India, IDBI, ICICI, Max Touch, ACC, National Stock Exchange and PepsiCo. Business Intelligence players hope many more will follow suit.

3.18 BENEFITS OF CSQ TO CUSTOMERS

Customer relationships are becoming even more important for banks as market conditions get harder. Competition is increasing, margins are eroding, customers are becoming more demanding and the life-cycles of products and services are shortening dramatically. All these forces make it necessary for banks to intensify the relationship with their customers and offer them the services they need via the channels they prefer.

3.18.1 CSQ – Benefits to customers
 Service provisioning throughout the entire life cycle of the corporate customer, from the initial stages to the establishment of a close, long-term relationship with profitable clients.

 Optimization of the use of bank resources, such as alternative channels of distribution (internet and home banking).

 Significant reduction in and limitation of operational costs through system automation and standardization.

 Low maintenance and expansion costs owing to the use of modern administration tools which allow bank employees to make a wide range of modifications to the system.

 CSQ (Customer Service Quality) permits businesses to leverage information from their databases to achieve customer retention and to cross-sell new products and services to existing customers.

 Companies that implement CSQ (Customer Service Quality) make better relationships with their customers, achieve loyal customers and a substantial pay back, increased revenue and reduced cost.

 CSQ (Customer Service Quality) when successfully deployed can have a dramatic effect on bottom-line performance. For example, Lowe’s Home Improvement Warehouse, in a span of 18 months, achieved a 265 percent return on investment (ROI) on its $11m CSQ (Customer Service Quality) investment.

 According to a study conducted in the sector of banking, convenience of location, price, recommendations from others and advertising are not important selection
criteria for banks. From customers’ point of view, the important criteria are: account and transaction accuracy and carefulness, efficiency in correcting mistakes and friendliness and helpfulness of personnel. Thus, CSQ (Customer Service Quality), high-quality attributes of the product / service and differentiation proved to be the most important factors for customers.

- Another study conducted in a European bank shows that with CSQ (Customer Service Quality), the bank was able to focus on profitable clients through efficient segmentation according to individual behavior. Information about ‘who buys what and how much’ enabled the bank to have a commercial approach based on the client and not solely on the product. Thus, the bank was able to better satisfy and retain its customers.

Eventually, CSQ (Customer Service Quality) results both in higher revenues and lower costs, making companies more effective and efficient: effective in targeting the right customer base with the right services via the right channels, and they are efficient in doing this at the lowest costs. For example, those banks that are moving transactions from the more expensive channels to less costly channels – like the call centre or Internet– are therefore able to save money.

### 3.19 CHALLENGES FOR CSQ IMPLEMENTATION

The most pervasive challenges to effective customer knowledge include:

- The difficulty of obtaining a complete view of customers.

- The need to move away from disjointed, standalone, and inconsistent channels to provide a cohesive, multichannel offering.
- The burden of disconnected legacy systems and disparate databases that store client financial data.

- The cost and complexity of meeting stringent government regulatory and client security and privacy requirements.

- The pressure on margins and growth prospects from increased competition.

- The costs associated with retaining customers and developing customer loyalty.

Although CSQ (Customer Service Quality) can help banking institutions efficiently manage their customers, many banks fail to mold the concept into the prevailing work culture. But the high incidence of CSQ (Customer Service Quality) failure has very little to do with the CSQ concept itself. Usually it's a case of the banks failing to pay attention to customer data they already have. A lot of banks underestimate the magnitude of CSQ. They tend to treat it just like any other application technology, without realizing that CSQ (Customer Service Quality), if done properly, is a strategic initiative that touches all areas of an organization.

3.19.1 Measuring CSQ benefits

A key basic CSQ challenge is establishing the measurement method. Banks may find it hard to build the initial business case justification and then to prove the worth or success of their investment. What makes the latter task even more difficult is the fact that the metrics that are best used to justify a significant IT investment are not always the most appropriate for evaluating ongoing success. When banks seek to justify the cost of their investment in CSQ (Customer Service Quality)-related technology they usually focus on hard numbers,
typically those related to decreased costs and increased sales. In other words, the proponents look to justify the top-line expenses with bottom-line benefits.

Traditionally, banks have determined the success of any project or product mainly in terms of internal business gauges such as return on investment, units sold, asset growth, or service level agreement measures. One exception to the typical practice of focusing solely on internal data for gauging success is market share, or market performance. Interestingly, most CSQ (Customer Service Quality) practitioners quickly default to marketing and sales measures when asked about the success of CSQ (Customer Service Quality) implementations. The tendency to frame the discussion of CSQ (Customer Service Quality) measurements in terms of sales and marketing measures is completely understandable given the phased nature of most CSQ (Customer Service Quality) projects. Since the majority of CSQ (Customer Service Quality) projects are expensive multiphase and multiyear projects that often involve multiple technologies, the funding for CSQ (Customer Service Quality) projects is also often phased. CSQ (Customer Service Quality) sponsors grant funding to project leaders at the completion of one phase and start of the next. To ensure that the subsequent phases will get funding, project leaders typically build into each phase of a CSQ (Customer Service Quality) project’s demonstrable business benefits.

At completion of each phase of a project, business benefits are expected to accrue rapidly to the bank. Revenue generation--whether through sales or marketing improvements--is the preferred business benefit for CSQ (Customer Service Quality) project sponsors. Not surprisingly, it is far easier to continue funding large, intricate IT projects when incremental revenue generation can be squarely identified.

3.19.2 Customer Profitability
Many banks use profitability as a key component in determining how to treat their customers. But measuring profit in a bank is not an easy task. Many banks allow the use of an accountant's approach to the measurement process. This means the accounting and finance people are in charge of the process, resulting in textbook-accurate allocations that often do not accurately reflect the activities they are intended to measure. For example, most bank costs are step-fixed. This means that they are neither purely fixed nor purely variable, with the resource able to process only a finite number of transactions before more investment is required. The way the step-fixed resources are allocated, they can dramatically affect the resulting measurement of account level profitability.

3.19.3 The 80-20 Rule

Most banks make critical pricing decisions based on the so-called 80-20 rule, the notion that 80 per cent of profits derive from 20 per cent of customers. This may be true, but the use of incomplete or inaccurate cost information and unproven hypotheses on customer buying behavior make this rule difficult to apply. One significant problem is that banks let their customers use the bank's products and services in an unprofitable way. By providing a lower level of service to these customers, the bank faces the danger of driving them away to institutions that provide better service. Given the step-fixed nature of bank costs as discussed, banks should not view losing unprofitable customers as the way to improved profits.

3.20 METHOD OF EFFECTIVE CSQ IMPLEMENTATION

Banks can take several steps to strengthen their customer relationship management in an effective manner.

3.20.1 Acknowledge Email Enquiries
At the very minimum, banks should send out an automated email response that acknowledges receipt of a customer's email and let the sender know when to expect a more complete response. It is then vital to get back to the customer within the promised time frame. Banks can earn more customer goodwill if they respond faster than the imposed deadline. To handle significant volumes of email, banks need adequate routing technology. Many banks regard a voice call centre as a cost of doing business, but they don't look at it the same way with email.

### 3.20.2 Develop the Right Contact Strategy

By knowing which offers and incentives to offer to which customers and when, banks will not annoy customers with unwanted marketing offers, building customer loyalty along the way. Such goals can be at least as important as realizing cross-selling opportunities.

### 3.20.3 Providing Online `Chatting'

An alternative to telephone support, online chatting is providing a service via emails or any other form of immediate response. This service also offers some of the immediacy of the phone but primarily allows customers to remain online. With online chatting, service agents can usually handle between one and three customer inquiries at once. Given that the average call lasts about four minutes, a customer-service representative can handle 10 to 12 customers per hour using "chat", compared with six to eight per hour over the telephone. One of chat's important advantages is that it keeps customers in an online store environment where they remain exposed to merchandise and promotions.

### 3.20.4 Reduce costs by Improving Website Design and Self-Service

Email, telephone support, and chat all involve considerable staffing costs. But to reduce these expenses a site should anticipate customer needs. Sites that are difficult to
navigate and do not provide needed information chase away some customers and force those who stay to resort to more expensive channels to satisfy their service needs.

3.20.5 Analyses the Project's Scope

Before recommending or embracing CSQ (Customer Service Quality), bank executives must analyze the business issues, the customer relationship model and the exact nature of customer interactions and see how they tie together. Banks should not embrace top-line growth as an objective until they can understand precisely how CSQ (Customer Service Quality) technology will provide those new revenues.

3.20.6 Limitations

Many CSQ (Customer Service Quality) implementations are severely limited because they fail to provide a complete and meaningful view of the customer. CSQ (Customer Service Quality) is primarily a business program, and it requires a genuine partnership between various departments to ensure that both business and technology issues are managed effectively. Furthermore, CSQ (Customer Service Quality) not only takes existing business processes and makes them more efficient, but it also requires these processes to be modified. For a CSQ (Customer Service Quality) implementation to be successful, decision makers within the bank need to make sure that all the stakeholders understand and support the required process changes.

3.20.7 Treating Accounts as Customer

Traditionally banks have closely associated customers with accounts, to the point of calling the account the customer and vice versa. Customers will tend to feel alienated when they are treated like a number instead of a person. A conventional account structure usually contains very little information about customers and their needs, or their relationship with
competitors or other divisions within the bank. The banks in the forefront have excellent reasons to adopt comprehensive CSQ (Customer Service Quality) strategies to cultivate a lifetime customer relationship. As banks move from transaction-centric to a relationship-centric business approach, effective leveraging of customer relationship becomes all the more critical.

Today, customers are expecting even more individual attention, responsiveness and product customization, yet are unwilling to pay a premium for these services. They are willing; however, to build a long-term relationship with banks that offers differentiated and more personalized services. This is where electronic banking can offer a competitive advantage. Successful CSQ (Customer Service Quality) implementation in electronic banking needs to integrate data from all customer touch points, employee feedback and even shareholders' perceptions. If used effectively and in an innovative way, this approach will enable banks to develop a strategy to deliver to the customer the most appropriate products and services.68

3.21 CONCLUSION

Significance of Customer relationship management, CSQ (Customer Service Quality) in banking sector and their benefits to their customers, principles of CSQ (Customer Service Quality), challenges for implementation, profile of sample banks and their working performance were discussed in this chapter. In the next chapter the socio economic profile of the respondents and services rendered by public and private sector banks is discussed.

CHAPTER IV

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68 www.mobilerated.com