CHAPTER - VI

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6.1. Introduction

Banking operations are becoming highly complex and competitive day by day with the growing needs of the society. In a service industry like banking, it is the intangible service across the counter that assumes paramount importance and it is this factor which ultimately determines the viability of the industry.

The needs for providing prompt, efficient, courteous and personalised customer service has become more pronounced in the context of liberalised economic environment which has ushered in an era of a neo-middle-class customers whose demand for qualitative service borders on impatience.¹

Banks are essentially community based business organisations. The growth and survival of banking institutions depend on how best they are able to serve the community of which a customer is a representative. Thus, the banks should constantly endeavour to satisfy the overall needs of the community. Furthermore, the banks have to be proactive in their approach to customer service. In other words, the banks have to anticipate the future needs of the community they are serving to and to get prepared to respond positively. As the needs of the society are ever changing this task becomes more challenging.

A customer is one who is having an account with the bank. In certain cases a person without having a formal account may be a customer or a client of the bank. On the other hand, services refer to catering to his needs in relation to bank's business.

Basically all banks provide the same service although the nature of service varies from bank to bank and from branch to branch. Different schemes are offered by different banks with a particular purpose which are basically the same. It is like the same material wrapped up in different coloured papers. RBI fixes the interest rates and hence the price competition is not there. It is only with the pattern of services that customers can be lured. The prime objective of the bank is the creation and delivery of customer needed services in a customer satisfying manner. As the customer satisfaction becomes the yardstick for assessment of performance of the bank, it (the bank) should ensure, among the other things, the following customer friendly services.

A) The bank should design the services to suit to this customers' requirements,

B) The bank personnel should be prompt and courteous across the counter,

C) The bank should dispose all complaints quickly to the satisfaction of the customer,

D) It should maintain cordial individual relationship,

E) It should have regular interaction with the customers so as to inform them about various facilities offered by the bank,

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1 Where there is a continued practice of bills discounted by the bank a person would become a customer without having a formal account in the bank.
F) It must instill confidence and security in the minds of the customers.

In this chapter we shall examine customer services that are being provided by the Indian banking industry in general and the UCO Bank in particular.

6.2. Customer Services in the Indian Banking Industry

Nationalised banks have their attention on customer service improvement since the 80s. In spite of several measures in the form of customer friendly schemes and other personalised services taken by the banks for improving services, there is hardly any significant improvement in the performance of the banks in general. The customer satisfaction is still a far cry. With the advent of social banking,1 the concept of customer service has assumed new dimensions. The banks are now dealing with a vast mass of heterogeneous assembly of customers having different personal traits, needs and expectations from the bank. In such a situation the role of human resources of the bank has become more crucial as they have to play a vital role in building, developing and strengthening the relationships with the customer.

In the following paragraphs we shall examine the reasons for the poor customer service in the banking industry in general.

(i) Strong trade unions and job security of the employees are considered to be one of the most important factors for poor customer service that imperils the banking industry. Nationalisation of banks vis-à-vis job security enabled the employees to show little

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1 Social Banking: The banking facilities which are provided to the weaker sections of the society which were hitherto neglected, like rural artisans, craftsmen, agricultural labourers, marginal land holders, etc., living in urban as well as rural areas.
concern for customer service. The employees are now more concerned for their rights than their duties. Ostentatiously they are oblivious of the rights of the customer.

(ii) Admittedly, the Government's recent reservation policy for filling up the vacancies and political pressure in appointing candidates for different positions are among the major factors responsible for the increasing number of inefficient persons. Obviously, all this will have a negative implication for customer service.

(iii) Absence of proper training, orientation and refresher courses at regular intervals to the employees regarding customer services renders them ignorant of the recent developments in banking system. Ignorance leads to tardiness and poor service.

(iv) Automation and other forms of sophistication have become an integral part of banking. Their absence causes delay in the performance of banking operations and loss of valuable time of the customers.

(v) Untidy premises and lack of basic amenities and comfort for customers and non-availability of stationery irritate the customers.

(vi) There is disparity in the distribution of work load among the employees of the bank. This results in discontent among them. Needless to say, such discontentment among the employees will have negative implications for customer service.

(vii) The banks do not provide for appropriate mechanism for customers' feedback about the services rendered by them. Absence of such feedback system/customers grievance redressal mechanism hampers the free flow of information and the same is responsible for
poor customer service. Moreover, indifference and inaction to the complaints of the customers are also considered as reasons for poor customer service.

(viii) In India there is no standardised programme for customer awareness. Customer ignorance is also a factor which impedes good customer service by the banker.

Every bank has to adequately educate its customers on the types of facilities it offers. This will prevent the postman search phenomenon by the customer and enable him to avail good service from the bank staff.

(ix) Faulty systems such as late arrival of cash from currency chest banks to non-currency chest banks and cumbersome procedure of clearing houses cause undue delay in customer service.

(x) Factors like fraud in the banking industry, Government policy such as directive investment, RBI directives, frequent changes in the interest rates etc. affect the customer service.

(xi) A customer availing rural banking facilities is the worst sufferer. The functioning of the rural branches generally is deplorable in India. Virtually there is no competition in banking business in rural areas. Most of the employees stay off their headquarters or in the nearby towns because of lack of proper communication and other physical facilities such as school, college, hospital etc. As a result the common sight is coming late to and going early from the office. This keeps the customer always guessing and causes considerable loss of his time.
It is not out of place to outline the various areas of customer dissatisfaction as identified by the Talwar Working Group. The Working Group identified the following areas:

a) delay and inaccuracy in putting through transactions,

b) delay and inadequacies in correspondence,

c) delayed, faulty and unhelpful decision making,

d) absence of elementary discipline,

e) undue emphasis of staff on observance of rules and procedures,

f) in regard to credit application, particularly (i) scheme designs lacking the essential adaptability or flexibility to cater to individual customer needs, (ii) questions asked and data required are not always relevant and/or available to individual needs, (iii) all queries not raised at one time, (iv) complicated documents and cumbersome procedures regarding documentation, (v) lack of counselling, (vi) malafide intention of the bank staff,

g) lack of uniformity of bank charge,

h) customer being viewed as 'faceless' unit of business and the resultant absence of any meaningful banker customer communication, and

i) general attitude of unconcern and apathy for the client.

6.2.1. Suggestions of Different Committees to Improve Customer Service in the Banking Industry

Improving customer relations is a continuous process. After the nationalisation of banks in 1969, several committees, commissions

and working groups were constituted to go into the issue of customer services. The notable among them are (i) Saraiya Commission, (ii) Talwar Working Group, (iii) Goiporia Committee, (iv) Narasimham Committee. Besides, the IBA sponsored a massive survey which was conducted by the National Institute of Bank Management (NIBM) in 1984 on Saving and Deposit trends and Customer Service. The National Council of Applied Economic Research (NCAER) made a

1 Saraiya Commission: A banking commission was appointed by the Government of India in 1972, under the Chairmanship of R.G.Saraiya to go into matters of customer service. The Commission made several recommendations for the improvement of customer service in banks.

2 The important recommendations of the Talwar Working Group were: Setting up of customer service committees (CSC) comprising of branch manager and representatives of all categories of staff to overview the quality of customer services dispensed by the branch; the branches should have a 'time board' displaying the normal time to be taken to complete different banking transaction; Customer Service Centres should be formed at the Divisional, Zonal and Corporate level for redressal of customer grievances. The recommendations of the Talwar Working Group were implemented by all the banks.

3 Goiporia Committee on Customer Service: The RBI appointed a committee on customer services in banks on September 15, 1990 under the Chairmanship of M.N.Goiporia, the then Chairman of State Bank of India, comprising top executives of banks, bank employees, depositors and borrowers to consider the various aspects of customer service and to make recommendations for improvement of the same. The committee recommended 97 suggestions for improving customer service and submitted its report to the then RBI Governor, Sri Venkat Raman on December 5, 1991. The important recommendations of the Goiporia Committee were: (i) banks to extend business hours for all banking transaction except cash until one hour before close of the working hours, (ii) banks in predominantly residential areas were advised to observe Sunday as working day by adjusting weekly offs, (iii) notes and coin counting machines to be installed in offices where the volume of work so warrants, (iv) greater computerisation has been recommended for quicker service, (v) all customers who are in the bank premises at the close of the business hour should be served; (vi) an exclusive Currency Corporation of India to be set up to solve currency holding problem and small denomination notes.

4 Narasimham Committee: A committee on the financial system, under the Chairmanship of M.Narasimham, the former Governor of RBI, was constituted by the Central Government in 1990-91 in pursuance of the budget speech by the then Finance Minister Dr. Manmohan Singh. The committee was appointed to examine the existing structure of the financial system and various components and to make recommendations for improving its efficiency and effectiveness with particular reference to the economy of operations, accountability and profitability of the commercial banks and financial institutions. The committee was also required examine other related aspects such as improving and modernising the organisational system and procedure, managerial policies, supervisory arrangements, customer services etc. The Committee Submitted its report in November 1991.
Survey on the functioning of the customer service centre and response of customers to the same in 1986.

6.2.2. Role of the Bank Personnel in Improving Customer Services

The employees of the bank play a vital role in maintaining satisfactory customer services. The involvement of human resources in the task with a strong sense of self discipline and awareness to attend to the customers’ needs promptly and politely will definitely improve customer relations. Mere guidelines or instructions from the Corporate Office or Zonal or Divisional Office to Branches cannot bring much change unless the employees possess a positive mind-set.

An environment conducive to good customer services does not come into existence automatically but such a situation can definitely be brought into existence through conscious, co-ordinated and concerted effort of both the employees and the management. Improvement of quality of the job knowledge of the personnel of the bank through proper training programmes about the system and procedures and the self-development attitudes and motivation of employees with strong customer-oriented approach are the key elements of satisfactory customer service.

The success and failure of the bank depends on how best its employees tackle the customer grievances/complaints. Unless they change their basic thinking process and commit themselves to service oriented work culture, the very survival of the banking industry will be at stake.

6.3. Customer Service in the UCO Bank

The UCO Bank has realised the importance of customer service and its striving constantly for continuous improvement in customer
service through the total involvement of the staff members. It has a well codified policy and clear-cut guidelines for its employees in this regard. In the following paragraphs discussion is made about the policies and practices of the UCO Bank relating to customer service as a whole and customer service at the Corporate, Zonal, Divisional and Branch levels.

6.3.1. Policy Guidelines of the UCO Bank on Customer Service

The UCO Bank has clear-cut policy guidelines regarding customer service which are as follows:

(i) The usual complaints of customers relating to the deficiencies in services across the counter, occasional misbehaviour, delay in collection of out-station instrument, non-payment of interest in case of delay in collection etc., should be given due attention by all concerned in order to minimise the complaints.

(ii) The machinery for redressal of grievances of customers should be made efficient and responsive and efforts should be made to dispose of all complaints within a period of three weeks.

(iii) The staff members of the bank should adopt a proactive and customer friendly posture in order to satisfy the customers. The motto of the Bank is to meet the customers with a smile.

(iv) Branches where the total staff strength is more than 30, should form Customer Counselling Committees and the committees should meet regularly and the customer-members should be invited to give their suggestions regarding improvement of customer services.
(v) Three branches in each division should be developed as model branches. These model branches should help considerably in improving the image of the Bank.

(vi) All branches should implement the recommendations of the Goiporia Committee in letter and spirit so as to improve the customer services.

(vii) In order to improve customer services at the branch level, the staff members will have to adequately develop self-discipline and self-motivation.

6.3.2. Customer Service in the UCO Bank

In order to have a clear idea about the customer services provided by the UCO Bank the researcher collected the views of a cross section of the managers and customers.

Views of the Managers

A majority of the managers whom the researcher interviewed claimed that the Bank has done a lot for the improvement of customer services. They substantiated their claim by giving reference to the following arrangements made by the Bank for customer services:

(i) Customer Grievance Redressal Cells have been set up in the corporate, zonal, divisional and branch offices for speedy redressal of customer grievances. The seniormost officer at each level meets the customers and receives complaints and suggestions in writing on specified days of every month. The UCO Bank, Bhubaneswar Division is acting as a coordinator of Customers' Committee (which is managed by the Divisional Manager, Bhubaneswar Division) of all nationalised commercial banks operating in Bhubaneswar. It is also
the convenor of State Level Bankers' Committee (SLBC) for Orissa. A customer or any bank of the State having any complaint can write to Post Box No. 108 which is maintained at Bhubaneswar Divisional Office of UCO Bank.

(ii) Customers are free to write to any level manager at the Head Office, Zone, Divisional or Branch Office. The complaints that cannot be sorted out at the branch level are referred to the Divisional Office.

(iii) In order to improve customer services at the branch level, the UCO Bank has set up Customer Services Committees; and meetings with customers are held regularly. A 'Time Board' mentioning the normal time to be taken to complete different banking transactions is displayed at every branch. 'May I help You' or enquiry counters have been opened in big branches like Ashok Nagar and Sahid Nagar branches in Bhubaneswar, and Berhampur, Dhenkanal and Puri branches.

As per the instructions of the corporate office, the branch offices of UCO Bank are implementing about forty recommendations\(^1\) of the Goiporia Committee. Some of the important services which the Bank is providing as per the Goiporia Committee recommendations are:

I. immediate credit of outstation cheques upto Rs. 5000/-

II. expeditious disposal of deceased claims

III. prompt collection of out-station instruments through use of courier service

\(^1\) See the Annual Report of UCO Bank, Calcutta, 1992-93, p. 20.
IV. extending business hours for all banking transactions except cash uptill one hour before the close of the working hours and steps are being taken to attend all customers who enter the banking hall before the close of the working hour

V. delays in collection of out-station cheques are compensated by paying interest at 2 per cent p.a. above the saving bank rate if such interest payable is Rs 5/- or more

VI. dishonoured instruments are returned/dispatched to customers within 24 hours

VII. delay beyond eight days in crediting Mail Transfers is compensated by paying interest at 2 per cent p.a. above the saving bank rate and pay such interest if it is Rs. 5/- or more

VIII. periodic change of desks and instrument of elementary supervisory job are considered for clerical employees

IX. quarterly Customer Relation Programmes to interact with different cross-sections of customers are utilised for identifying action points to upgrade customer service

X. infrastructure facilities at branches are upgraded by bestowing particular attention to providing adequate space, proper furniture, drinking water facilities etc.

Views of the Customers

For the purpose of eliciting the general views of the customers, we have interviewed a cross-section of customers at the branch level-- both urban and rural. Their reactions in general about the services provided by the Bank are as follows:
(i) The parties who come to the Bank for opening accounts are demanded introduction of known persons known to the Bank which is very difficult to get. In most of the cases the employees of the Bank hardly help in filling the forms, rather a lot of hurdles are put by them; sometimes they behave in an unfriendly manner.

(ii) The Managers or Advance Officers generally refuse to fill up the loan application forms, rather they discourage the parties to take loans and they put a lot of questions while granting loans. Such an unfriendly attitude of bank officials coupled with cumbersome procedures for granting loans leads to customer dissatisfaction.

(iii) While issuing bank drafts, the Bank insists on opening of account in that branch and not more than one draft is issued to one person on the same day. But it is also found that this principle has been violated in case of known persons and relatives of the Bank staff.

(iv) Very often the Bank staff are unmindful of their duties. They gossip with other colleagues without paying any attention to the problems of customers who stand at the counter.

(v) In teller counters cheques upto Rs. 3000/- are accepted but amount beyond that should come through other counters which takes a lot of time.

(vi) In real practice no interest is credited to the customers' account whose outstation cheques or other instruments are collected beyond a stipulated period. Rather the parties visit the Bank several times to enquire about the collection of the cheques or instruments. Also in Mail Transfers and Telegraphic Mail Transfers the Bank hardly informs the parties regarding the arrival of money.
(vii) The researcher while interviewing the legal heir of a deceased customer came across an incident which has serious implication for customer service and clearly indicates the callousness of Bank staff and also the faulty system of banking. The legal heir of the deceased customer was a widow and she had submitted all the required papers in the Bank to get back her husband’s deposits. But she had to wait almost a year to get the amount. Every time she had visited the Bank, the Branch Manager replied her that the papers were sent to the Divisional Office for verification.

(viii) The Bank Staff shows reluctance in accepting notes of small denominations and coins. They also refuse to accept soiled and cut notes.

**An Overall Assessment of Customer Service in the UCO Bank**

A cursory look into the customer services of the UCO Bank reveals that though the Bank appears to have clear-cut policy guidelines, in actual practice a lot remains to be achieved. A survey of customer’s views in the urban/rural branches shows that the urban branches have slightly better customer-oriented services than the rural branches. A customer has to encounter several problems in order to get his basic banking services even in urban branches also. He is often dissatisfied because of indifferent attitude of the Bank employees. The Manager and the supervisory staff more frequently become silent spectators expressing their inability to do anything against the well organised award staff.

In rural areas mostly the customers are illiterate, uneducated and economically poor. Their basic banking needs are consumer credits or agricultural loans related to Government aided schemes.
Here, the case is quite opposite to that of urban branches. The customers complain more against the Branch Managers and other officials rather than the award staff. The rural customers feel that the bank officials in connivance with the Government officials create problems in sanctioning Government sponsored loans.

It is also found that the UCO Bank does not have any specific training programme regarding customer services for its employees. Although Goiporia Committee specially recommended for employees’ training programmes for better customer services, the Bank has not made any positive effort in this regard.

Thus the customer services provided by the Bank are quite unsatisfactory. Unless the bank staff develop customer friendly attitude, have self-discipline and self-motivation, simply the instructions and guidelines would not help in improving customer relations. The Bank management has to create an atmosphere for inculcating a sense of belonging among the employees and they should be made aware of the fact that the very survival of the Bank depends on their prompt, efficient, courteous and personalised service to the customers.

The need for providing satisfactory customer service is becoming more pronounced due to the entry of foreign banks and emergence of private banks in the wake of liberalisation; and due to changing values and expectations of the customers.

Banking industry is an open system. As such, it is bound to be influenced by the changes that are taking place in the external environment. If the Industry has to survive and to be progressive, it
has to make appropriate strategies to respond properly to the pressures being exerted by the external environmental factors.

6.4. An Overview

1. In a service industry like banking, customer service assumes paramount importance as the viability of the bank depends on prompt, efficient, courteous and personalised customer service.

2. In order to enhance customer satisfaction banks should have certain customer friendly services.

3. The customer service in the banking industry (including the UCO Bank) is not up to the mark. Among other things, appointment of inefficient persons through political pressure, absence of proper training, disparity in the workload distribution among the employees, strong trade unions of award staff and job security are mainly responsible for poor customer service.

4. Various committees like Saraiya Commission, Talwar Working Group, Goiporia Committee, Narasimham Committee had made suggestions for improvement of customer services.

5. The UCO Bank has implemented most of the recommendations of the Talwar Working Group and Goiporia Committee on Customer Service to improve customer services in the Bank.

6. In urban branches the customer services appears to be relatively better than the rural branches. In urban areas the level of awareness of the customers about various facilities/services available to the customers is more as compared to that of the customers in rural areas.

7. The UCO Bank does not have any specific training programme for its employees regarding customer service.