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BANKER, CUSTOMER AND PUBLIC RELATIONS

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CHAPTER – V
BANKER, CUSTOMER AND PUBLIC RELATIONS

Introduction

The banker and customer relations are formal as well as informal which are to be taken care of by both, to accomplish the better-quality customer services from the bank. The chapter takes into account the details of such relations. Similarly, the need for developing the better public relation during the competitive banking era in globalization is imperative and hence the chapter delineates with this approach and suggests the ways for increasing the utility of the banker especially social utility in the cooperative banking field where service is primary motive and profit secondary.

Definition - Relation – Obligation

The term ‘banker’ had till lately not been defined in India by statute. In England, even up to this time, for the meaning and implication of the term ‘banking’, one has to look into the conventions and legal decisions. It should be stated that it is not easy to define banking because of the many-fold services rendered by a modern banker. An attempt was, however, made in formulating a definition of ‘banking’ and ‘banking company’ in Section 5 (1) (b & c) of the Banking Regulation Act, 1949, which reads as under:

‘Banking means the accepting for the purpose of lending or investment, of deposits of money from the public, repayable on demand or otherwise and withdrawal by cheque, draft, order or otherwise.'
Banking company means any company which transacts the business of banking in India.”

From the above definition, it is clear that if any institution including DCCB fulfils the following conditions, it will satisfy the definition of a banking company:

(a) Accepting of deposits from the public, repayable on demand or otherwise. The deposits may be of different types, current, savings, fixed, etc., and on various terms and conditions.

(b) Such deposits must be withdrawal by cheques, drafts, order or otherwise.

(c) Any money accepted as deposits must be for the purpose of lending or investment.

(d) The institution must be a Company as defined in Section 3 of the Companies Act, 1956. Even a foreign company within the meaning of Section 591, of the Companies Act, 1956, will be considered a banking company if it performs the functions stated in (a), (b), and (c) above. The State Bank of India and its subsidiaries are ‘banks under the State Bank of India Act, 1955 and the State Bank of India (Subsidiary Banks) Act, 1959 respectively. The fourteen banking companies, which have been nationalized, will hereafter be known as banks and not banking companies, in the context of the provisions of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, although they are governed by some sections of the Banking Regulation Act, 1949 (See Appendix III).
Business of banking: As stated above, banking would be necessarily mean accepting of deposits for lending or investment of funds. Besides these important functions, banks also engage in one or more of the following forms of business, namely, collection of Cheques and bills, remittance of funds, foreign exchange, undertaking the administration of estates as executors and trustees, and acting as agents, accepting articles for safe custody letting of safe deposit lockers, etc. These and many other functions (Services) are set out in detail in Section 6 of the Banking Regulation Act, 1949, which reads as below:

- The borrowing, raising, or taking up of money, the lending or advancing of money either upon or without security the drawing, making, accepting, discounting, buying, selling, collecting and dealing in bills of exchange, hundis, promissory notes, coupons, drafts, bills of lading, railway receipts, warrants debentures, certificates, scrip and other instruments, and securities whether transferable or negotiable or not; the granting and issuing of the letters of credit, traveler’s Cheques and circular notes; the buying, selling and dealing in bullion and specie, the buying and selling of foreign exchange including foreign bank notes; the acquiring, holding, issuing on commission, underwriting and dealing in stock, funds, shares, debentures, debenture stock, bonds, obligations, securities and investments of all kinds, the purchasing and selling of bonds, scrip and other forms of securities on behalf of constituents or others, the negotiating of loans and advances, the receiving of all kinds of bonds, scrip or valuables on deposit or for safe custody or otherwise; the providing of safe deposit vaults; the collecting and transmitting of money and securities;
• Acting as agents for any government or local authority or any other person or persons; the carrying on of agency business of any description including the clearing and forwarding of goods, giving of receipts and discharges and otherwise acting as an attorney on behalf of customers, but excluding the business of a managing agent or secretary and treasurer of a company;

• Contracting for public and private loans and negotiating and issuing the same;

• Effecting, insuring, guaranteeing, underwriting, participating in managing and carrying out of any issue, public or private, of State, municipal or other loans or of shares, stock debentures, or debenture stock of any company, corporation or association and the lending of money for the purpose of any such issue;

• Carrying on and transacting every kind of guarantee and indemnity business;

• Managing, selling and realizing any property which may come into the possession of the company in satisfaction or part satisfaction of any of its claims;

• Acquiring and holding and generally dealing with any property or any right, title or interest in any such property which may form the security or part of the security for any loans or advances or which may be connected with any such security;

• Undertaking and executing trusts;

• Undertaking the administration of estates as executor, trustee or otherwise;
• Establishing and supporting or aiding in the establishment and support of associations, institutions, funds, trusts, and convenience calculated to benefit employees or ex-employees of the company or the dependants or connections of such persons; granting pensions and allowances and making payments towards insurance; subscribing to or guaranteeing moneys for charitable or benevolent objects or for any exhibition or for any public, general or useful object;

• Acquisition, construction, maintenance and alteration of any building or works necessary or convenient for the purposes of the company;

• Selling, improving, managing, developing, exchanging, leasing, mortgaging, disposing of or turning into account or otherwise dealing with all or any part of the property and rights of the company;

• Acquiring and undertaking the whole or any part of the business of any person or company, when such business is of a nature enumerated or described in this sub-section;

• Doing all such other things as are incidental or conducive to the promotion or advancement of the business of the company;

• Any other form of business which the Central Government may by notification in the official Gazette, specify as a form of business in which it is lawful for a banking company to engage.

A banking company is not permitted to engage in any form of business other than those referred to above. For instance, any company
which is engaged in the manufacture of goods or carries on any trade and which accepts deposits of money from the public merely for the purpose of financing its business as such manufacturer or trader shall not be deemed to transact the business of banking.

The Government of India desires to jealously guard the use of the words ‘bank’, ‘banker’ and ‘banking company’, so that they remain the exclusive privilege of banks only, as defined in the Banking Regulation Act, 1949. For that purpose, the said Act was amended by the Banking Laws (Miscellaneous provision) Act, 1963. Section 7 of the Banking Regulation Act, 1949, now reads as under:

“No company other than a banking company shall use as part of its name any of the words ‘bank’, ‘banker’ or ‘banking’ and no company shall carry on the business of banking in India unless it uses as part of its name at least one of such words. No firm, individual or group of individuals shall for the purposes of carrying on any business, used as part of its or his name any of the words ‘bank’, ‘banker’ or ‘banking company’.”

The above amendment has placed beyond doubt the meaning of the words ‘bank’, ‘banker’ and ‘banking’.

Who is a customer? According to an old view, as expressed by Sir John Puget, “to constitute a customer, there must be some recognizable course or habit of dealing in the nature of regular banking business. It has been though difficult to reconcile the idea of a single transaction with that of a customer; that the word predicates, even grammatically, some minimum of custom, antithetic to an isolated act.” According to this view, in order to constitute a customer of a bank, two conditions are to be fulfilled: (i) there must be some recognizable course or habit of dealing
between the customer and the banker. (ii) The transactions must be in the form of regular banking business. Further, for a person to be a customer of a bank he should have some sort of account with the bank and the initial transaction in opening an account would not constitute the relation of banker and customer; there should be some kind of continuity. The concept of duration does not hold good any longer. At present to constitute a customer, duration is not essential. A stranger becomes a customer as soon as he opens; say a current or savings bank account after proper introduction and deposits cash and Cheques. Such a person whose money has been accepted by the bank on the understanding that the bank would honor Cheques to the extent of the credit balance available in the account would be a customer. The transactions have to be in the nature of banking business as defined earlier.

The question arises whether a person who utilizes only miscellaneous services, say purchasing bank drafts, sending money through telegraphic transfer or taking a locker on rent, would be considered a bank’s customer. Probably not the distinction between a customer and a non-customer is very important from the point of view of protection to the banker. Under Section 131 of the Negotiable Instruments Act, 1881, if a bank collects crossed Cheques for a person who is not a customer; the banker may be held liable for conversion if the Cheques have been wrongly credited to the person’s account. There have been cases where banks had opened accounts without proper introduction and collected cheques for wrong parties, and banks were held guilty of negligence. However, if proper reference or introduction has been taken by the bank and where there are no suspicious circumstances regarding the opening of the account, it would not be necessary for the bank to make further enquiries about the person concerned.
Relationship of Bank with customer

The general relationship between banker and customer is that of debtor and creditor according to the state of the customer’s account i.e., whether the balance in the account is credit or debit, but there are certain additional obligations to be borne in mind and these distinguish the relationship from that of the normal debtor and creditor. These may be summarized as follows:

Obligations of Banker to his customer

(i) To honour Cheques properly drawn to the extent of the balance available in the account.
(ii) To maintain secrecy of his customer’s account.
(iii) To collect the proceeds of Cheques and instruments of credit.
(iv) To give reasonable notice before closing the account.

Obligation of a Customer to His Banker

(i) Not to draw Cheques without sufficient balance:

The terms of a contract involve obligations on both sides and require to be carefully understood. The customer on his part undertakes to draw Cheques within the balance available to him. In case the balance is not sufficient to meet the drawings, it is expected of a customer to make some kind of arrangement to meet his Cheques. In the absence of any arrangement, the banker is justified in returning the Cheques at the cost and consequences of the customer who draws such Cheques. In fact, one of the current account rules usually clarifies the banker’s stand in the following words: Cheques must not be issued before the necessary funds have been credited to the account. If Cheques are presented when the funds are insufficient to meet them, payment will be refused and the
Cheques returned. Repeated disregard of these instructions may force the banker to close the account.

(ii) To draw Cheques in such a manner as to avoid any chance of alteration:

It is expected that the customer under-takes to exercise reasonable care in drawing his Cheques so as to avoid misleading the banker or facilitating material alteration. As a result of the customer’s fault, it the banker pays more than he ought to, the banker may not be held responsible for the excess payment.

Banks particularly request the constituents to: (a) keep the Cheques book under lock and key, (b) fill in the body of the Cheques before delivery, (c) fill in the amount in words as near as possible to the word ‘Rupees’ and amount in figures as near as possible to ‘Rs’. The writing of the Cheques should be clear and distinct and Cheques must be drawn in such a way as to prevent any alteration and addition after issue. However, if a customer lose his Cheques book or neglects to lock the safe in which it is kept and any unauthorized person takes it away and forges the signature of the account holder on the Cheques, the banker cannot still charge the payment to his customer.

(iii) To pay reasonable charges for services rendered:

By right of custom, a banker is entitled to levy incidental charges on current accounts and this practice is so well established that it would be legally enforceable. However, the amount levied should be reasonable for the services rendered. A banker has a right to be fairly and adequately compensated for the services which he renders to his customer.
There are some customers who fail to appreciate the cost involved in the provision of modern banking services. Further, they do not realize how much they would suffer in cost, time and convenience, if the system of clearing did not exist. It is therefore necessary on the part of the banker to educate his customer and bring home to him the correct position.

(iv) To make a demand on the banker for repayment of deposits: Though banks borrow money from the public they are privileged debtors. The general principle that a request by the creditor for payment is unnecessary does not apply to banking. According to the law of limitation in India, a debt payable on demand is time-barred after three years, whether or not a demand is made by the creditor on the debtor. In case of bank deposits, however, the limitation starts running from the date the customer makes a demand on the banker. A deposit may remain for more than three years, say 10 or 12 years, but the amount can still be claimed by the depositor from the bank. The period of limitations starts running from the date of such a demand. Bankers have hardly been known to decline payment of the debts (deposits) on grounds of limitation.

Secrecy and disclosure - banker’s duty of secrecy and its exceptions:

Between a debtor and a creditor, there is no legal duty of secrecy; but this principle does not apply in banking. The banker cannot disclose the position of his customer’s accounts without just and proper reasons.

A prudent banker must exercise great care to observe this duty of secrecy of his customer’s account. Any inadvertent disclosure made during the rush of routine business can have serious consequences. If a ledger-keeper finds that there is insufficient balance in the account, speaks loudly to the accountant about the position of the account and asks for his
instructions when a Cheques is presented for encashment, the person who presented the Cheques may come to know of the position of the account. The customer has a cause for damages in such a case. The credit of the customer may be affected because of this indiscreet act on the part of the ledger-keeper. The obligation exists not only during the currency of the account but continues even after the account is closed.

When disclosure may be made: The obligation of a banker to maintain strict secrecy about his customer’s account has certain exceptions which may be stated as under:

(i) Where disclosure is made under compulsion of law,
(ii) Where there is a duty to the public to disclose;
(iii) Where the disclosure is required in the interest of the bank;
(iv) Where the disclosure is made under express or implied consent of the customer.

(i) Compulsion of law:

The courts have powers to ask a banker to appear in court as a witness and give evidence in respect of any relevant entry appearing in the banker’s books. The banker can also be called for in special circumstances mentioned below:

(a) Banker’s Books Evidence Act, 1891:

According to the Bankers’ Books Evidence Act, 1891, a certified copy of any entry in a bank’s book is received in all legal proceedings as a prima facie evidence of the entry and also serves as an evidence of the matters, transactions and accounts recorded therein. On an application, however, of any party to a legal proceeding, the court may order that such party is at liberty to inspect and take copies of any entries in a banker’s
book for the purpose of such proceeding or ask the bank to prepare and produce a certified copy of such entries relevant to the matters in issue. It, however, the banker is not a party to a legal proceeding; he is not ordinarily compelled by the court to produce any banker’s book and appear as a witness to prove the matters, transactions and accounts recorded therein. Certified copies of the entries from the book would suffice. However, the court has the power in special cases to call for the original books and order the banker to appear as a witness.

(b) *Income-Tax Act, 1961:*

Under Section 285 of this Act, a person responsible for paying interest, not being interest on securities, shall on or before 15th of June each year, furnish to the income-tax officer having jurisdiction to assess him, a return in the prescribed form and verified in the prescribed manner, of the names and address of all the persons to whom during the previous financial year, he has paid interest or aggregate interest exceeding such amount, not being less than one thousand rupees, together with the amount paid to each such person.

Under Section 226 (3) of the Income-Tax Act, 1961, income-tax authorities are empowered to issue recovery notices in writing without going through the process of the court of law. Under Section 133 (6) of the Income-Tax Act, 1961, income-tax officers are authorized to call for any information about the account of a customer. The notices should be invariably accompanied by a summons, if the income-tax officer issues an order, under Section 131 (1) (c) of the Act, compelling production of books of account and other documents.
(ii) **Duty to the public to disclose:**

Banks are required to disclose the state of certain customers’ accounts in times of national emergency. For example, during war with China and the recent conflict with Pakistan, it was obligatory on a banker to make necessary disclosure where he was satisfied that the customer was dealing against the interest of the country. The banker, of course, must be sure of his grounds before making any disclosure on this count.

(iii) **Disclosure in the interest of the bank:**

An example of this exception occurs where the bank has to file a suit to recover an overdraft or loan granted to a customer. The banker may also have to file a copy of the account and disclose the nature of the transactions to defend an action brought against the banker by the customer.

(iv) **Consent of the customer:**

A customer may expressly authorize his bank to advise a named person of the balance of his account, say, for the preparation of a financial statement. It is quite obvious that such information cannot be supplied without written authority of the customer. The letter of consent may have to be filed in a court of law as evidence in case of action against the bank. The banker may sometimes ask for standing instructions from the customer to supply any information which may be required by the legal adviser/accountant of the customer.

When a person opens a current account with a bank, he is deemed to have given his consent to the banker to disclose general information about his account to a fellow banker. It is necessary that an accurate answer is given in general terms based on information available from the
bank records. There is no obligation on the part of the bank to obtain information from any outside sources.

- II -
Public Relations in Banks for Effective Fund Procurement and their Utilization

- Growth of Public Relations in India
- Public Relations in Banking Sector
- Public Relation cell
- Quality of Service
- Can DCCBs go on lines of Nationalized Banks?
- New Economic Policy with liberal Banking
- Public Relations Structure in Banks for marketing Efficiency
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Public relation

In the competitive marketing world, Public Relations have occupied a predominant role to gain the goodwill of the people. Public Relations in Bank Marketing always aims at harmonious blending of relationship between the Bank and the customer. In fact, we can say that Public Relations is present whenever Banker comes into contact with the people. Thus, today, Public Relations has emerged as key factor in every Bank with which the public are concerned in one or other way. The Banking goals, services or products are required to be promoted in a harmonious way utilizing the Public Relations techniques at Banking floors. This assists to increase marketing efficiency.
Definition:

“Public Relations practice in Bank is the deliberate, planned and sustained effort to establish and maintain mutual understanding between Bank and its customers.”

“Public Relations in Bank is a management of harmonious relations and understanding between Bank and its inside and outside public to promote the Banking goals, services or products.”

Public Relations is also graphically deciphered as ‘P’ for performance and ‘R’ for recognition. In other words, “Doing the right thing and getting appropriate credit for it”. Without performance, there can be no Public Relations in any bank. Performance and Public Relations are the two eyes of banking, which always go hand in hand.

Growth of Public Relations in India

Public Relations Society of India (PRSI), was established in the year 1958 with affiliation to the International Public Relations Association. It has now over 4,000 members in 22 Regional Chapters spread throughout the country.
In 1968, the First Public Relations Conference was held in New Delhi, where a code of ethics was adopted, besides giving a professional approach to Public Relations. It was the beginning of professional Public Relations in India. From 1968 to 1992, we see a qualitative change in the application and approach of the Public Relations which has improved both qualitatively and quantitatively.
Many organizations in the government, public and private sector and voluntary agencies are now utilizing Public Relations methodology in a big way. Special budget is being allotted by each organization to run its Public Relations Units. The commercial Banks are not exception to this. However, co-operative banks like DCCBs are lacking in this.

Unlike DCCBs, quite a handsome amount is spent by commercial Bank on information and publicity. Illustrative and attractive advertisements are published to educate the customers on the utility of the Bank services and also to impress and improve the image of their Bank in the minds of the public as a service organization. We can see the changed scenario in all types of publicity undertaken by the public and private sector Banks. Thus, Public Relations helps in building up reputation and goodwill for Bank. It also helps in creating a favourable sales environment and dispel the adverse attitude and prejudices against the Bank, if any. Further, it is observed that the Public Relations will be more effective in Banks where marketing needs depend on education and in winning good will. Public Relations also help in favorably changing the public opinion and subsequent marketing scope.

**Public Relations in Banking Sector**

The banking sector, which is totally and wholly in direct contact with the public, requires Public Relations approach at every stage. Right from the reception counter to deposit or withdrawal counter, at every stage human relations work the most. An atmosphere of cordiality and a helpful attitude has to run throughout the entire corridors of the bank as its code of conduct and ethics.
Everyone working in the bank, be an assistant attending to sundry jobs or the Manager, has to care for the customer and his needs. Let it not be forgotten that these customers / depositors, who are the real backbone of the bank, help in its existence and also in building up its image in the public.

In retrospect, the need for Public Relations in bank marketing arises for the following main areas.

(i) Employees’ relations
(ii) In-service training for staff in Public Relations
(iii) Launching of new services
(iv) Community relations
(v) Handling of crisis situations, strikes, robberies, frauds etc.,
(vi) Handling of both classified and display advertisements.
(vii) Deposit mobilization, Advancing Loans, Loan recoveries, court matters, distributing subsidies etc.
(viii) Customer relations at the bank counter and outside the bank premises
(ix) Bringing out-corporate publications
(x) Organizing activities like General Body Meeting, open house, seminars, workshops etc.

Public Relations Cell

Every bank, (which is absent in the most of DCCBs in Maharashtra) small or big shall have a Public Relations Cell, where Public Relations personnel, should sit in total visibility of persons entering the bank. They should not be made to sit in the counter like other functionaries of the bank. Sitting in a counter creates alienation/separation from customers. They should sit in a visible position. Any one who has any problem can
directly discuss with them who should help the customer in getting this work done.

Normally some banks keep a reception counter where a receptionist sits along with other staff and directs the customers to go to the counters concerned. This is like a sorting section in a post office. This really does not solve many problems of the customer. Public Relations Cell or Public Relations personnel about whom we are referring to now get in close contact with the customer and take a much deeper action helping to solve these problems. They educate the customer and help to build up faith and goodwill for the bank. The grades of the Public Relations personnel could be according to the grades of the bank. Time has come now when every DCCB should think in terms of opening a Public Relations Cell, be it small or big.

Banks in co-operative sector about which we are discussing in this thesis need the services of the Public Relations persons in a much greater way. The clients/customers being mostly from rural and semi urban areas, have a little or no knowledge of the banking systems, and need a greater guidance than others. Therefore the need of a Public Relations personnel is more felt in the co-operative banking sector.

Doing a thing may be good, but doing it better, and in the best possible way should be the motto of any concern and more so in the case of organizations which deal with public. There is no real substitute for a Public Relations Job.
Quality of Services

The DCCBs, of late, have attracted some criticism for the poor quality of services they render. Since protection to employees, critics allege that the services rendered by DCCBs have deteriorated about customer services. The Narasimham Committee has felt that “the rapid growth in the numbers of staff and accelerated promotion have also diluted the quality of manpower. There has consequently been a perceptible decline in the quality of supervisory and managerial staff in banks”. Further, the Committee in their report stressed that there is a need for reform of the financial sector due to several reasons viz as the “Productivity and efficiency of the system have suffered, its Profitability has been eroded and its portfolio quality has deteriorated. Customer service has been poor, work technology remains outdated and transactions costs are high”.

Most of the staff that is tradition oriented is finding it difficult to understand the winds of change that are taking place in social banking of the country. Old habits die-hard and it is telling on the banking industry - this has to be reversed. We have to move with the changing times. Today our orientation is towards our customer. As pointed out by the father of the nation Mahatma Gandhi.

“A Customer is the most important visitor on our premises. He is not dependent on us. We are dependent on him. He is not an interruption on our work. He is the purpose of it. He is not an outsider in our business. He is a part of it. We are not doing him a favour by serving him. he is doing us a favour by giving us an opportunity to do so”.

--Mahatma Gandhi.
It is against this background we have to understand the social requirements and needs of the Customer. Planning has to be done to meet the demands of the growing society. This entire means we have to reorient our staff to meet the new challenges.

It is here, the Public Relations can help in providing the necessary foot hold for the DCCBs in meeting the needs of the customers. The Public Relations personnel can bridge the gap which is widening between the customer and the bank. The Public Relations personnel who are more oriented towards public and their needs, are better persons to handle this delicate job. It is the Public Relations personnel who can meet the customer at his level with an open mind the evolving a proper understanding of the issues and help the customer gainfully.

**Can DCCBs go on lines of Nationalized Banks?**

Prior to Nationalization of Banks, the functions of Branch Manager were purely commercial in nature. The banks catered to the needs of selected and educated customers. Today, the Branch Manager has to cater to the needs of all kinds of customers ranging from the poor to the rich, illiterate to highly educated, rural artisans to industrialists. Thus, the banking structure has been transformed into mass banking from its traditional banking system.

The Nationalized banks are going ahead in a very fast manner in opening branches in the remote areas of our country. The banks are not only opening branches to serve the people but are also taking active part in promoting community services like Blood-donation Programme, Eye-clinic and camps for medical check-up of slum dwellers and other weaker
sections. Tree Plantation Programmes, Drinking water facility, Family Welfare Programmes, Flood Relief Camps, Adult Education Camps, Adoption of slums/remote Villages. Child care Centers, Rehabilitation of Destitute Children and Home for the Aged, Drug Banks, visits to prisons and orphanages, etc., are some of the other programmes, being undertaken by the Nationalized Banks as part of social responsibility. DCCBs like nationalized Bank can go on lines of Nationalized Banks and effect a good business. For this purpose these banks have to target affiliated co-operatives, government and private institutions and farmer-borrowers.

The present day Manager is performing many activities at the grassroots level like mobilizing deposits, doing credit management, Customer services, implementation of lending programmes etc., Infact the Branch Manager is performing a pivotal role of a marketing man, financial man, and a Public Relations man.

The range of services by the Nationalized Bank is more better and systematized than that of other banks. This is a good plus point, which creates an impact in the minds of customers. They always rely upon the banks for their services.

Though the co-operative movement could be traced back to the year 1904, even today, there is an imperative need to bridge the credit gap in the co-operative sector. This may be presumably due to their poor image, lack of adequate efforts and want of efficient personnel. The co-operative banks mostly act as agents for distribution of agricultural credit availing re-finance facility from the National Bank for Agriculture and Rural Development (NABARD). Consequent on the large expansion of
loaning business, both under agricultural and non-agricultural sectors and the financial discipline imposed by NABARD, a greater degree of responsibility is cast upon co-operative banks to mobilize deposits. Even, the NABARD is stressing the need for Co-operative Banks to improve their resources position on a large scale and lessening the burden on the part of NABARD in respect of refinance facility being offered by them. Keeping this in view, intensive efforts are made in co-operative banks to mobilise deposits on large scale. It is in this context, the Public Relations practitioner comes into the picture. A review of co-operative banks in the past two decades indicates that public is not aware of the customary services rendered by banks. They are not fully aware that co-operative banks also do work just like a Commercial / Nationalized bank and do all the transactions like accepting of deposits, issue of loans, opening of current, saving and fixed deposit accounts, locker facility, issue of Demand drafts, Mail Transfers, Telegraphic transfers, collection of pension bills, accepting of electricity bills, LIC premium remittances, remittance of property tax and issue of loans on National Savings Certificates, consumer durable loans, Jewel loans, clean overdrafts, loans for purchase of vehicles etc. Hence, the necessity arose to publicizes widely about the activities rendered by Co-operative banks to their customers. The Co-operative banks have to keep an officer exclusively for building up of the image of the banks and to provide good publicity so as to build up the resources. He should be like a friend, philosopher and guide to both the banks and to its customers. Hence, all co-operative banks in their own interest should keep an officer who looks on this vital issue. The physical image of their organization can be improved through their Public Relations officer by giving due publicity to the banks, by arranging “Customers meet”, in which many decisions can be taken for better improvement.
The Public Relations Officer has to conduct special campaigns for image building of his organisation based on its programmes and performances. He has to release advertisements in News Papers, Jingle spot over AIR, outdoor hoarding, laminated boards, installation of glowing boards etc., He has to arrange for interviews over All India Radio, panel discussions, talks on different subjects, press releases press tours, publishing of house journals, photo features, keeping presto gin sign boards, depicting the progress of his organizations at a glance, prepare material on the co-operative activities, conduct conferences, work shops etc., and had to look forward for building up the image of his Organization/bank.

**New Economic Policy with more liberal banking**

The new economic policy initiated by the prime Minister in 1991 envisages liberalization, privatization and globalization. This policy equally has close linkage with the banking sector. Competition and quality of service are the key words of this new policy. In this fast changing economic scenario, Public Relations has a two-way communication process and gains added importance. The Prime Minister Sri P.V. Narasimham Rao has reiterated the role of Public Relations in the liberalized economy when the inaugurated the 15th All India Public Relations Conference held in New Delhi during November 1992.

“The new job one has to do and this needs the kind of public relations which perhaps even the conventional public relations man has not though about. May be you will have to relearn or may be improve on your expertise. You have been in the field for decades, some of you, but still those decades coincided with the old order. The decades which will coincide with the new order will require new skills, new powers of persuasion on the part of those who are doing the PR exercise.”
In view of the above statement, the banking sector has taken cognizance of Prime Minister’s perspective of Public Relations and strengthens such an Institution in every bank. New Govt. Under leadership of Prime Minister Uttal Bihari Bajpai has also supported vision of Mr. Rao and expanded a scope of New Economic Policy with more trace on liberal approach in bank product marketing.

**Public Relations Structure in Banks for Marketing Efficiency**

The total process of building goodwill towards a business enterprise and securing a bright public image of the enterprise is called Public Relations. Earlier the publicity activity was known as P.R. which is equally useful in marketing activity of launching the product into the market and its sale.

Educating people about a service and creating interest in them for such a service requires more than advertising and sales promotion. “Peoples’ tastes and desires are developed by the unobtrusive influences about them the things they read, radio and television, what they see in the movies, what they hear others talk about. The unobtrusive non-selling influences have an immeasurable effect on their desire to buy. They create a desire for the product or service. They support direct selling activities of advertising and merchandising, giving them and added dimension. They associate product names with the prestige of the company. The many ways in which public relations people can create desires are indispensable to the modern sales programme.”

In the case of a co-operative bank, the task of P.R. would be to identify the concerned public with whom relations are to be built up or maintained for the smooth working of the bank. The bank’s public usually
include the members, the present and prospective customers, the state
Government departments, local authorities, Reserve Bank of India /
NABARD and other commercial banks, the press and other publicity
agents, local leaders, other elected representatives and such other
institutions.

The Need for P.R.

P.R. is a tool used by management to cultivate contacts and develop
relationship with the concerned public. This helps in developing its
business as far as its marketing is concerned. The bank management may
resort to P.R. when it is placed in the following situation.

(1) P.R. May become useful when a new service is introduced by the
bank.

(2) The bank may take the help of P.R. in positioning a product or
service, which is at the declining stage.

(3) P.R. Can be used to influence a particular group, like offering
special services on religious festivals, and other social importance.

(4) When the bank faces certain problems, P.R. can help to counter the
same.

(5) P.R. helps to build bank’s image that can help to market its services
easily.

In a co-operative bank, every employee is a P.R. man. The actions
and reactions of every employee are important in building up the bank
image. Such approach may result in creating interest and loyalty of the
members. The members, in such situation may develop full confidence in
the bank and its activities. It is necessary to create a feeling of belongings
in the minds of the members since they are the most significant public in
the working of co-operative bank.
P.R. Decisions in Marketing:
The management has to take decision on the following important areas in undertaking P.R. activities:

(1) Deciding the objectives of P.R., such as creating awareness, building credibility, reducing promotion costs, etc.

(2) Selecting the P.R. tools, the message and the strategy

(3) Evaluating the P.R. activities in terms of advances (sales), profit contribution, awareness or attitude, etc. The evaluation results should be analyzed periodically to effect changes if needed to improve the result.

The Committee on Public Undertakings in its 57th report in 2002 had recommended to parliament that “a committee should be appointed to make a detailed study of the organizational structure of the Public Relations and publicity units in the public undertakings and suggest guidelines for the set of such organization, keeping in view the need to inform the public not only of the products market by it but also the functioning of the undertaking.

The public sector public relations conference organized by the Standing Conference of Public Enterprises (SCOPE), Government of India in 2003 gave a new professional dimension to the public relations in public sector undertakings. The important recommendations of this conference, which have relevance even today, are:

1. For selection of public relations functionaries, apart from minimum academic qualifications of a degree, a professional qualifications in any area of public relations, journalism or in communication should be prescribed.
2. SCOPE should set up a committee to prepare case studies from India experience and undertake research in the area of Public Relations.

The Chief Executives of the Bank should take interest in the public Relations work and take them into confidence, pave the way for good working and for building up their organization/bank. A structure of PR and pivot functions of Public Relations officer, useful in DCCB are given ahead.

**Public Relations Structure in DCCB can be as under:**

![Diagram of Public Relations Structure in DCCB]

**PR Officer’s Functions**

1. To inform the public about the corporate objectives and programmes.
2. To identify the problems of the organisation where there is likelihood of crisis and bring to the notice of the organisation Chief Executive.

3. To identify the adverse criticism as appeared in the newspapers and as obtained from other sources like written or oral complaints from the concerned.

4. To issue clarifications on criticism appearing in the press.

5. To arrange for the editing, printing and maintaining of House Journals.

6. To put up press clippings from important newspapers and issue of rejoinders if there are any adverse remarks.

7. To create an awareness among the public, on the misnomer of banks and explain about the stability of the organization.

8. To explain about the ‘Deposit Insurance’ which is fixed upto Rs. one lakh without any premium to be paid by depositors?

9. To explain about the extra facilities provided by Banks.

10. To explain about the savings deposit scheme through attractive advertisements.

11. To conduct ‘Deposit Mobilization campaigns’ either fortnight or monthly.
12. To conduct campaigns in the villages about the various types of loans offered by the banks and concessions allowed to farmers.

13. To organize ‘Customer meet’ and clarify the doubts of customers.

14. To send success stories to Press, conduct of press conferences and arranging photo exhibitions.

15. To conduct local exhibitions; & participate in the exhibition conducted by other agencies like Government etc.

16. To conduct cultural, musical programmes, magic shows, organizing burra kathas & hari kathas.

17. Arrange Radio talks & panel Discussions over Doordarshan by the Chief Executives of the banks.

18. Organizing lectures by VIPs on important subjects in banking etc.,


20. To install hoarding color sign board and presto gin boards.

21. To arrange for study visits of Directors/Staff of the banks.

22. The special features of the Deposit Schemes Viz Re-investment plan doubles the investments interest earned on bank deposits are exempted from income tax at particular limit and a ailment of nomination facility are to be explained through pamphlets.
Significant Constituents in PR

There are many important dimensions in PR work. Some of them are explained ahead as an illustration.

Employees for Distribution of Loans and Collection of Deposits:

The most important ingredient in the marketing mix of a bank is the well-learned and cultured employees. Because in bank service, it is the employees who give service or deal with the customers. The satisfaction the customer derives is from the employees working in the bank. It is therefore often said that every employee in a bank, right from the security man to the Chairman and Managing Director is a marketing man. The actions, manners, dealings and interactions all play important roles in developing the marketing culture in the bank employees.

Fortunately, the banks could attract qualified people due to better salary structure and service conditions. To orient such employees will be easier once the management is committed to such a culture.

Banks cannot involve in straight selling but follow consultative approach. Banks deal in money. People generally are secretive of their financial matters and do not like to discuss them with unknown people. Bankers should therefore cultivate such intimacy with the customers that they feel free to discuss the financial matters in a confident manner.

Awareness

The personnel working in banks should be made aware that service is the end-product of a bank. Without customers the progress of the bank will be curtailed and it may start decaying. This will affect the employees and their development. The protective attitude of the trade
Unions will also change with the changes taking place in all fields. When the organisation itself becomes non-existent, due to its poor performance, the Trade Unions can do little to protect the employees. Every employee has therefore to evince keen interest in satisfying the customer’ needs and a satisfied customer will bring more customers, which in turn will result in more profit and growth of all employees.

**Orientation**

Each and every employee in the banks should be oriented with the need to develop their knowledge, skill and attitude in dealing with the people. Knowledge about the product, dealing with the customers, their psychology and behaviour, their product choice decisions, etc. need to be imparted.

The skill part should take care of handling people, listening, interaction and communication. The attitude of the employees will indicate the degree of motivation in the organization. Suitable training programmes should be designed to meet these specific requirements. The class-room discussions should include live day-do-day incidents of bank counters and how each one will deal with such situations.

The preparation of marketing mix exercise should consider the present level of employees’ orientation towards marketing and plan training programmes to change the culture to suit the marketing objective of the bank. The major marketing tool is the refined dealings by the employees with the customers. The other tools available for P.R. are:

- **News**
- Speeches by bank authorities in public platforms, and participation in conferences, seminars, exhibitions, competitions, etc.
• Public service activities.
• Annual report, brochures, articles, magazines etc.
• Audio-visual items.
• Stationery, logos, buildings, business cards, etc.
• Telephone services
• Members’ welfare activities.

*Member Relations:*

The member of co-operative banks is the most important segment who matters for the development and smooth working of the bank. Many banks have several schemes in order to develop goodwill and understanding amongst the members. It may be benefiting to suggest that the welfare measures undertaken by some of the leading urban co-operative banks in the country, may be made applicable to DCCBs in the State. These welfare measures are as detailed below:

(1) **Medical Check Up:**

Expenses on complete medical check up done at any reputed private, charitable /trust hospital will be reimbursed upto a maximum amount of Rs. 300/- per member and excess expenditure, if any, is to be borne by the member himself/ herself.

Member against a stamped receipt should pay the usual charges of the hospital. Application forms for reimbursement of expanses on medical check up should be submitted along with the original receipt.

The scheme is open in respect of complete medical check up for the member himself / herself only. The member is eligible for such reimbursement once in a co-operative year.
(2) **Reimbursement of Medical Expenses:**

Eligible members of the bank will be reimbursed medical expenses incurred by him/her during a co-operative year for self or his/her spouse as under:

(a) Expenses up to 50 per cent of the original bills

(b) The differences between the amount of actual claims preferred by the member employed in Government and other Public/Private organizations and the amount settled by his/her employer subject to the condition stipulated at (a).

(c) The maximum amount reimbursable under (a) and (b) above is Rs. 3000/- for the entire co-operative year, irrespective of the number of times bills are submitted. Reimbursement will not be available for maternity and/or allied operations and ailments.

Member will have to submit along with the application original bills of any hospital and medical institution run by Public and Charitable Trust in cities/towns where the bank is having its branches or such other hospital as approved by the Board.

In case of category (b) the member will have to submit a declaration in the prescribed format from his/her employer who has reimbursed a part of the medical expenses. This facility is also extended to a member who gets reimbursement of medical expenses from employer of his/her close relative.

In case the patient who is a member, dies, the reimbursement will be available to his wife or to his son/daughter who pays the hospital bills up to the ceiling stipulated.
(3) **Interest free loan for Major Ailments:**

   In case of major ailments of the member or his family, an interest free loan upto Rs. 25,000/- will be provided repayable within a period of 5 years against two personal sureties acceptable to the bank. The member will have to produce a certificate from his/her practicing doctor/surgeon indicating the nature of ailments and the expenditure likely to be incurred for treatment/operation. Payment will be made by the bank directly, wherever possible.

(4) **Declaration of prizes to meritorious students:**

   Prizes will be declared to the children of the members securing 85 per cent and above in S.S.C. examination. For H.S.C. examination the required percentage are 85 per cent for science, 80 per cent for commerce and 75 per cent for Arts. For Graduation level, the required level of marks is 60 per cent.

   Members desirous of availing this facility may apply to the bank along with the attested copies of the mark sheets of their children. The concerned child should have passed the examination in the first attempt. The scheme is made applicable from the academic year 1989-90 in respect of examination conducted from March 1990 onwards.

(5) **Donations/Prizes:**

   Donations/prizes will be awarded to a member who has achieved National Distinction in sports/fine arts or any other literary work.

(6) **Donation on a Monthly Basis:**

   Donation on a monthly basis upto a certain fixed amount will be provided to a member who does not have anyone to support him/her
family due to accidental/untimely death of his son/daughter. However, this would be discretionary and the amount of donation will be decided by the Board of Directors.

Eligibility Norms for Benefits:

1) A member should be a shareholder of the bank for a minimum period of 5 years. Reimbursement of medical expense will be available to a person who has been admitted to the membership of the bank on transmission of shares, provided the total duration for which shares are held by the transmitter and the person becoming a member on transmission is five years or more. Here, the word transmission is interpreted as inheritance from member to son/daughter or spouse on the death of original holder and is not interpreted as transmission from one member to another for the purpose of getting the benefit under the scheme.

2) In case of joint shareholding, the member whose name stands first will be eligible for the assistance under the scheme.

3) If he/she has taken medical insurance policy, he/she will not be eligible for the financial assistance under the medical scheme.

4) The scheme will not apply to members who are also staff members of the bank.