CHAPTER III

INITIATIVES FOR MANAGEMENT OF CUSTOMER EXPECTATIONS

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3.4. Summary
3.1 Introduction

Customer is everyone who comes in contact with the businessmen for availing any of the products and services offered by them. Customer is everywhere and at any time requires products and services at the cost effective basis. All the more, a customer is a person who zeroed on from the choices out and consumes the products and services offered, only when it is being delivered with their satisfaction level in mind. Bank customer is a person who has an account or avails of other products and services from the banker.

Banking industry being a service provider has to manage customer expectations in an efficient and effective manner in order to overcome the challenges of competitive edge. Banks are invariably offering same type of products and services to its customers. Banks can distinguish themselves only by providing quality service with innovation in the range of products. Providing quality service not only means providing acceptable service to the customers but includes excelling in every aspect of delivering products and services. Human needs and wants are shaped and influenced by many factors like demographic characteristics (age, income, education, occupation etc.), personal interest, likes and dislikes, social, economic and cultural environment. Managing customer expectations means consistently adopting certain strategies to maintain management-employee-customer relationship in an organization, for achieving customer satisfaction as a whole. “In a competitive market place
where businesses compete for customers, customer satisfaction is seen as a key differentiator and increasingly has become a key element of business strategy.\(^1\)

In this chapter, an attempt is made to study the efforts taken to improve the customer service in banks by the Government of India (GOI), the Reserve Bank of India (RBI) and the initiatives adopted by the Canara Bank and the MDCC Bank for the management of customer expectations.

### 3.2 Government Initiative for the Management of Customer Expectations in Banking Services

In the vast economy like India, the issue of customer service is influenced by innumerable factors thrown out of the economic, financial and political environment. Moreover the Indian banking industry could not reach and cover the entire population and provide them with the basic banking services. In such a situation, the Government of India and the Reserve Bank of India (RBI) took several measures to improve and enhance the banking services. Various committees and study groups were constituted by the government to study the aspects relating to customer service and made several recommendations for the development of banking operations in India. This process of setting up of committee on service standards in banks was started first with R.K. Talwar Committee on customer service in banks in the year 1975.

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3.2.1. R.K. Talwar Committee 1975

R.K. Talwar, then Chairman of the State Bank of India made 176 recommendations covering several areas like deposits, remittances, collections, loans and advances, discipline and attitude of bank employees.

Major recommendations were,

i. Standardisation of procedure for transfer of account.

ii. Legislation to make drawing by cheques by customers without funds as a penal offence.

iii. Immediate credit of outstation cheques.

iv. Mechanisation of clearing at all metros.

v. Interest on delayed collection of outstation cheques.

vi. Formation of customer service committee at branches.

vii. Provision of complaints/suggestion box in the branch/office.

viii. Rationalization of bank charges.

ix. Customer service centres at Head Office/Circle Office.

x. Provision of, ‘MAY I HELP YOU COUNTER’ at branches.

xi. Provision for time norm board.
xii. Increased emphasis on interface between bank executives and customers.

xiii. Mandatory visits to rural branches by senior executives.

3.2.2. Customer Service Committee in Banks

The year 1986 was celebrated by Indian public sector banks as the year of customer service in banks. During the year, the Government of India and the RBI took several measures to redress the grievances of customers. Such customer friendly initiatives like,

i. Setting up of customer service committees in all branches and offices.

ii. Observing, ‘customer day’ to provide customer’s access to higher officials.

iii. Setting up of 33 customer service centres in major cities where a public sector bank is given the lead responsibility to coordinate grievance redressal machinery.

iv. Observance of 15th day of every month as customers’ day.

During March 1990, then Union Finance Minister in his budget speech said,“Our bank managers and employees are as a group, the most qualified, dedicated and hardworking. But it is also a fact that the level of public satisfaction with the bank services is nothing as it should be. Over the years
perhaps same structural rigidities have crept in. These need be removed. The banking culture has to be made more responsive to the needs of the public. I am requesting RBI to set up a committee of bankers, bank employees, depositors and borrowers to consider these aspects and make recommendations to the government”.

The RBI in response to these observations appointed a committee on customer service in banks under the chairmanship of M.N. Goiporia, then Chairman of State Bank of India.

3.2.3. M.N. Goiporia Committee, 1990

Goiporia Committee broadly covered the following aspects,

i. Causes of the persistence of below par customer service in banks.

ii. Areas of deficiencies in customer service in banks.

iii. Measures for improvement in work culture

iv. Steps for inculcation of greater customer orientation among bank employees.

v. Identification of structural and operational rigidities and inadequacies which adversely affected the working of banks.

vi. Upgradation of technology to ensure prompt and efficient customer services.
Major recommendations of the Goiporia Committee on customer services were,

i. Commencement of employees’ working hours 15 minutes before commencement of business hours can be made operative by banks at branches in metropolitan and urban centres.

ii. All the customers who enter the banking hall before the close of business hours should be attended to.

iii. Staff at the counters should undertake the following transactions during the extended business hours (branches to indicate the timings).

A. Non-voucher generating transactions.

   a. Issue of passbook/statement of Accounts

   b. Issue of Cheque Book

   c. Delivery of term deposit receipt/draft

   d. Acceptance of share application forms

   e. Acceptance of clearing cheques/bills for collection
B. Voucher Generating Transaction.

a. Issue of term deposit receipts (TDR)

b. Acceptance of cheques for locker rent due

c. Issue of traveller cheques

d. Issue of gift cheques

e. Acceptance of individual cheques for transfer credit.

iv. To ensure that no counter remains unattended during the business hours and uninterrupted service is rendered to the customers.

v. All branches except very small branches should have, ‘Enquiry counter’ or ‘May I help you Counter’, either exclusively or combined with other duties, located near the entry point of the banking hall.

vi. In addition to obtaining nomination form, banks may provide for mentioning name and address of the nominee in the account opening form. Publicity about nomination facility is needed, including printing compatible message on cheque book, passbook and any other literature reaching the customer as well as launching periodical drive to popularise the facility.
vii. Unless the customer prefers not to nominate (this may be recorded without giving scope for conjecture of non-compliance), nomination should be a rule to cover all other existing and new accounts.

viii. Issuance of statement of accounts and updating of passbook with correct and legible particulars should attract bank’s constant attention.

ix. Trilingual brochures and pamphlets should be actively promoted, containing myriad customer-useful information.

x. Facility of instant credit of outstation cheques may be raised to Rs.5000 (from Rs.2500). A separate type of pay-in-slip may be evolved for availing of this facility.

xi. Delay in collection of outstation cheques may be compensated by paying interest at 2% p.a. above savings bank rate, if such interest payable is Rs.5/- or more. However, if the proceeds are to be credited to the borrower accounts like cash credit/ over-draft/loan etc., banks have to pay at the minimum lending rate that will be stipulated by RBI from time to time.

xii. Dishonoured instruments may be returned /despatched to the customer within 24 hours.
xiii. Complaint book with perforated copies in each set may be introduced, so designed as to instantly provide an acknowledgement to the customer and intimation to the controlling office.

xiv. Infrastructure facilities at branches should be upgraded by bestowing particular attention to providing adequate space, proper furniture, drinking water facilities, etc.,

xv. Time norms for specialised business transaction should be displayed predominantly in the banking hall.

Over the years, the RBI had been giving instructions to banks as and when required in addition to the guidelines framed based on the recommendations of the committees. Banking sector has undergone lot of changes particularly with the opening of Indian Banking sector to the global market in early nineties. Moreover the introduction of technology services like Debit/Credit Cards, ATM, Internet and Mobile Banking has raised customer expectations regarding customer friendly products and services, infrastructure facilities, attitude of the bank personnel and reasonableness of pricing of products and services.

The Government of India and the RBI in their consistent efforts of reaching out to un-banked and under-banking areas has introduced the concept of business correspondents as the extended arms of banks.
3.2.4. Role of the Boards of Banks in Customer Service

Banking Industry in India is expanding on a daily basis, the quality and content of delivery of financial products and services is under the tremendous pressure mainly due to the ever increasing expectations of the customers. Customer centricity should be the purpose of the bank. The attitude in this regard should flow from the top management to the front line managers. The RBI, being the regulator of the banking sector has given various guidelines to the banks regarding the role of the board of directors in customer service.

3.2.5. S.S. Tarapore Committee 2003

The Tarapore Committee on Procedures and Performance Audit of Public Services (CPPAPS) examined the areas of interaction of customers and common person with the banks and the quality of services rendered and observed that there should be a dedicated focal point for customer service in banks. The RBI has also made it mandatory for the board of directors that they devote exclusive time in the board meeting once in every six months to review and deliberate on customer service and initiate prompt corrective action wherever service quality/skill gaps have been noticed. The committee further felt that a satisfied customer is a good business proposal and helpful in the growth of the banking industry and observed that the banks should try to find out the root cause of customer dissatisfaction and address the same systematically.
3.2.6. Customer Service Committee of the Board

Banks are required to constitute a customer service committee of the board and include experts and representatives of customers as invitees to enable the bank to formulate policies and assess the compliance there of internally with a view to strengthening the corporate governance structure in the banking system and also to bring about the on-going improvements in the quality of customer service provided by the banks.

Growing expectations of customers has put the banks to continuously review and enhance their customer service with greater transparency, more efficient grievance redressal system and more accountability.

3.2.7. Banking Ombudsman Scheme (BOS)

The banking ombudsman scheme was first notified by the RBI on June 14, 1995 with a view to provide proper redressal mechanism and protect the interests of bank customers. The banking ombudsman scheme was amended in the year 2002 and later on in the year 2005, it was revised and the revised banking ombudsman scheme came into force from the 1st January 2006. The scheme is fully funded and staffed by RBI and covered all commercial banks and regional rural banks.
Objective of the Banking Ombudsman Scheme 2006

The prime objective is to improve/strengthen the relationship between banker and customer by providing quick and inexpensive redressal of customer complaints relating to deficiencies in banking services.

The other objectives of the banking ombudsman scheme are,

i. To resolve and settle complaints relating to the banking services.

ii. To resolve disputes between a bank and its customers as well as between one bank and another bank through the process of reconciliation, mediation and arbitration.

iii. To make available an expeditious and inexpensive grievance redressal mechanism to bank customers.

Complaints which can be brought before the banking ombudsman under the banking ombudsman scheme as amended are,

i. Non-payment or inordinate delay in the payment or collection of cheques, drafts, bills, etc.

ii. Non-acceptance, without sufficient cause, of small denomination notes tendered for any purpose and for charging of commission for the service.
iii. Non-acceptance, without sufficient cause, of coins tendered and for charging commission for the service.

iv. Non-payment or delay in payment of inward remittances.

v. Failure to issue or delay in issue of drafts, pay orders or banker’s cheques.

vi. Non-adherence to prescribed working hours.

vii. Failure to honour guarantee or letter of credit commitment.

viii. Failure to provide or delay in providing a banking facility (other than bank advance) promised in writing by the bank.

ix. Delay, non-crediting of proceeds to parties’ accounts, non-payment of deposit or non-observance of the Reserve Bank Directives, if any, applicable to rate of interest on deposits in any savings, current or other account maintained with bank.

x. Delays in receipt of export proceeds, handling of export bills, collection of bills, etc., for exporters provided the complaints pertain to the bank’s operations in India.

xi. Refusal to open deposit accounts without any valid reason for refusal.

xii. Levying of charges without adequate prior notice to the customers.
xiii. Non-adherence, by the bank or its subsidiaries, to the instructions of the Reserve Bank of India on ATM/Debit Card Operations or Credit Card Operations.

xiv. Non-disbursement or delay in disbursement of pension to the extent the grievance could be attributed to the action on the part of the bank concerned, but not with regard to its employees.

xv. Refusal to accept or delay in accepting payment towards taxes, as required by the Reserve Bank of India or Government of India.

xvi. Refusal to issue or delay in issuing or failure to service or delay in servicing or redemption of Governments securities.

xvii. Forced closure of deposit accounts without due notice or without sufficient reason.

xviii. Refusal to close or delay in closing the accounts.

xix. Non-adherence to the fair practices code, as adopted by the bank.

xx. Any other matter relating to violation of the directives issued by the Reserve Bank of India in relation to banking or other services.
Recognizing an institutional gap in measuring the performance of the banks against codes and standards based on established best practices, RBI has taken the initiative in setting up the Banking Codes and Standards Board of India (BCSBI).

3.2.8. Banking Codes and Standards Board of India (BCSBI)

BCSBI was set up in February 2006 as an autonomous body registered as a society, managed by an independent governing council drawn from specialised fields of banking, accounting, economics and management, to monitor and ensure that the banking codes and standards adopted by the banks are adhered to in true spirit while delivering their services. The BCSBI does not replace or supersede regulatory or supervisory instructions of the Reserve Bank of India, but will comply with such instructions/directions issued by RBI from time to time.

The Key Objectives of BCSBI are

i. Promote good and fair banking practices by setting minimum standards in dealing with customers.

ii. Increase transparency so that the customer can have better understanding of the services to be provided by the banks.

iii. Encourage market forces through competition, to achieve higher operating standards.
iv. Promote fair and cordial relationship between the customer and the bank.

v. Foster public confidence in the banking system.

The tenets of fair treatment adopted by the banks are based on the following key principles.

i. Minimum courtesy and behavioural standards

ii. Transparency

iii. Non-discriminatory policy

iv. Deliver what is promised

v. Allowing seamless ‘switching’ of products without excessive penalty

vi. Appropriateness of ‘sell’ and

vii. Firm and polite stand against unreasonable customer demands.

Banks register themselves with the board as its member and provide service as per the agreed standards and codes. The board in turn, monitors and assesses the compliance with codes and standards which the banks have agreed to. The registration of banks with the BCSBI as members enables the RBI to derive greater supervisory comfort, so also the customers of the member banks.
3.2.9. **Standing Committee on Customer Service**

The banks are required to constitute the standing committee on customer service to evaluate feedback on the quality of customer service received from various quarters, review the implementation of commitments in the code of bank’s commitment to customers received from BCSBI, to consider unresolved complaints/ grievances referred to it by functional head responsible for redressal and offer its advice. Further the committee would be responsible to ensure that all regulatory instructions regarding customer service are followed by the bank.

In spite of all these efforts, the RBI has decided to constitute a committee to look into banking services rendered to retail and small customers, including pensioners and also to look into the system of grievance redressal mechanism prevalent in banks, its structure and efficacy and suggest measures for expeditious resolution of complaints. For this purpose, RBI constituted a committee under the chairmanship of Shri. M. Damodaran, former Chairman, SEBI (Securities and Exchange Board of India) to look into the customer service aspects through a board memorandum dated May 26, 2010.

3.2.10. **M. Damodaran Committee 2010**

The committee, in its interaction with the various stakeholders (during the formal or informal meetings), found that the mandatory RBI Guidelines related to customer service and the voluntary codes of commitment of BCSBI
were not followed in letter and spirit. In short, the necessary/minimum degree of customer focus was absent to label banks as customer centric organizations. The committee observed that the degree of penetration of banking services in the population is much less than what is desired, while deliberating on the issue, comparisons were drawn with a high penetration of mobile telephone services in a short span of less than 15 years and the consequent fall in telephone charges. The committee observed that what the telecom sector has achieved in respect of penetration of services in 15 years could not be done by the banking sector in the last 75 years.

The committee has studied the customer care and protection measures available in the various developed economies, all the international best practices in this regard and deliberated upon all the issues raised/feedback received by the various stakeholders all over the country and have made the following recommendations relating to,

i. Deposits accounts regarding bundling of products, passbooks/Accounts statements, inoperative accounts, minimum balance, basic savings a/c., annualized interest yield on deposits, uniform account opening forms, KYC Norms, no frills account, banking terms and conditions of various products to CBS, renewal notices to their deposits, service charges, TDS certificates, etc.
ii. Remittances regarding small remittances, prepared instruments, online payments, travel VISA free payable by banks, penalty for returned cheques, automatic cheque deposit facility, etc.

iii. Loans and advances regarding pricing and non-pricing terms and conditions of loans, CBS software for internet banking, time schedule for disposing of loan application, loan statement, loan documents, small loans, reporting to credit information bureau, home loans, educational loans, switch over to base rate, etc.

iv. Special customers regarding pensioners and senior citizens, customers in rural and semi-urban areas, SHGs, Tribal areas (North East), standardization of product packages for defence personnel, disabled persons, etc.

v. Institutional arrangements

vi. Customer education

vii. Comprehensive banking regulation

viii. Internet banking regarding online/ mobile payments, ATM/ Debit/ Credit cards, etc.

ix. Internal Grievance Redressal System in banks regarding receiving complaints, maintaining complaint book/register, display requirements, institutional arrangements and the position of the banking ombudsman in the Grievance Redressal set-up, etc.

x. Role of boards of banks in customer service.
With ever changing customer expectations, the Government of India, RBI and the individual banks are struggling to bridge the gap between the expectation of service level and the perception of actual service delivery leaving the Indian Banking Sector to take constant and tireless efforts for bringing about Customer-Centric and Customer-friendly banking situations.

3.3. **Banks’ (Canara Bank and MDCC Bank) Initiatives for the Management of Customer Expectations**

In Madurai District, the Canara Bank is the lead bank and the MDCC Bank is the district central co-operative bank and they are serving the needs of the Madurai population. Both the banks have their own strategies to manage their customer expectations.

The Canara Bank being the Public Sector Bank, offers a variety of deposits and loan products, card services, advanced technology services like internet banking, mobile phone banking etc. The MDCC Bank being the co-operative bank offers a variety of deposits and loan schemes to the individuals like commercial bank offers, apart from providing various types of loans and advances for the small and marginal farmers and artisans through the member societies. The products and services offered by these banks are discussed in detail in the previous chapter on the profile of the Canara Bank and the MDCC Bank.
3.3.1. Strategies in the Line of Managing Customer Expectations

Banks adopt different strategies depending upon the situation which demands for ensuring better management of customer expectations. The Canara bank as well as the MDCC bank is adopting certain strategies in the process of fulfilling their customer expectations.

In this part of the chapter, an attempt is made to study the initiatives adopted and followed by the Canara bank and the MDCC bank and the initiatives are:

3.3.2. Know Your Customer (KYC)

The Reserve Bank of India has issued guidelines regarding, ‘Know Your Customer’ (KYC) norms to be followed by the banks, relating to identification of depositors, precautions to be exercised while opening the account for the new customers and scrutiny/monitoring of large value transactions.

Establishment of KYC

Every banking organization needs to make out a module for a proper appraisal of their performances at regular intervals. KYC norms are the one and the premier most among other modules that may bring about an innovation in the changing scenario of relationship service marketing. Effective customer segmentation, enumeration and evaluation of customers’ expectations, formulation and processing of strategies, admeasuring the level of customer satisfaction are the various ingredients of KYC module.
The very concept and theme behind KYC is getting raw materials (input) i.e. data base information from the hands of the customers and give it back to the minds of customers in the form of finished products (output) i.e. the feel best services.

Canara Bank has well established KYC modules and followed in a systematic manner by every branch with 100 per cent Core Banking Solutions (CBS). Canara Bank is able to make use of the database for constant monitoring of customer sentiments in banking transactions and formulate strategies to fulfil their expectations.

Canara Bank has taken several measures for the effective implementation of know your customer and anti-money laundering guidelines for ensuring KYC compliance by all the branches. To ensure better compliance of guidelines on KYC/AML, following steps have been initiated by the management of the Canara Bank. They are,

1. All Zones/Circles were advised to nominate an Executive as Nodal Compliance Officer for monitoring and ensuring compliance of guidelines on Know Your Customer (KYC)/Anti-Money Laundering (AML)/Combating of Financing of Terrorism (CFT).
ii. Branches were advised to strictly adhere to the guidelines on KYC/AML/CFT to prevent abuse of banking system by money launderers using money rules.

iii. Bank branches have been advised to ensure that all the accounts are KYC compliant.

iv. Printing and dispatch of thanks giving letters to the new account holders and introducers are done centrally at Zonal/Circle office. This system has been implemented at all Zones/Circles.

The MDCC Bank has started the process of computerization of banking transactions and as a first step, it has sent individual communication to its customers seeking cooperation by providing the required information to create customer database for maintaining and administering KYC norms.

3.3.3. Customer Guidance Desk (May I Help You Counter)

Committees have been set up by the Government of India now and then to give recommendations for improving customer service in banks. The Banking commission (1972) under the chairmanship of R.G. Saraiyua, Talwar Committee (1977) under the chairmanship of R.K. Talwar, Goiporia Committee (1990) under the Chairmanship of M.N. Goiporia, all of them were the then Chairman of State Bank of India, has made many recommendations covering several areas like deposits, remittances, collections, loans and advances,
discipline and attitude of bank employees and some general recommendations for overall improvement in customer service quality in banks. All the above said committees have equally insisted upon the provision of, ‘May I help you counter’ at bank branches to assist and provide help to the customers in their banking transactions.

Management of Canara Bank has insisted upon the setting of Customer Guidance Desk at every branch and invariably every bank has such a facility. Further Canara Bank has issued a circular No.218/2005 to effect with Revised Single Window Scheme (RSWS) whereby a customer can approach any of the terminals at the counter to transact business.

The main advantage of this RSWS, as Canara bank feels is that the requirements or needs of the customer can be met at any counter, overcrowding at specified counter is avoided, better use of technology is possible, minimise customer complaints and improvement of Bank’s image and business.

The MDCC Bank, on the contrary, makes use of all the counters in the branches for the purpose of adhering to the principles laid down in the, ‘May I Help You Counter’.

3.3.4. Customer Awareness Programmes

Customers are the assets of a business. The performance of the service industry is measured in terms of customer satisfaction. But the banking
industry should think beyond customer satisfaction and should aim at customer enrichment. Awareness programmes organized by banks pave way for the customers to know more about the products and services offered by their banks.

The Canara Bank, whenever introduces any new product or service organises awareness programmes for its customers and for the general public. Members of the management, branch managers and staff in charge of the programme take turns in appraising the features and benefits of the new product or service.

Normally, they hire a hall in a prominent location organize the programme in a systematic way by distributing pamphlets, by advertising in local media network, newspapers and through notice board information in various branches. Customers make use of such programmes and avail the facilities and services.

The MDCC bank organizes awareness programmes by circulating pamphlets in local language to the general public as and when they introduce any new product or service and the same was displayed in the notice board kept in the branches. Apart from this, the events and information relating to co-operative banks are regularly featuring in, “Tamil Nadu Co-operation Journal”, a monthly magazine published in Tamil and English languages.
3.3.5. Customer Education

Customer education is the key to manage customer expectations. Unlike the past, the bank customer expects and demands the products and services that best suits their needs. Customer has choices of choosing the bank for meeting the different financial requirements. Customer can have a savings account purely meant for transactions relating to employment like salary credit in a public bank, a recurring deposit in a private bank and a loan account in a cooperative bank. Customer, based on their own perception of various products and services offered by different banks, would have decided to go in the above said pattern of account holding.

Customer education is not about telling, what are the features of new initiatives but it is about explaining the changes and how to take advantage of new initiatives.

The Canara Bank has made arrangements for providing copies of the “Code of Bank’s Commitment to customers” to the customers at all the branches. An information booklet containing all the relevant information on, Frequently Asked Questions (FAQ) by customers were made available at all the branches towards better customer service. The policy guidelines relating to collection of cheques/instruments, Grievance Redressal Mechanism and compensation policy were placed on the bank’s website for the use of the customers.
Every year during the month of November, two weeks co-operation awareness programme are being systematically conducted by the MDCC bank for the benefit of their customers and the general public. During the programme, representatives from the Government of Tamilnadu, officials from the Department of co-operation, Government of Tamilnadu, members of the Apex bank (Tamilnadu State Co-operative Bank Ltd., Chennai), staff of the MDCC bank and the elected members of the governing body of the MDCC bank actively take part and educate the customers and the general public about the benefits they could enjoy being a part of co-operative fold.

3.3.6. Customer Relationship Management (CRM)

Chaos and confusion between banker and a customer may spoil the entire business atmosphere whereas cordial and harmonious relationship between them can help to improve the system in their respective fields. Banker has to recognize each and every customer expectations and provide the maximum service and want satisfying products to maintain better customer relationship.

Customer relationship management will help the banks to retain their existing customers to bring in new customers (or to identify potential customers) and thereby gain maximum possible potential investment. Customers continue to be with banks not only for the benefits they avail from them, but also for the rapport they enjoy with the bankers too. Different
customer relationship management strategies have to be adopted to bring together the chunk of information about the customers, service effectiveness, customer responsiveness and market trends. All the more, the CRM can narrow the gap between the customer expectation level and the satisfaction level.

Hard work, integrity and work commitment create congenial climate in work place and reduce hardships and build good customer relationships, certainly this was working as good in eighties and nineties. But now with massive introduction of Information Technology, increased competition due to liberalisation, privatisation and globalisation environment and awareness of customers, “Knowledge update” on the part of banker has become evident in respective aspects.

Realizing the need for systematic learning of various skills by the bank staff, Canara bank organizes programmes, workshops, conferences on customer relationship management through the regional staff college for their bank staff. Separate programmes have been conducted for the managers, supervisory level staff and counter staff/frontline staff.

The MDCC bank through their staff training colleges situated at Chennai conduct training programmes not only to update knowledge but also to educate the bankers and prepare them to use customer service as a secret weapon to win over the customer expectations.
3.3.7. Periodical Customer Meet

The Government of India appointed a working group on customer service in banks under the Chairmanship of R.K. Talwar (1977), the then Chairman of the State Bank of India. The working group made 176 recommendations covering several areas in the banking services. One such recommendation has emphasised the importance of interface between bank executives and customers. In India, the year 1986 was celebrated by public sector banks as the year of the customer service. Several initiatives were taken by the public sector banks and one among such initiatives was to observe the customer’s day, which can provide customers an easy and instant access to the higher officials without prior appointment.

Canara Bank observes 15th day of every month between 3pm to 5 pm as its customer’s day. The management has instructed the branch manager to conduct periodical customer meets and send the feedback report to them. Customer service committee is formed in every branch and the committee meets in every month and discusses the various customer service measures initiated by the branch.

Customer meet is conducted in every branch of the MDCC bank once in three months. During such customer meet, the officials interact with the customers and gather the feedback and report to the head office.
3.3.8. Customer Feedback

Even happy customer will go to the competitor’s net with promises of something better. In this situation, any banking company has to take serious view of customer relationship management. The larger the customer base, the more will be the business. Constant study of customers’ needs and expectations will only give a banking company a competitive advantage.

A satisfied customer is an asset to the bank, since he/she acts as our goodwill ambassador by projecting a positive image about our products and services.

- M.B.N.Rao, former Chairman and MD, Canara Bank

The Canara Bank through its official website www.canarabank.co.in, has offered an opportunity (contact questionnaire) to its customers to express their views any time they want to do so with the management. The management now and then carefully studies the feedback views and takes corrective measures.

The branch units of the MDCC Bank collect customer feedback and suggestions regarding the products and services offered by the bank during the customer meet and also at the very incidence of the banking transactions and forward the same to the Administrative unit in the Head office for necessary action and implementation.
3.3.9. Grievance Redressal Management

I am the nice customer, you all know me, I am the one who never complaints, no matter what kind of service I get. I never kick. I never nag. I never criticise. And I would not dream of making a scene, as I have seen some people do in public places. I think that is uncalled for. No, I’m the nice customer. And I will tell you who else I am. I am the customer who never comes back! When I get pushed too far, I just take my business down the street to places where they are smart enough to hire and train people who appreciate nice customers.

- A communication from a nice customer.

The committee headed by former SEBI Chief M. Damodaran has proposed a slew of customer-friendly measures and suggested that a chief customer service officer for grievance redressal in every bank is a must.²

Canara Bank treats every complaint as a feedback on their services. Management feels that the customer complaint is the best source of feedback and gives them an opportunity to improve. Timely redressal of customer complaints can improve customer relationship.

² Report on customer service in banks-SEBI Chief M. Damodaran committee, the Times of India(TOI), news item dated 04.08.2011 p.16
Canara Bank has been following certain measures to handle the customer complaints promptly to retain the customer in its fold and to build long lasting relationship which are as follows:

i. Provision of complaint/suggestion box in the branch/office.

ii. Formation of customer service committee in each branch.

iii. Treating every complaint as a valuable feedback.

iv. Sending acknowledgement for the complaint and taking immediate steps for redressal.

v. Expressing regrets for the inconvenience caused and thanking them for bringing the matter to their notice.

vi. Meeting the complainants personally and assuaging the feelings.

vii. Ensuring that complaint is redressed promptly and effectively.

viii. Discussing the complaints in the staff meeting and also in the customer service committee meetings in order to ensure that such instances do not recur.

Further, customers are requested to bring to the notice of the concerned branch manager about their complaints. If the complaint is not redressed to the satisfaction of the customer, the same may be taken up with the concerned regional office/ circle office. If the complainant still feels unsatisfied with the
actions taken at the branch/regional office/circle office level, he or she can very well approach the banks nodal officer at the Head Office designated to deal with customer’s complaints/grievances. Moreover 24 hours telecontact service is available in the Canara Bank to facilitate customers to register their grievances and seek redressal of the same in a quickest possible time.

“Banking industry should proactively encourage complaints in order to identify the dissatisfied customers and resolve their complaints in a satisfactory manner”

Any complaint received at the branches of the MDCC Bank are taken care immediately by the branch manager himself and if any help is required, it will certainly be addressed by the head office. Any complaint made to the RBI by the customers of MDCC bank shall be routed through the NABARD to the respective branch for redressal. NABARD is the inspecting and supervising authority of all the activities of the MDCC bank, as per the guidelines of the RBI.

The MDCC bank is a cooperative bank and it is at present not covered by the Banking ombudsman scheme 2006. RBI ombudsman is an appellate authority and it may not be possible for the cooperative institutions to appoint the chief customer service officers who are required to give the original decision. Also cooperative institutions including cooperative banks have

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multiple regulators namely RBI, NABARD, Registrar of Cooperatives, etc., and the ombudsman concerned must necessarily come from within the ambit of these regulators.

3.3.10. Reaching Out Through Financial Inclusion

Financial inclusion refers to delivery of banking services at an affordable cost to the vast sections of disadvantaged and low income groups for whom a variety of reasons stand today excluded from mainstream banking channel. Reserve Bank of India (RBI) has taken number of measures in recent years to facilitate faster financial inclusion. One among them is linking new branch licensing to the number of rural branches. With financial inclusion being a key agenda of both RBI and the Government of India, the RBI has decided to give the banks in India a push to go rural and has asked the banks to open one in four new branches in unbanked villages. Moreover, banks were told to reach another 1.2 lakh villages in 15 months. The need to push for further expansion has been necessitated by the Government’s decision to move to a system of cash transfer entitlements ranging from fuel subsidy to payments for the rural employment guarantee scheme.⁴

The Canara Bank has been playing an important role across the country by actively supporting the national agenda of 100 per cent financial inclusion. The Canara Bank being the lead bank in Madurai district has planned to

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⁴ News item in the Times of India(TOI), Madurai/Trichy dated 20.07.2011 p.14
achieve 100 per cent financial inclusion in 27 villages in the first phase. So much importance has been attached to this initiative under financial inclusion project that the banker descend on remote areas of Madurai district to open the accounts on the spot.⁵

Field supervisors of the MDCC bank, with the help of members of Primary Agricultural Co-operative Credit Societies (PACS) on a regular basis, have promoting awareness among the rural and backward area people about the banking services and benefits that can be availed by becoming their customers.

3.4. Summary

In this chapter, various efforts taken by the Government of India, the Reserve Bank of India and the initiatives taken by the Canara Bank as well as the MDCC Bank are discussed. The importance of extending speedy, fair and courteous customer service in banking industry is being regularly emphasised by the Government of India (GOI), and the Reserve Bank of India (RBI). No doubt that various high level working groups and committees which were set up at different periods of time by the GOI and RBI and banks by giving due weightage of the same will pave way for considerable improvement in customer service in banks.

⁵ B.R.Balasunder, DGM, Canara bank, Madurai Circle, Villagers get Bank Services at their Doorstep in the Hindu, 14-01-2011, page-3.
After analyzing initiatives undertaken by the Canara Bank and the MDCC Bank, the ensuing chapter attempts to understand the profile of the customers through interpreting of data collected from the sample respondents.