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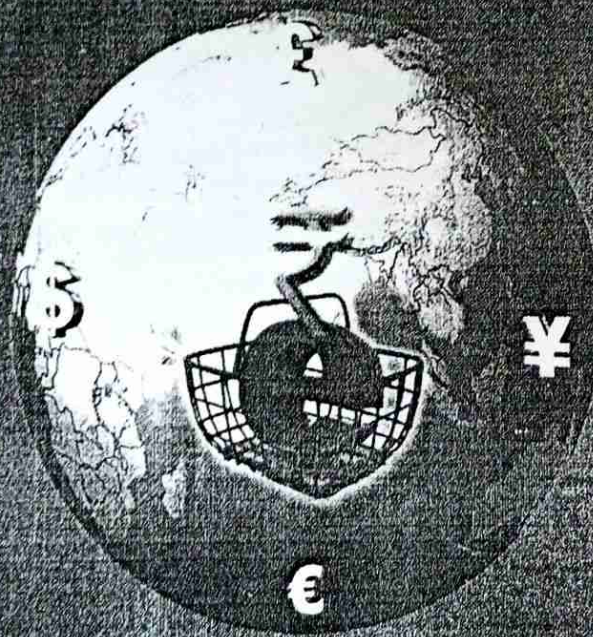
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GLOBAL

ECONOMIC RESEARCH



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A Study of Customers Services in Banking in India

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RESEARCH PAPER - ECONOMICS

ABSTRACT

A bank is a financial institution that provides banking and other financial services to their customers. A bank is generally understood as an institution which provides fundamental banking services such as accepting deposits and providing loans. There are also nonbanking institutions that provide certain banking services without meeting the legal definition of a bank. Banks are a subset of the financial services industry.

A banking system also referred as a system provided by the bank which offers cash management services for customers, reporting the transactions of their accounts and portfolios, through-out the day. The banking system in India should not only be hassle free but it should be able to meet the new challenges posed by the technology and any other external and internal factors. For the past three decades, India's banking system has several outstanding achievements to its credit. The Banks are the main participants of the financial system in India. The Banking sector offers several facilities and opportunities



to their customers. All the banks safeguards the money and valuables and provide loans, credit, and payment services, such as checking accounts, money orders, and cashier's cheques. The banks also offer investment and insurance products. As a variety of models for cooperation and integration among finance industries have emerged, some of the traditional distinctions between banks, insurance companies, and securities firms have diminished. In spite of these changes, banks continue to maintain and perform their primary role-accepting deposits and lending funds from these deposits.

Keywords: Customer services, Deregulation of Interest, IT in Banking

Introduction

The banking sector has undergone a sea-change from the time when the previous Customer Service. There has been a huge proliferation of bank branches. Further, de-regulation has brought in its wake numerous banking services, niche products etc. Widespread use of technology also enhanced the customer expectations, specifically on the aspects of speed and quality of service delivery. In addition, technology implementation has made branch banking redundant on many aspects, redefined several of the existing services and raised customer expectations regarding reasonableness of service charges. While the bankers hold a view that the introduction of core banking solution entailed huge cost and the passing of benefit will take some more time till substantial portion of customers start using technology based products. The economy is also experiencing demographic dividend, thereby the number of youngsters accessing banking service is on the increase with the resultant pressure on providing technology based services.

Product and Service

A product is defined as "Anything that has the capacity to provide the satisfaction use or perhaps, the profit desired by the customer". Product and service are the words used interchangeably in banking parlance. The bank products are deposit, borrowing or other product like credit card or foreign exchange transactions which are tangible and measurable whereas service can be such products plus the way/manner in which they are offered that can be expressed but cannot be measured i.e. intangibles. Better service is



more important than just a good product in the marketing of banking service, so the focus should be on the want and need of satisfying that product or service.

Different Products and Services

Deposits -

Banks accept the deposits of the public. In order to attract the savings of the people, the bank provides every sort of facility and inspiration to them and collects the scattered savings of the society. The bank opens an account of those people who deposit their savings with the bank. These deposit accounts can mainly be of three types and people can open any of these three types of accounts according to their wish. These accounts are current account, saving bank account, fixed deposit account.

Loans -

The bank just don't keep with themselves the deposited amount of the people, rather they advance them in the form of loans to the businessman and entrepreneurs, just to earn profits for their partners. The loanee keeps some gold, silver, fixed and variable assets in the form of security with the bank. The bank can advance loan to their customers in three ways: overdrafts, money at call, discounting bills of exchange

Research Objectives

- " To study and analyse the developments regarding services in various bank groups.
- " To suggest some strategies for the enhancement of bank services.

RESEARCH METHODOLOGY

The researcher has adopted analytical, descriptive and comparative methodology for this report; reliance has been placed on books, journals, newspapers and online databases and on the views of writers in the discipline of competition. This paper is based only on secondary data for which references are collected from various sources.

Research Design

Customer has suddenly moved to the centre-stage and he has now a choice. Banks have to make efforts to retain the existing customers and also use strategies to attract new customers to their fold.

Challenges of banking services

- " Technology Services by private sector banks and foreign banks is more effective



- than public sector banks because these banks are IT oriented. Private sector banks and foreign banks are attracting more customers by providing e-services. Thus, technology has become a challenge before the public sector banks.
- " Untrained Staff Often it happens that when a prospective customer approaches the branch, the employees seem to have very little knowledge about the scheme. This reflects an ugly picture of our bank's image. Banks are not losing one prospective customer but 10 more customers who would be touch of this man. Attitude of the employees towards customers is also not very well. Thus, it is a need of time to reorient the staff.
- " Rural Marketing This is a big challenge before the Indian banks to enhance rural marketing to increase their customers. Banks should open their branches not only in the urban and semi-urban areas but also in the rural areas.
- " Trust of Customers Marketing can be enhanced only by increasing the customers. Customers can be increased or attracted only by winning the trust of the customers.
- " Customer Awareness Customer awareness is also a challenge before the banks. Bank can market their products and services by giving the proper knowledge about the product to customer or by awarding the customer about the products. Bank should literate the customers.

Strategies for the enhancement of banking Services

In the fierce competitive market, needs of customer keep changing. Hence, our marketing strategy must be dynamic and flexible to meet the changing scenario. Here are steps that form successful and effective strategies for bank services.

Emphasis on Deposits

Emphasis, though in a discrete manner, should be given to mobilize more of term deposits as they are more profitable for the bank in comparison to demand. Introduction of products comparable to "Kisan

Vikas Patra" of post office and product with the facility of tax rebate under section 88 of Income Tax Act will of much help in this regard.

Form a Saleable Service Scheme

Bank should form a scheme that meets the needs of customers. A bank services



may include deposit scheme, an account offering more flexibilities, technically sound banking, tele/mobile/net banking, an innovative scheme targeted to special group of customers like children, females, old aged persons, businessman etc.

Effective Branding

Man is a bundle of sentiments and emotions. This can effectively be helpful in branding our products. Considering the features of products and target group of customers, the product can be effectively branded so as to sound it catchy and appealing. Some proven examples are ApnaGhar, Dhan

Laxmi, Kuber, Flexi Deposit, Smart Kid, Sapney, Vidya etc. The branding should be done in such a way that the brand name must attract the attention of customers. It should be easy to remember. The target group and the silent feature of the product should resemble brand name. This will help a lot in making the brand successful. All employees and all our campaigns should refer the service by its brand name only so that to strike the same in the customer's mind.

Services for Women

The national perspective plan for women states that 94 pc of women workers are engaged in the unorganized sector and 83 pc of these in agriculture and allied activities like dairy, animal husbandry, sericulture, handloom, handcrafts and forestry. Banks should do something to improve their access to credit which they require.

Customer Awareness

There is a need to educate the customers on bank products. Efforts should be made to widen and deepen the process of information flow for the benefit and education of Indian customers. Today, the customers do not have any idea as to how much time is required for any type of banking service. The rural customers are not aware for what purpose the loans are available and how they can be availed.

Customers do not know the complete rules, regulations and procedures of the bank and bankers preserve them for themselves and do not take interest in educating the customers. It is a need to educate the customers from the grassroots of banking. It is time that each bank branch takes steps to educate the customers on all banking function, which will facilitate growth of banking on healthy lines both qualitatively and quantitatively.



Advertisement

Advertisement is an eminent part of marketing of bank products. Advertisement should be such that appeals to people. It should not follow the orthodox pattern of narrating a product. For effective advertisement, bank should understand people's tastes and choices.

Selling Products in Rural Areas

For enhancing the marketing of their product, bank should sell their products in rural areas. For it, there is a need to open branches in the rural areas.

Informing Customers about Services

The bank should embark upon aggressive marketing of its products, particularly at the time of launching a new services, which will inform the perspective customers regarding service and at the same time relieve staff at branch level from explaining the service to all customers.

Customer Convenience

In a service industry like banking where product differential is hard to maintain and quality of service depends upon the service provider, from whom it cannot be separated. So the bank employees have to render services to the satisfaction of the customer, not as per their own conveniences or whims.

Re-orient Staff

Sincerity of efforts in implementation of the measures is lacking among the bank staff. It is a fact that its employees are not able to rise up to the expectations of its customers. They lack in their behaviour, attitude and efficiency. The phenomenon is glaring at urban centres. Therefore, it calls for an immediate attention which is missing link in the entire process of marketing, and the bank should undertake all such steps to motivate and reorient its staff.

Sale of Products and Services through E-delivery Channels

After the Information Technology Act, many new e-delivery products have been introduced. These e-delivery channels are very helpful in enhancing the marketing of various products and services. Thus Indian banks should sale the products and services through e-delivery channels.



Sale of Products and Services through Web-sites

Internet is a network of network which connects the world. Thus, banks should sale their products through web-site. This will enhance the marketing of the products not only at the national but also at the international level.

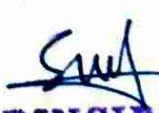
Implication

Thus the study implies that for a successful and effective banking, services are a necessary condition. This condition can only be fulfilling only by attracting the more and more customers. Thus, bank should make only policies which are helpful in fulfilling the needs of customers.

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