MEASURING CUSTOMER SERVICES
THROUGH
CUSTOMER SATISFACTION INDEX

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EXECUTIVE SUMMARY

In the next few years, competitive pressures will become more intensified in the banking environment in India and the markets will get changed drastically with focus on being customer centric. As time passes, customer service will become an important aspect in gaining competitive edge for survival with growth and profit for banks. Customer satisfactions will no longer only the name of the game for banks. The key to success in the changed environment will be the bank's ability to reach the client at his door step, and meet his requirements of product and services in a customized manner leading to customer delight and customer ecstasy. This will call for innovation in the ability to identify, anticipate, manage and mitigate risks in the process of adverse selection of customers not only with the existing products and services but also in relation to the banking products of tomorrow. A critical analysis of the customer lost during the past years will provide useful feedback for avoiding such incidents in future and for effective service quality management. In this background, we are confident that measuring customer services through an index would be an ideal step to understand the present satisfaction level and initiate pro-active steps to improve the same in future.

Objectives of the Study:

The objectives have been simplified and specifically designed to measure the customer service level objectively for the service oriented banking industry.

◆ To provide a mathematical frame -work to quantify the level and extent of customer satisfaction level at different branches in a logical and objective manner.

◆ To prepare an index to measure customer satisfaction level in any operational unit based on certain parameters of customer service.

Theoretical Framework:

The purpose is to provide a mathematical frame work to quantify the extent of customer satisfaction at different branches so that the *inter se* comparison as well as comparison over time can be made in respect of this vital aspect of banking operations in a logical and objective manner; with the ultimate goal of improving the standard of customer service. The same concept/model can be extended to measure customer satisfaction at Regional level, Zonal level, Bank level as well as for the Banking system as a whole. The model is quite flexible and can be extended to evolve Customer Satisfaction Index for a group of branches in Rural Area, Very Large Branches, Exceptionally Large Branches and Industrial Finance Branches etc. not only for one bank but also for a group of banks.

Another offshoot of the proposed model is to evolve the service specific Customer Satisfaction index for a group of Branches or Zones or Head offices of Banks as well as for the Banking System as a whole.

To sum up the proposed mathematical framework is quite flexible and can be put to variety of use with multi-dimensional applications.

Findings:

Till now, consideration of customer service has focused only on employee motivation and delivery of services. However, even a well defined defect-free service can fail, if they do not fit customer's perception of quality or appropriate level of expectation. In this connection, Customer Satisfaction Index measured in terms of customers own feelings and perceptions will be need of the hour to arrest further deterioration of banker-customer relationships.

With this background we put forth the followings important concluding remarks as derived from the present study.

◆ While individual Banks on their own or through Government initiative, have made several attempts at gauging the status of customer service, this is

the first time that a study has been attempted to quantify or measure the satisfaction level, a subjective factor, through construction of CSI model. Our experiences with the present study encourage us to reveal that CSI can able to disclose the satisfaction level derived by a vast number of customers about the standard of service provided by a Branch.

◆ Despite subjective factors, it is possible for the customers to respond about the satisfaction level they realize while banking with a branch or even individual services provided by a branch and in turn CSI will have triggering effect towards increasing the satisfaction level for the customers.

◆ Reasonably accurate estimates of customer satisfaction level are possible through the construction of Customer Satisfaction Index (CSI). In the present study, an industry wise methodology have been evolved upon which comparison can be made at the inter-bank level, as well as area-wise comparison is also possible.

◆ The survey and data collection work involved with the CSI by a Bank should preferably be entrusted to an outside independent agency, specially hired for this purpose to inculcate objectivity and impartiality. This has also been clearly stated in the Memorandum of Understanding (MoU) earlier signed by several Banks with RBI. In this connection, it is better to have large size random samples of customers which would reflect the true state of customer service as delivered by the bank branches.

◆ By collecting and analyzing internal data and monitoring available information through appropriate questionnaire, now any bank can prepare stable Customer Satisfaction Index and compare the ratings of its customer satisfaction level with that of other bank or organisations, if only all of them have followed the same methodology. In this connection, the Indian Banks Association (IBA) can act as the coordinating body to monitor the construction of CSI by all Banks through a common methodology.

◆ When the CSI activities will become widespread and providing of quality customer service will be considered significant, the feedbacks of opinions voiced by the customers will become more

meaningful, and precise utilization of CSI model will be broad based.

◆ For rendering first class services and delivery system in order to meet the customer needs, it is necessary to continually assess and reassess how customers perceive bank services through construction of CSI at appropriate levels, even though it may cost money and time for a Bank. In the long run it will pay-off in a substantial way through more of profit and goodwill for the banks.

◆ The level of CSI can act as an early warning system to detect service quality problems. As the scope of the CSI models attempted in the present study can be enhanced to incorporate service specific index such as Deposit Service Index (DSI). Credit Specific Index (Cr. SI) etc., an early detection of defects at a particular Branch may help in improving quality service at the shortest possible time. In short, Bank with strong CSI can broaden its base more easily to deliver better quality service and increase its business manifold.

◆ An elevation or improvement of CSI cannot be realized by imparting one service of a branch properly. It should be realized in most areas of services provided by a Branch coupled with improvement in intangible factors like handling of customer complaint and minimizing customer's dissatisfaction.

◆ We suggest that CSI can be looked upon as an index showing the quality of service activities by an entire bank, only if they are constructed and measured on a continuous basis. It has a host of applications for Banks in the future.

◆ Presently, in most of the commercial Banks, the product range and contents are almost uniform, and service is the only way to create a product differentiation. So, if the banks really desire to be distinguished from each others, then more than anything else, measurement of customer service through CSI should become a business obsession for the banks.

◆ In the ultimate analysis, the purpose of any CSI will be really meaningful, if the Banks can organize a service system, which matches habits of the customers, take decisions to serve the customer better and improve upon on the basis of feedback

received through these models. CSI has the quality to arrest the present trend of deteriorating customer service and ushering an era of qualitative standard service, thereby improving the image of the Banks considerably.

◆ In the end, we reiterate that in order to bring vast improvement in bank-service, CSI is an important tool in the new competitive and liberalized environment. As time has come to treat the customers as important individuals and to respect their feelings, the need of the hour is to develop a stable CSI model for the Banking industry as a whole to measure the service in an objective manner.

Suggestions:

◆ A radical transformation of attitude right from top management to ground level employees is the first step towards improving customer service. The challenge for the banking industry is to develop the right kind of attitude to render excellent service. Perhaps it may be easier to identify the elements of unacceptable behaviour and try to redress and improve the situation. The behaviour standards, especially of the front-line managers are need to be radically oriented and transferred as per the requirements of the business;

◆ As we move towards introducing global best practices in banking, an important element in the area of customer care is the special focus which students, senior citizens, physically challenged persons, vulnerable sections of the population and other deprived citizens must get from the financial services industry. These initiatives need to be codified and their implementation monitored by designated compliance officers.

◆ Electronic fund transfers, internet based banking transactions and card banking are on the rise and are throwing up challenges one might not have anticipated. The banking agreement is so worded as to afford no right to the customer and is extremely lopsided. Banks are not responsible for any unauthorized transactions even if by their employees. Making networks safe and sound is the responsibility of banks, and there must be in place a code of conduct for addressing issues in the non-face-to-face transactions domain.

◆ The issue of selling third party products such as insurance, capital markets products like mutual funds, etc. is becoming increasingly relevant from a customer protection point of view. Now question arises, whether the customers especially those small and poor understand what is being sold to them. Therefore, it is the duty of the bank official to appraise the customers properly about the risk factor in the products before any attempt made to sell these products to them.

◆ At a time when all banks are in a hurry to be one up on the other, at least in the matter of advertising speedier sanction of loans, responsible lending is worth considering. No doubt, people should take responsibility for their own borrowing and anything that could limit people's economic freedom should be considered with caution. But the customer service code currently side-steps the issue by leaving the onus for responsible lending as whatever the banks "believe" the borrower can pay back.

The purpose of this study was to give a broad methodology and framework for the construction of CSI at different level and for different services for the banking system. The framework is quite flexible and can fit into any situation. The quality of index would, however, depend on the sophistications with which the weights determined as well as the field studies are carried out.

Indeed, the Customer Satisfaction Index will have long term implications subject to change of parameters and weightage depending upon the requirements and the level of satisfaction to be measured. For example, the level of service in a branch having core banking facility will be quite different as compared to a normal computerized branch. Moreover, the service level will differ even over a period of time. Based on these aspects, the index will not only project the actual scenario but it will provide enough scope to improve and modify the strategies for better customer service to be delivered by a particular branch *vis-à-vis* other branches of a particular bank.

CHAPTER-I

INTRODUCTION

Deteriorating Customer Service in banks continue to be the topic of discussion and debate in the various forums. While every customer clamours for quality services, so far no serious attempt has been made to know objectively what constitutes quality service and what are the levels of customer satisfaction prevailing in the banking industry? In fact, lack of quantification is the greatest obstacle in framing our policies and evolving suitable systems and procedures with a view to improve the standard of customer service.

There is no doubt that the goodwill and trust of the customers have made the banking industry a pillar of strength in society, and the future growth of the banking industry and its profitability depends on customer's satisfaction. Recently, all over the world, the customer is once again ruling the market and developments external to the banking industry like growing disintermediation, greater deregulation and the rise of non-banks have only reiterated this view.

However, recently there is a general apprehension that customer service is on the decline in the banks but one does not really know how to measure the level of customer satisfaction. In the process, the blame is often laid at the door of the employees working in the industry. In the midst of the vehement criticism about the deterioration in the quality of customer service, a strong consumer demand and an organized consumer resistance are bringing drastic changes in the banking scene. At this juncture, it is naturally a better course of action for the banks to measure the Customer Satisfaction level through Customer Satisfaction Index (CSI) model and take conscious action to impart better consumer service with serious concern.

It is a fact, that despite various measures taken by the Government, customer service is still far from satisfactory. Presently, due to the infusion of the element of competition, apart from the bank themselves, the Government is also seriously thinking for devising a scientific parameter like the Customer Satisfaction Index (CSI) for judging customer services in the public sector banks. The main idea of a CSI is to evolve a mechanism for a scientific assessment of the performance of the public sector banks in serving their clients, with a view to make them more competitive in the new liberalized atmosphere.

The most important consideration in developing Customer Satisfaction Index (CSI) is how to quantify the subjective assessment of the services provided, and to objectively measure the feelings of the customers, so that the areas of shortcomings can be assessed and corrective steps can be taken at an early stage. The basic question arises, can 'Satisfaction', at best a subjective entity, be reduced to simple numerical or even a grade. Many bankers are indeed wary about arriving at an objective index for something as subjective and changeable as Customer Satisfaction.

In reality, in the absence of any quantitative measure, we are generally carried out by the impressions only and there by subordinating the general view prevalent among the salient customers. Therefore, the basic question arises can CSI, which is a subjective aspect, can be determined in a quantifiable terms.

Nevertheless, looking to the emerging trend in a liberalized competitive environment, the need for developing an objective quantifiable CSI cannot be postponed further, as customers are the kingpins of the banking industry.

Earlier, while several individual banks on their own or through Government initiative have made several attempts at gauging the status of customer service, this is the first time that a study have been attempted to measure the satisfaction level through construction of a CSI model. In this aspect, the present study is truly a pioneering effort to justify the construction of an index to measure or quantify the Customer Satisfaction in banks, which might be the route to survival for the banking industry in the future.

So, the need of the hour for the banking industry, given the rising aspiration of customers as well as increasing competition is to gear itself aggressively to devise a stable method, where the level of satisfaction can be measured quantitatively. The present CSI model is a tool for such an answer, which can be further developed through improvement and application.

Before we highlight the implications of rising customer expectations and increased level of awareness being implicit therein, it may be useful to briefly examine the steps taken by the Government so far through various committees to improve customer service in the public sector banks.

The first important step in this direction was the appointment of a working group on Customer Service in Banks in April, 1975 headed by Shri R.K. Talwar. The group submitted its report in March 1977 and action was initiated thereafter to implement the various recommendations.

Some of the important recommendations of the Group which have been implemented subsequently are illustrated below i.e.

(*i*) Complaint cells were established at different levels starting from the branch right up to the head office. Customer Service Centres, where all banks operating in the relevant represented area, were also set up;

(*ii*) The adoption of time-norms for a variety of transactions was undertaken by the banks. Since the objective was not merely to provide guidelines for the operating staff but also to ensure that business was actually transacted with greater speed, the decision was taken that the norms would be displayed prominently in branch offices to make customers aware of these guidelines and demand appreciate service from the bankers;

(*iii*) There was increased emphasis on interface between bank executives and customers. Institutional arrangements have also been made for the purpose by which 15th day of every month is set aside for hearing of complaints and customers are free to meet bank executives from the branch level upwards without prior appointment at any time between 3 to 5 p.m. on those days.

The Talwar Committee Report, widely regarded in the banking industry as a milestone in Customer Service, even had a standing committee on customer service in banks, meeting quarterly to oversee the implementation of its recommendations.

Even so, complaints from customers appeared to show no signs of abating. Eventually the situation led to the formation of Goiporia Committee headed by Shri M.N.Goiporia in 1991. The committee found as many as 97 areas where it picks holes in the existing levels of customer services. Some of the important recommendations of this committee are follows *i.e.*

i. It is recommended that bank extend business hours for all banking transactions except cash, up till one hour before close of the working hours.

ii. Banks in predominantly residential areas are advised to observe Sunday working by adjusting weekly-offs.

iii. Notes and coin counting machines are advised to be installed in offices where volume of work so warrants. Stitching of note bundles/packets is suggested to be made by paper sealing or banding instead of the present crude pinning making them difficult to unpack.

iv. Facility of instant credit of outstation cheques may be raised to Rs. 5000/-. A separate type of pay-in-slip may be evolved for availing of this facility.

v. Single window concept may be introduced for issuance of drafts, authorizing employee at the counter to sign drafts up to Rs. 5000/- which are pre-countersigned by another authorized signatory.

vi. Change in interest rates on deposits should be made applicable to the existing deposits also.

vii. Term deposits with banks should be afforded tax benefits.

viii. Bank orders' like the postal orders, may be introduced in various denominations, providing for payee's name to be filled in by the purchaser.

ix. Dishonoured instruments may be returned/dispatched to the customer within 24 hours.

x. Single window approach in regard to documentation of consortium finance may be promoted actively.

xi. Specialized branches may be opened for catering to exclusive customer segments.

The committee also looked into complaints galore on issues such as unattended counters, bank opening and closing hours, acceptance of solid or mutilated notes, inquiry counters, and lack of information on various bank schemes, non-intimation of maturity of term deposits, non-availability of safe-deposit lockers, lower returns on investments in bank scheme, among others. For the first time, there has been a realization that the **'Customer Exists'** as one of the facets in the gamut of banking.

However, it is unfortunate that most of these good recommendations are dissented, thereby creating vacuum in their implementation till now. Indeed, it has been observed in the past that, mere guidelines or instructions resulting from such recommendations have brought little change to the general scenario of the Indian Banking without being backed by active participation of the involved parties. Now, what are required are not another committee and its recommendations, but a will and determination to go ahead on implementation of earlier recommendations with the help of both management and employees of bank.

Before outlining the objectives and methodology of the present study, we strongly desire to highlight the present scenario of the Customer Service in general and the customer expectations from banking industry in particular.

1.1. Market Diversification:

Looking at the financial services market today from the perspective of the customer, the most striking characteristics appears to be the maturity of the market. This is usually as a result of the shift from general to specialized banking and the development of various alternative funding sources. More recently, as increased volatility has significantly affected corporate profits, both customer and financial institutions have become more and more profit conscious oriented. The prevalent view is that in future financial institutions and banks will be high return oriented and that the need for stable products, which will assure a constant return over an extended period of time, will increase.

1.2. Deregulation:

To achieve this end, the most important requirement for banks and financial institutions is to understand and anticipate the customers' needs clearly. The key to successful attraction of customers' in a highly competitive and volatile market will not only be the knowledge of the customers' needs but also harnessing of customers' potential wants, and the strengthening of the consultative marketing activities which address them. One way of more effectively reaching out to this future market is by restructuring branches more towards a customer orientation. Especially, for banks it will be important to move away from conventional branch arrangements and to strategically design them for optimum consumer convenience. It is also necessary to eliminate organizational rigidity and bureaucracy to simplify the decision making system in order to enable quick responses to the market.

The present deregulated banking environment and the changes that are taking place in the Global Banking Industry, the public sector banks in India have to reorient their strategies to cope with the challenges that are thrown open as a result of the implementation of the financial sector reforms. There has been ample scope for public sector banks in the deregulated banking environment to initiate the action of their own. Improvement in productivity, efficiency, customer service and profitability will be the watchwords for banks to survive and develop sound financial operations. Moreover, the recent guideline regarding norms pertaining to capital adequacy, income recognition and provisioning have imposed tremendous strain on expansion and profitability of banks. This coupled with opening up of banking sector to private banks as also foreign banks with a view to imparting competitive efficiency and providing greater satisfaction to customers have highlighted the issue of deregulation more relevant as never before. Now, it is more vital for banks to have greater freedom to evolve a suitably professional management to face the tougher competitive environment of future. Indeed, the transformation of the Indian Banking system to a more open, transparent, competitive and market driven operating

environment is something, which is highly desirable for the economy as a whole. Hence, financial deregulation will no doubt contribute to a more efficient financial system through more competition and challenges.

1.3. Customers' Opinion:

Recently, the pressure of customers' opinion or their grave discontent over the grossly inefficient customer service has built up to such an extent that the authorities seem to have woken up to the seriousness of the situation. Many customers expect banks and bankers to be polite, courteous, helpful and understanding. They also expect to be treated as important individuals. Generally they would be satisfied if prompt, accurate and speedy attention is given to their work and banking problems. Customers do not like a banker if he is rigid, inflexible and unhelpful in his approach. He is also disliked if he is too rules bound.

The vociferous among the customers opined that, whatever the achievements in terms of branches opened, deposits mobilized, advances sanctioned etc, it remains a stark reality that the system is in a total mess today and has become a great drain on the economy. Therefore, it is high time that a serious thought is given to the present ills of the banking system and solutions need to remedy them.

Another group strongly felt that the trade unions have a sort of monolithic control and they seasonally black mail the Government and sometimes to the top management by resorting to frequent strikes on the plea or another. No one in the Trade-Union has ever given thought to the practices in the banks which are breaking all norms of efficient and honest service and destroying public support for nationalized institutions. All sections of the community, perhaps except the bankers themselves, felt strongly that bank men are doing a terrible job. Hence, customers support that most of the banks should be handed back to private sector and allowed to compete freely with other banks. Most enlighten customers also believe that our banking system is in urgent need of reform. So, a revamping of the institutional structure cannot be put-off any longer as the prevailing chaos on banks is the system of organic, not merely functional defects.

In the above perspective, customer satisfaction should be the main theme of "Banking Activity" and customer needs must be met on first preference. A banker should design his product in such as to suit the customer's requirements. What is immediately needed there is an attitudinal change in the banker in respect of their behaviours with the customers. This behavioural change will act as a catalyst in bettering the customer service so as to live up to the changing scenes of the banking industry. Otherwise commercial banks may soon become sick and defunct units, if the bankers with their reputation for solidity, safety, comfort and their expertise in processing financial transactions do not transform it into a customer conscious industry.

1.4. Customers' Awareness:

Earlier, not all customers were familiar with the rules and regulations of the banks. The agitation for improvement in customer service came only from a few areas in the country mostly in the Metropolitan areas and in some cities. For people in Semi-urban and Rural areas where the bulk of bank branches operate, everything still moves slowly. The customers are not conscious and generally do not also bother about the quality of service.

However, things are taken for granted for very long. It is unfortunate that even nearly after twenty-five years of nationalization; banks are deeply entrenched with poor customer service. In a country, where 30% of the population lives below the poverty line, banking sector is described as a high wage island. In this connection, the customers are quite aware that the bank staffs are well paid and they are paid to render prompt and efficient customer service.

However, while various measures like customer meets, setting up of customer Grievance Cell, quality circles etc, have been implemented in order to tone up the customer service in general, still it appears that not much attention has been paid towards growing indiscipline amongst the various level of bank employees. It appears that no concrete steps have been chalked out in order to check this malice, which affects the customer service significantly.

From another angle, attending a customer requires spending a certain amount of time with him. In the work situation in a bank, where too much tension and pressure is prevalent, the attention given to the customers are scant, perfunctory and nominal. For the customer, the size or volume of the business of the bank is not a concern. They are worried about their own comfort and convenience in the branch where they have business relations.

In short, they are more worried about their various rights such as *i.e.*

i. Right to be served courteously, promptly and interruptedly,

ii. Right to get a reply of their letter within a week;

iii. Right to know the decision of a loan proposal (within a reasonable time)

iv. Right to know about the service charges etc.

Further, the pre-nationalized customers are aware that one of the outcomes of the nationalization of banks is that, the employees have developed a feeling that their jobs have been well secured till their retirement, as the banks are Government undertakings. This only aspect has a direct bearing on the deterioration of the quality of customer service since the last two decades. More-over, one also finds that in the meantime, the losses of public-sector banks have shown as ever increasing trends whereas the quality of customer service has shown a continuous declining trend. This occurs be-cause there is unfortunately an unperceived realization among the majority of employees of the banking sector that their organizations exist more for their own benefit rather than that the customer, whom they seek to serve. Indeed, the concept of mutual benefit is unconsciously blanked out from their minds.

Customers also readily admit that towards large banking organizations, complaints/grievances are bound to be originated from their fellow brethrens. What matters is the manner in which these problems are resolved. They want effective services that solve most of their problems and it is also true that the emotional tone of person servicing them makes just as strong an impression. In other words, unless there is an emotional urge in each of the employees to excel in rendering service, the quality of service will suffer forever. That is why, in most of the situations, it is often the emotional tone of the employees that gets across to the customer more than even the content of the service.

All these aspects direct us to say that customer service is delivering what one promise. Failure to do so not only affects the credibility but also the profitability in the long-run. Therefore, excellence in customer service not only involves the tangible aspects of service like appearance of physical facilities, equipment, personnel etc, but also reliability in respect of the commitment to excellent customer satisfaction.

1.5. Consumer Protection Act:

With the enforcement of Consumer Protection Act (1986), banks in India are now liable for additional liability towards their customers under this Act. The Act not only applies to the goods but is equally applicable to various services, including banking, specified therein. The Act provides appropriate machinery for the redressal of the complaints of the customers availing various services provided by the banks. If any of the allegations contained in the complaint about the services are proved, the respective Forum issues an order to the banks to return the charges paid by the complainant as well as to pay such amount as compensation for any loss suffered by the customer due to negligence. It is thus clear that the liability of the banker in relation to the service rendered to the customer arises under the Act, on the fulfilment of the conditions that, *i.e.*

◆ The services have been rendered for a consideration and not free of charge;

◆ The customer suffers loss on account of any deficiencies in services rendered;

◆ The loss has been caused due to the negligence of the banker.

There are many areas where the provision of the Customer Protection Act are applicable in banks i.e., Collection of cheques, drafts, bills-business, issue of drafts, safe-deposit lockers etc. It is hoped that the awareness about these provisions will make the bankers more conscious of their additional obligations and liabilities under the Act and will ultimately result in improvement in banking services.

1.6. Memorandum of Understanding (MoU)

It has been felt that in return for the quality contribution being made by the Government, the banks should at least bind themselves down to certain minimum levels of performance in key areas like profitability, productivity and efficiency.

It has been argued that while banks should be helped to attain the required level of capital adequacy, they should also be encouraged to take steps to increase their incomes and reduce their expenses so that they may be in a position to improve their profitability and ensure that capital adequacy standards, once achieved, are maintained.

In keeping with these issues, the MoU recently signed by the various banks with the Reserve Bank of India focus on efficiency indicators such as the interest

spread, average yields on advances and investments, average costs of deposits and funds and the percentage of non-performing assets. Business parameters like average growth of advances and average growth of investments are also emphasized. Other two areas which have been stressed are up gradation of technology and improvement in customer service. Targets have been fixed in respect of each of these indicators and banks have been told that failure to achieve will attract penalties. In short, the agreements have initiated improvement process by insisting on time bound programme for the preparation of operational policies on specified areas. Moreover, the policies included in the MoU are only indicative and by no means be regarded as exhaustive. It appears, in future many more MoUs' may be signed and agreed upon to achieve concrete results by the respective banks, basically to improve customers satisfaction and thereby to earn higher profits.

Now, it is quite sure that both our intelligent customers and as well as the banks need each other. Actually, what is really required, is laying of the foundation for a reciprocal satisfactory relationship. In this context, our present study, *i.e.* "Customer Satisfaction index: Methodology and Construction", will be a valuable asset which may help both in defining the customers' perceptions in detail as well as on changing the work ethos of our banks.

Under this background, our basic attempt is to postulate the methodology and construction of the customer satisfaction index.

However, we have stated the following hypotheses also to be tested along with our basic objective. They are i.e.

i. The fewer the customer there are between the provider and user of a service, the greater is the likelihood of greater user satisfaction.

ii. Corresponding increase in the number of bank customers, transactions and interbank transfers always result in deterioration of customer service, house-keeping internal control and supervision.

iii. The infusion of technology alone can yield competitive advantage for banks, without which it would be difficult to satisfy the customers to a great extent.

iv. Reasonably accurate estimation of customer's satisfaction level is possible through the construction of customer satisfaction index (CSI), both for existing and new customers.

1.7. Literature Survey:

1.7.1 Dr. R.K. Uppal and Ms. Rachna Kumari elaborated in their article 'Customer Delight: Using Technology as Enabler' that the new millennium has exposed the entire banking system to new challenges of competition and struggle for survival. The era of liberalization, deregulation, globalization and privatization has let loose a close race for internecine competition in the banking industry and survival of the fittest is emerging as a trend. The rapid use of technology and the spread of IT have brought in a paradigm shift in banking services. During the first phase after liberalization process started (1991-94), the emphasis of banking business shifted from growth to profits, from balance sheet size to a clean, transparent and healthy balance sheet and from a regulated regime to a relatively deregulated one. During the next phase (1994-98), the financial markets started giving interest rate signals, linkages between foreign exchange and money market became stronger, interest rates were deregulated and competition intensified.

The financial sector reforms brought the issue of customer focus to the forefront. Competitive innovations made bank customers more concerned about their money value and of the surrounding environment that led to high customer expectations from service providers. Today, customers have become more demanding. Bankers have had to evolve new approaches and products to keep pace with growing expectations. Customer's preferences are changing at a rapid speed and their demands are turning insatiable. In order to cater to the changing preferences, bankers have to provide services suitable to customer needs for surviving in the competition. Customers do not accept any delay in service today and need instant information. It is a challenging and tough job for bankers to retain the existing customer base and win new customers. Sustaining in the banking business now is a tough phenomenon. The goal of bankers is to keep customers happy for achieving the business growth targets through following strategies:

(*i*) Importance of Customer Service:

Managing an excellent customer relationship decides the future of any business or everybody's business. Customer focusing is not being viewed as just a business strategy but has become a corporate mission. Once good service is extended to a customer, a loyal customer will work as an ambassador to the bank and facilitate growth of business. It is imperative to have

customer orientation as a culture in the bank for delivering quality service. Customer orientation builds long term relationships resulting in customer satisfaction and cash flows to banks. Factors like branch location and design, variety of services, rates and charges, systems and procedures, delegation and decentralization, mechanization and computerization, competitive efficiency, complaint redressal and very importantly staff skills, attitudes and responses are the major drivers for customer satisfaction in banks. A good customer service in banks should have three basic tenets of courtesy, accuracy and speed.

Many committees have gone into different issues of customer service in Indian banks and quite a good number of their recommendations have been implemented. Despite a high priority attached to customer service by the government and the Reserve Bank of India, and many measures initiated at various levels to improve the standard of customer service in banks, the level of satisfaction perceived by different customer segments continues to be low. It is in this context that the service has to be analyzed and appropriate strategies drawn up, not only to attract new customers, but also to retain the existing one.

(*ii*) Views on Customer Delight

The emphasis in the present era of banking is on customer delight so as to exceed customer expectations. Highly satisfied customer can be called delighted customer. One can distinguishe between delight and satisfaction by saying that while delight provides unexpected value or unanticipated satisfaction, satisfaction is a state phenomenon that focuses on known situations. Similarly, it is pointed out that delight is the only key to survival in today's competitive world. It is contended that delight, being the higher level of satisfaction, is the key to the more evasive goals of loyalty and loyalty-driven profit. Indeed, customer delight is qualitatively different from satisfaction, as it found to have 'net zero effect' on repurchases intention; hence, one must entertain delight as a goal apart from satisfaction. Thus, customer delight is an opportunity, provided employees are trained to take up these opportunities and are empowered to act on them as the customers want service workers to be efficient, helpful and pleasant.

It is observed that customers get delighted when they interact with customer-oriented staff, but such staff only senses, serves and satisfied customer's identified needs, whereas delight is one level above such an orientation.

It is a state where the customer feels happy or elated at the service provision, which drives his or her commitment or loyalty. Further, it occurs when the customer is pleasantly surprised in response to an experienced disconfirmation about the expected product performance. It provides an unexpected value or unanticipated satisfaction. Delighters include friendliness, courtesy, consideration and problem-solving and personalization are considered as most essential elements of service quality. Generally customers are delighted by courtesy of employees, their politeness, respect to customers, friendliness, prompt customer-oriented delivery, going beyond the call of duty or out of the way help and customization. It is emphasized that customer delight results in long-term profitability and loyalty among customers. Delighting the customers by taking that extra mile leaves a memorable impression on them, which the customer talks about from time to time by becoming profitable customers. It can be stressed upon the importance of understanding the customer expectations properly and delivering actual performance that exceeds these expectations so as to make them delighted customers. However, many researchers opine that customer delight may not be worth the efforts of the marketers because after a certain threshold point, the effect of satisfaction on loyalty increases at a decreasing rate and the firm stops reaping the benefits of customer satisfaction in terms of loyalty.

(iii) Leveraging Banking Technology

India's banking sector has made swift strides in reforming and aligning itself to the new competitive business environment post globalization. It has transformed itself according to the latest technology and brought out a major attitudinal change which has revolutionized the concept of customer service. Technology has led to the end of geographically limited banking with the customer being now treated as that of the bank rather than that of a branch of the bank. Information Technology has become an inevitable part of the reforms process in the banking system with gradual development of sophisticated instruments and innovations in market practices. Banking business today depends largely on the IT infrastructure supporting effective delivery channels to meet the need of enhanced customer service for survival in the fierce competition. The technological systems of Indian banks are now considered at par with many developed nations. However, banking technology has been limited to urban areas only and by and large,

the rural population has not been benefited from it. The concept of customer service, therefore, needs to be revised in a holistic and comprehensive way which includes everyone irrespective of caste, class, creed, gender or economic status.

1.7.2. Ms. Nidhi Choudhari in her article 'Leveraging Banking Technology for Improving Customer Service' discussed the role of technology in customer service. The core issues before the banks today are service expectations of customers, cutting operational costs, and managing competition. Customer retention and customer satisfaction are inexorably inter-linked. While customers may be happy to transact business and interact with their banks through convenient and cheaper banking channels, they still expect very high standards of service delivery. A consistent service reflects the banks' brand and image across all channels. Technology can help banks in ensuring the above factors as it has moved from being just a business enabler to a business driver by enabling:

◆ Efficient management

◆ Lower operating costs

◆ Greater geographic diversification

◆ Sustained competitive position

◆ New revenue opportunities

◆ Quicker 'move-to-market'

◆ Richer customer experience

◆ Enterprise wide customer view

As per a conducted study, a bank in India sells 1.4 products to every customer whereas in Spain it is 1.8, in UK it is 2.6 and in France it is about 3.0. Therefore, it is very important that Indian banks expand their product portfolio by making efficient use of technology.

The future of banking services does not lie in brick and mortar banking but in a banking environment which is a less branch-based or even branchless services where customers are able to access banking services remotely. Realizing the potential of remote banking services for expanding customer base without incurring additional establishment costs, many hanks in India have started offering these services which include some of the following facilities:

◆ Balance enquiry and statement ordering

◆ Funds transfer to third parties accounts

◆ Funds transfer between customer's different accounts

◆ Ordering of Banker's cheques and other financial instruments.

1.7.3. Dr. Sudip Kar Purkayastha in his article 'Technology Driven Channels: Need To Be More Customer Centric', explained that the power of Customer Relationship Management (CRM) in the efficacy of ATM in marketing banking services and creating customer satisfaction can be significantly enhanced by harnessing the power of CRM applied on centralized customer database. Thus, while a customer is operating an ATM, some message specific to his profile can be displayed on the screen. For example, if his term deposit is about to mature, he can possibly be reminded and asked if he would be interested to renew it or prefer to receive information on few more attractive investment opportunities. Such targeted enquiry makes him happy that the bank is uniquely recognizing him. In such case, a dumb machine seems capable of carrying on lively interaction with the customer in a personalized manner. The OCBC Bank belonging to one of the Asia's largest financial services group made some interesting applications in its ATMs using software to integrate its self service channels with its CRM system. Besides incorporating several additional features in its ATMs, while displaying direct marketing on-screen messages, the bank took care to ensure that these were customer specific. Its CRM system enabled its ATMs to recognize the unique needs of each customer and then target the relevant product or service. Thus, if a customer was sanctioned with a home loan, he was asked if he would be interested in a 'renovation loan' as well. If the customer replied in the positive, the information would travel in a seamless manner to the related department for further follow-up.

(a) Accompanying customer

The RBI guidelines issued in 2009 permitting ATM holders to use other banks' ATMs free of charge up to a specified extent has enormous implications for banks. Two of these are enhanced customer convenience and better utilization of the installed ATMs of all banks. The third implication is not so apparent but real, nevertheless. The large scale customer movement across computers of non-home banks is giving bank customers a chance of service comparison which in cases might culminate into migration to banks perceived to be more

caring and efficient. Interestingly, banks low on customer care, have been underestimating the disguised risk. If they continue to interpret this development only as a benign 'customer-friendly step' as projected by the media, they are inviting perils. Quiet migration is a chilling possibility. On the flipside, this constitutes a huge marketing opportunity for smarter banks, which are capable of using their ATM network strategically. In the quietude of the kiosks, there are chances that the years old hardened loyalties might begin to melt under the soft warmth of care shown by the host banks' impersonal marketing representatives. Quite interestingly, this directive of the RBI may not only ensure the optimum usage of the installed capacity but also raise the general standard of ATM service in the industry by generating fear of losing customers to competitors.

(b) Customer issues

Today the complete range of e-channels is in use in India. Surprisingly despite a generally positive customer approach towards technology banking, the actual usage of these channels seems to have remained low. Bank after bank, in their annual reports claim having built array of e-channels but most of them maintain deafening silence on their off-take. This seems to be essentially a supply side problem. One of the important reasons for the lukewarm customer response to e-channels, especially in PSBs, lies in the very outlook of the latter. Many of them view e-channels as matter of pride, rather than as an improved means to cater to customer needs. They seem to bear a fond hope that the glitz and glamour of the technology banking alone will drive customers into their branches.

(c) Customer dilemma

The customers were asked to shift to radically different buying processes. It is important to recognize that inertia is a natural law and a stronger counterforce is necessary to overcome it. Even though e-channels promised a world of conveniences and that could act as the needed force of change, the customers did not see them as low-hanging fruits. In fact the lack of technology orientation in them dented their confidence that they indeed would be able to reap these benefits. Still, they had some unresolved apprehensions about these channels like (a) the risk of committing error while using an e-channel and the inability to figure out the consequences thereof, (b) the fear of loss due to technology glitches, virus attack, phishing etc. If they went to their banks for guidance, they did not come out much better

off. Technology was often created by outside software companies. Employees possessed limited knowledge. Senior employees, in most PSBs, were even more uncomfortable.

(d) Educating customers

Many customers remained cautious and conservative users of e-channels. To make matters worse, periodical rumors and media hype about frauds in electronic banking kept feeding their fears. Banks must begin to recognize that customers have lots of anxiety and apprehensions about using the new technology. These must be addressed through programmes for customer education in the form of seminar, meeting, demonstration, group interaction, provision of literature, electronic mails, etc. There is a need to make them confident in using new delivery channels.

Many leading banks in USA, for example, launched online training module designed to teach its corporate customers how to use internet to simplify their business processes. To get sustained benefits, the process of customer education should be institutionalized in a bank rather than undertaking it as stray activities included by momentary impulses.

(e) Take-off point

Bank activism in the realm of customer education is sometimes questioned. Many banks tend to believe that their job involves offering new channels and products, and customers should somehow learn how to use these. To know the validity of such assumption we need to examine the social process of learning. It is true that customers learn from each other. Three important points of knowledge diffusion exist: a family, friend and colleague level. For example, if one person in a family knows internet banking well, it is likely that the other members will learn that art from him or her. They need not necessarily be educated in the branches. The same thing can be said about friends in a social setting and colleagues in a workplace. People learn from one another through discussion, demonstration and coaching.

Notwithstanding the above social phenomenon, it must be appreciated that this process does not start from ground zero. The number of customers who know the matter must reach a critical level before the social process of knowledge diffusion takes over. Banks must strive to create a poof of informed customers for this purpose. This is a necessity to increase active use of these channels.

1.7.4. Mr.M.Ravindran in his article 'Service Delivery in Banks: Revitalizing Branches for Customer Service' elaborated the challenges which makes competing in today's retail banking. There are a number of factors including reduced scope to differentiate on price and product with more demanding customers who are increasingly price aware and more willing to shop around and switch banks.

Delivery channels

In their efforts to improve profitability, banks are always on the lookout for developing new products and services and offering new methods of accessing financial services. Using new delivery channels enable banks to reduce costs, maximize returns on existing investments, acquire more customers and build the customer product ratio to effectively retain those customers who might otherwise defect to competitors. Multi-channel strategies clearly enable banking organisations to extend their reach and increase their contact with multi-platform consumers.

The challenges of competing in the retail banking market make cost reduction a strategic imperative. The high cost of running branch networks as compared to an ATM, made all banks deploy more ATMs in a bid to reduce the cost to serve. There is a mushroom growth of ATMs in the Indian banking system and today, as against a total branch network of 87,042 branches, the number of ATMs stand at 47,088, roughly half the population of branches as of March 2011.

The position of branch network *vis-à-vis* ATM is now quite impressive. The trend clearly shows that alternate delivery channels like ATMs are getting very popular with the customers. Typically these channels have higher levels of automation and, therefore, give customers the benefits of greater comfort, convenience, efficiency, accuracy and speed. Once the customers experience it, many of them find it impossible to go back to their old ways of accessing banking transactions by visiting a branch.

Traditionally and for long, the 'branch' was the only delivery channel adopted by the banks. However, as developments in information and communication technology unfolded, today there is a variety of delivery channels that banks offer to customers to choose from.

The diametrically opposed challenges of reducing the service cost on one hand and retaining branches on the other has brought into question the feasibility of running one-size-fits-all, full service branch networks. Segmentation and more precise targeting of the branch-based service proposition would help banks in improving their business and shrink the cost further.

1.7.5. Mr. Pankaj Kumar in his article 'Customer Relationship Management in Retail Banking' discussed that customer service is perhaps the most important dimension of retail banking followed by constant product innovation. The main aspects of customer service are quality and pace in delivery, introduction of new channels of delivery, cross selling of products, price bundling and most important of all becoming technology savvy. To meet the increasing demands as far as customer service is concerned; banks are investing a lot in Customer Relationship Management (CRM).

(a) Improving Retention of Existing Customers

Customer retention can be achieved by enhancing customer satisfaction and loyalty, improving problem resolution, and creating the ability to identify and save "at-risk" customers. In fact, an "at-risk" customer actually represents a major opportunity for additional revenue if handled correctly. However, the greatest danger for banks is either not identifying "at risk" customers or nor having the capabilities to do anything to recover them. For example, a customer makes a large withdrawal from his or her account. This may signal that the customer is switching funds to another bank. Or the customer may be buying a house, a boat, or paying college tuition, in which case there are clear opportunities to sell additional products or investments. The identification and treatment of this customer should reflect his or her lifetime value. CRM-driven techniques will help retain customers and can migrate from mere "account holders" into loyal, long-term, profitable customers.

(b) Increasing Profitability by Customer Relationships

Boosting revenues requires improving the product pipeline and close rates, while reducing sales and service costs. On the revenue side, the bank's CRM solution should use customer intelligence to target specific offers and manage marketing campaigns for a high likelihood of acceptance. Customer treatment strategies should be fully integrated with a CRM platform and the processes to support them. On the cost side, better

channel management, CRM automation and integration will help increase the efficiency and effectiveness of sales and service.

(c) Improving Distribution and Channel Management

To win profitable customers and build long-term relationships with them, banks need to have the right insight, products and services for the right customer at the lowest possible cost. From call centres to web sites, each of the bank's multiple channels must be scalable, flexible, low-cost and fully integrated with all the other channels. This is the only way to consolidate customer information and provide consistent treatment across the enterprise. Each of the bank's channels must also be able to accommodate change and adapt to future trends in the market place.

1.7.6. Mr. Hiranmoy Roy and Mr. Ashim K. Das in their article 'Customer Relation Management in Commercial Banks: A Study in South Assam' stated that in Customer Relationship Management, the Financial Market reform initiated by the Government of India, a decade ago, has radically changed the landscape of Indian Banking Industry. Introduction of prudential norms to income generation, ownership pattern of banks, availability of funds, deregulation of interest rates etc. make a precarious situation where public sector banks are to operate on reduced spread. The banking service market was operated by Public Sector banks alone during pre-reformed period. Now it is challenged by a horde of competitors, both domestic players as well as foreign banks.

Today's economy is customer oriented economy, which has generated new and powerful customers who have suddenly discovered their lost "crown", customer do not want to spend hours on hold. Speed of delivering service has become the vital factor for survival. This is leading to a growing demand for creative and competitive customer services in banks. Most important problem faced by public sector commercial banks now-a-day is deterioration in their customer services. New generation customers do not live only in Indian cities, they are present across small towns and villages. Improvement in communication increases awareness among the customer far and wide. Thus, present Indian banking industry requires recognition of the importance of customer services and the necessity to address the needs through innovative product and services supported by new technology.

The concept of managing relationships with customers is not new. However, the focus was more on selling rather than customer orientation. Competition, driven by globalization, has changed the whole gamut. Customers now have varied choices, are more knowledgeable and demanding. They need to be handled with utmost care by the economical organization because the question is not only to acquire them but to satisfy and retain them for long. CRM is not product or service, rather a strategy used to learn more about customers' needs and behaviour in order to develop stronger relationship with them so that the customer can be served effectively.

According to Anderson Business Consulting, the evolution of CRM, from a focus on internet efficiency to more effective external relationship is the ability to move information about a customer which has become viable. This partnership with customer benefits greatly. It is widely believed that CRM raises marketing to a new height where customer orientation, information technology and marketing strategy fuse together to create a powerful marketing plan. The plan aims to attract customers, retain a large majority of them and leverage the retention for greater satisfaction and profitability. The core theme of CRM is its customer's centric business philosophy and culture to support effective marketing, sales and service processes with right leadership, strategy and work culture in an organization.

Therefore, the purpose of CRM is to improve productivity by increasing marketing efficiency through co-operative and collective relationship between the organization and its valuable customers. CRM is a competitive approach for a business organization, which provides integration of every area of business that touches the customer namely marketing, sales and services and other support through the integration of people, process and technology.

Banking is essentially a service industry. Its products and services are always directed to serve customers. Bank cannot survive without customer. Customer is not dependent on bank; he has other option in the market. A bank customer looks for certain values like products, quality, service, etc. as customers are value maximizers. They form an expectation of value and act upon it. To win customers, a product or service offered by banks needs to be repositioned in form a "package" with host of value-added opportunities. Therefore, customer relation services can no longer be perceived on fulfilment

of elementary banking needs rather customer satisfaction should be the focal point for a bank to survive.

In service sector like bank, customer service is not only a critical function, but a way of life also. Banks can be said as being customer oriented if it's various organizational activities, like organizational restructuring, staffing, and coordination are geared to fulfil customers' needs. So, total customer satisfaction should be the focal point.

It is the service of a bank which established its bond with customers. So customer relation and innovation are first becoming the key ingredients towards success of banks.

Customer orientation in banks comprises two factors-customer need analysis and banks effort to fulfil those needs up to the level of satisfaction. In a technology driven world economy, customer satisfaction in a bank may be called as complicated mix of hardware (Technology, Product, Price, Quality etc.) and software (Attitude of staff, communication, responsiveness, organizational philosophy etc.). CRM has to be understood as a product carrying the individual bank's corporate image in the market of modern banking. The customer services should achieve the level of "love at first sight"' so that the customer could always recall his/her first experience with the bank branch. It will help to establish the customers' lifelong bond with the bank. As we know, there cannot be a better advertiser of bank than a satisfied customer itself.

Main causes for declining customer service

The main causes for declining the customer services in Banks are the spreading of banking activities resulted in increasing expectations on the part of the public regarding banking services. But the banks have not been able to meet the demands satisfactorily which resulted in the growing dissatisfaction about the service. Unsound personal policies like absence of job security; suitable incentives; complete knowledge of the job; commitment; trained and suitable human resource etc., have all contributed to the low quality of service.

Main areas of customer dissatisfaction

The main areas of customer dissatisfaction are:

1. Delay in transacting business
2. Correspondence & decision making
3. Cumbersome procedural formalities

4. Apathy of the bank staff
5. Inconvenient timings
6. Restriction to membership
7. Inefficiency of employees etc.

Ways to improve effective customer service in Banks.

If we do not take care of our customers, someone else will take care of our customers.

1. Make everyone in our organization responsible for customer and client services.
2. Take special care in selecting and training front-line staff, especially receptionist and telephone operators.
3. Try to see our organization through the eyes of our customers *i.e.* if we were customer, would we do business with our organization.
4. Change the organization into user friendly business.
5. Get our customers and clients involved in creating the service they want. Involve them in planning, so that they have a **"stake"** in our organization.
6. Develop a feedback system with our clients. Bank will reap rewards, if we encourage criticism and correct weaknesses.
7. Take the time to talk to our customers about day to day affairs.
8. Try to make our customers and clients feel good about themselves and their decisions.
9. If we can deliver a friendly quality service at a realistic situation, we will build customer loyalty.

Practical hints for effective customer service in Banks

1. Opening of bank 15 minutes before commencement of business hours
2. Ensure no counter remains unattended and provide uninterrupted service
3. Setting up of 'May I help You' counter to be located at entry point
4. Introduction of the teller system for instant payment of cheques
5. Acceptance of small denominations notes from customers/non-customers.

6. Cash handling by bank branches and relocating cash to deficit centres

7. Exchange of mutilated and soiled notes from both customers/non-customers

8. Notes/coins machine may be introduced, where the volume of work so warrants.

9. Safeguarding currency notes from early soiling by packing with paper seal/band.

10. Publicity of nomination facility by including the message in the Pass Book and Cheque Book

11. Minimum balance in SB accounts is encouraged by offering better rates of interest.

12. Statements of accounts and updating of pass book with correct and legible particulars.

13. Change in interest rates on deposits should be made known to customers.

14. Customers should get expert guidance from bank in their day to day decision making.

15. Trilingual brochures and pamphlets should be actively prompted and used.

16. More and more locker facilities are provided in the residential areas.

1.7.7. Dr. M. Selvakumar and E.L.Ramar in their article 'Customer Relationship Management in Banking Sector' narrated that it is essential for any bank to offer excellent service to ensure customer satisfaction and banks need to adhere to the following basics for the purpose:

(a) Making customer-friendly system:

Systems pertaining to customer service should be simple and customer- friendly. The bank should provide complete and consistent information to the customer at a single point. All communications with the customer should be precise, clear and unambiguous.

(b) Providing Customized Service:

The bank staff should treat customer individually and give him exactly what he wants. The staff should treat customer respectfully and politely.

(c) Adding Innovativeness:

The bank should improve the customer service continuously through innovation. It should introduce on-line business transaction in all its branches. The bank should introduce innovative measures, which would not only keep its customers happy but also beyond their expectations from the banks.

(d) Empowering Employees:

The banks should empower its employees to facilitate the effective handling of customers' queries and complaints. The manager should personally take the responsibility for redressing customer grievances.

(e) Motivating Employees:

The bank should continuously motivate the employees to handle the customer problems smoothly and politely.

(f) Customer- friendly Atmosphere:

The bank should be computerized and the service of the customer should be quickly attended and modern technology such as e-banking should also be introduced to ensure better and quick services to the customer, encouraging him to shift to a better option as and when if available. They should also make customers feel very comfortable while interactions.

(g) Visibility in customer service:

The interaction with prospective and existing customer should be an ongoing process. The bank staff should enlighten the customers as to what the bank can provide or intends to provide in future. Whenever a loyal customer visits the bank, the employees should create a large database and they should be in constant touch with the customers even after the services have been rendered.

(h) Setting internal standards:

The bank employees should be trained to meet and even exceed the standards. A well defined process for providing quality service will bring high dividends. Customer expectations are always on the rise and the only way to meet them is to continuously raise the standard of service of the bank.

(i) Welcoming complaints:

The customer should be given a chance to express his opinion with regard to the business transaction. The bank should realize that a customer who is complaining is giving the bank an opportunity to continue business with him by pointing out the bank's mistakes and enabling them to rectify the same.

Building a life-long relationship with the customers is the mantra for the development of any business. The customer is the king under the Customer Relationship Management (CRM) concept. CRM helps the business concern to develop an enduring relationship with customers thereby ensuing profitability, service at the right time, the use of innovative method, creation of a large

customer base, installation of a simple and customer friendly system, and welcoming customers' complaints are some the quality services which should be provided by the bank, in order to ensure a better life-long relationship with the customer. Implementing the CRM concept will attract more customers and consequently more revenue to the bank.

1.7.8. Dr. Dinabandhu Bag in his article 'Understanding the Changing Customer Preferences: Experimental Models', stated that credit marketing has come a long way in today's economy of hard-hitting competition and diminishing customer loyalty. With the increasing level of cut-throat competition, decreasing customer loyalty and the increasing commoditization of banking products, it has become essential for banks to proactively understand the changing customer preferences to build a value proposition since banks are flexible enough to along their products towards the value needs of their customers.

This would need some effort from the bank's marketer in terms of understanding the response behavior of their customers against the features of a given product offer. A bank typically offers a variety of products and each of these individual products can have multiple features. Such offers could vary by maturity, interest rate or other conditional rewards.

Behavioral psychologists explain that human beings are highly influenced by the external competitive offers which are available in the market. Human behavior is to make rational economic decisions based on how much value is sought to be derived from a bank's product as compared to the outside world. Therefore, the bank needs to determine what to offer to its customer out of total customer segments. The entire process of determining product attributes and mapping them to the behavioural needs of a customer can be called value building.

Thus, there exists a need to test for an expected customer response rather than simply designing a product offer in the hope that someone would buy it. This could improve efficiency and provide rollout opportunities for greater benefits within the bank. For example, the rapid rollout demand for banking products within the customer base of current accounts and savings accounts (CASA) or credit cards would also require testing to understand the value of both the bank and its customer accurately. Indeed, it is always wise to analyze the customer preferences in credit markets first and then propose relevant test based approach to credit markets using experimental design.

With the advent of information technology, test and learn framework is easy to adopt and implement in a bank. To a bank's marketer, there always exists very limited opportunity to pick and choose across a variety of offers while targeting. Thus, the method to test more offers around competition and build efficient tools to identify and match customer needs better, will be useful. All of this can actually go a long way in building a better product for the bank.

The experimental design is particularly helpful in product markets where a large number of customers face rapid and constant change, such as retail banking markets. Banks spend enormous amount on attracting customers and then converting them. Getting it right the first time is difficult and, therefore, experimentation is critical. Thus, whether it is a test for an absolute price or a test around the lead offer is a question which is left to the marketer.

1.7.9. Mr. Ranjeet Gautam in his article "Business Growth through Service Excellence: Guest Model', elaborated that in the current information age, customer service has become a challenging issue in any service industry as there are many intangibles those define a customer's satisfaction or otherwise with a particular product or process. The advertisement and marketing campaigns that seem to evoke heightened customer response comes to zero if the service standards do not match the perceived quality aspirations of the customers.

When it comes to banking industry the task is even more challenging as banks are required to deliver improved and efficient customer service to match the increasing expectations of existing as well as new customers both through the brick and mortar structure and the virtual world. The decision of a customer to choose a particular bank is based on various factors; however, if the reasons are to be categorized, they can be divided into two broad groups *i.e.* tangible and intangible factors. The tangible factors may be bank performance, quality, reliability, cost of services and convenience. The intangible factors may be reputation, sense of caring, courtesy, willingness to help, problem solving ability of staff, etc.

In the last decade, the banking industry witnessed that information technology and communications network-

ing have revolutionalized the working of banks. Unfortunately, with a significant workforce, the first generation banks have not been able to harness the beneficial effect of computerization. Having information technology not been properly implemented, led to a rise in the number of complaints. This rise of customer dissatisfaction can be attributed to the fact that information technology is viewed more as a panacea for reconciliation in the back office or substitutive of hard-bound-ledger in the front office in banks.

Re-defining customer satisfaction

Customer satisfaction is an emotional reaction to the difference between what customers anticipate and what they receive regarding the fulfillment of some need, goal or desire. There exists an interaction between the desired results and customer satisfaction, customer loyalty and customer retention.

Customers' Segmentation

Customers play the most significant part in banking business. In fact, it is said that only customer is the profit centre or else is overhead. Customer is the one who uses the products and services and judges the quality of those products and services. Hence, it is important for any bank to impress customers with superior services who in turn become ambassadors in the market. To manage customers, banks may follow some sort of approaches like segmentation or division of customers into groups because each customer has to be considered valuable and profitable. Normally, following types of customers contribute to the profit at different parts of the business cycle.

(i) New Customers

Acquiring new customers is the lifeblood of any bank. To keep an eye on new customer, acquisition trends is essential to have fingers on the pulse of operating market. It is the most expensive part of marketing investment and banks those can creatively reduce the cost to acquire new customers while generating increase in more new customers, will be the winners. It has been proved time and again that those customers who are properly inducted will stay with the bank longer and spend more money than other customers.

(ii) Existing customers

Existing customers can be further classified in three categories *i.e.* loyal, silent attrition and dissatisfied.

(*a*) Loyal customers

These types of customers are less in numbers but promote more business and profit as compared to other customers as these are the ones which are completely satisfied. These customers revisit the bank over times. Hence, it is crucial to interact and keep in touch with them on a regular basis and invest much time and effort with them. Loyal customers want individual attention and that demands polite and respectful responses from service provider.

(*b*) Customers in silent-attrition

Customers in silent attrition are those that have reduced or stopped using a product but where the account is still open *e.g.* dormant savings bank account with little or no balance. For these customers banks must determine whether there are any initiatives to change their behavior.

(*c*) Dissatisfied customers

Dissatisfied customers are, unfortunately, a hard fact of business life. The dissatisfaction generally stems from various sources: charges misunderstood unexplained, poorly explained, too steep, perceived errors or poor service. The Harvard Business Review reported that a 5 percent increase in customer loyalty could boost 25-85 percent growth in customer retention.

(iii) Exiting Customers

Customers those are exiting are the customers who have started the process of moving their relationship to other banks or are in the process of considering that move. These customers may still use product but they are looking for the exit and actively seeking alternatives. Given time, they will leave. Initial challenge for the banks is to identify those exiting customers.

(iv) Exited Customers

Simply speaking, these are no longer customers. Indeed, they have left. Strategies that are aimed at recapturing customers those who have left the banks are generally called 'Win-back' strategies. Win-back strategies are the most expensive and lower return on investment takes place during earnest endeavor to implement customer retention

strategies. Since customers have already moved to another bank, it takes a fat allurement to bring them back.

Customer centricity brings many benefits to the banks *e.g.* satisfied customers are less price sensitive, buy additional products, are least influenced by the competitor and stay loyal for longer period. Any bank without a focus on customer satisfaction is at the mercy of the market. Without loyal customers eventually a competitor will satisfy those desires and customer retention rate of the existing bank will decrease. Apart from this, customer centricity banks differentiate themselves from the competition and improve their image in the eyes of the customer. Increased customer satisfaction results in higher customer retention enhancing the reputation of a bank.

Improving staff morale and productivity are two sides of the same coin. If the staff is properly trained, nurtured, motivated and rewarded, profitability through improved customer service is automatically ensured. Bringing about continuous improvement in the operations of banks is, therefore, central to quality customer care. Economic turbulence coupled with fierce cut-throat competition is forcing us to revisit and assimilate values with greater conviction.

1.7.10. Mr. R.S.Sabu in his article 'Transforming Branch Sales and Service Performance' redefined the following assumptions:

i. **Macro-level evaluation:** A sound performance management strategy, delivered through the strategic application of business intelligence can help answer many questions. For example, it is better to measure the cost of media programmes versus the accounts, loans and revenue that they produce. Similarly, tracking and presenting key performance parameters, response rates, and cost of sales are very important. Critical to this is being able to quickly analyze each and every campaign to eliminate low-impact promotions and to concentrate on marketing efforts that are most likely to succeed. Best activities based on facts are to be identified and effort made to determine the best channel through which the communication reaches the customer. This will save valuable resources and time. It will free marketing resources to concentrate on important customers and plan

for newer programmes. Likewise, there is a need to have a performance management system that can automate core processes from budgeting, planning, consolidations, forecasting and reporting. This will provide clear, concise, accurate information to analyze current business perform-ance and confidently predict the future. It is critical to be able to model plans and strategies as a set of interconnected performance indicators before communicating this information to all.

ii. **Micro-level evaluation -** Performance at branch level is to be evaluated on an ongoing basis using proven methods. With a well designed score card on everyone's desktop, strategic goals can be in terms of specific performance outcomes. People can monitor their performance against targets and take immediate action when things go off track. They can use scorecards to monitor key indicators around sales, growth, and market share and compare them to call activity, reach, frequency, and sales expenses. Employees can see how their performance is impacting the overall performance of branch and then align their day-to-day decisions to be in step with the overall strategy. This ensures that employee resources and energies are all devoted to making the whole strategy happen.

In the days to come, branch banking will move away from an undifferentiated, unintentional and inconsistent interaction with the customer to a branded one, which is actually valued by all segments. Branch banking will offer a community like banking experience and a high touch personalized feel with large scale infrastructure capabilities behind it. With the rise of wealth, banks align their branch footprint partially towards an advisory based front line delivery. We could see emergence of more highly varied financial products, which are tai-lored to meet specific needs of the customers. The advent of new technologies could see the emergence of new financial players doing financial intermediation. At the same time, banks will require a higher loyalty share and more spend from their customers. Branch manag-ers will become market manager in charge of nearly everything with full business ownership. As owner en-trepreneurs, their roles are also for actively building customer relationships and loyalty and account open-ing. They are given greater authority, the power to make decisions on the spot for the customer. It is for tomorrow's

managers to carve out their own place, to know then to change course and keep them engaged and productive thought. On the customer front, business transformation will put customers at the heart of everything. Commitment to hassle-free service for customers under the oversight of the bank's board is necessary to ensure maximum customer satisfaction. Customer centricity should be the purpose of the existence of the bank. In the new environment, bank branches must become stand-alone profit centers. And with greater autonomy and accountability, we can hope that branches are able to develop stronger local business across regions, creating a range of opportunities to meet the different and often unique customer needs. A consistent approach is essential to accomplish this level.

1.7.11. Mr. Sreekanth Lapala in his article "Technology advances enable financial institutions to improve customer experience as well as drive operational efficiency", stated that the Indian banking industry today is in the midst of innovation and transformation. The market dynamics are ever changing and highly complex, requiring banking institutions to constantly evolve their products and services. The combination of competitive pressures, market opportunity and regulatory risks and compliance requirements is pushing the banking sector to rapidly adapt technology.

On the management side, there was no real ability for the management to access intra-day data to monitor how operational activities were carried out and what changes could be made around the team. Key goals for the initiative were to improve the customer service representative desktop through the following means:

- ◆ Provide readily available information in structured format

- ◆ Create the ability to clients to act on the information immediately

- ◆ Allow more customer control in the form of self service and ability to monitor

- ◆ Provide the Bank's operations team with visibility and monitoring tools

  From a technology standpoint, the benefits of implementing the solution include:

- ◆ Holistic view to identify, monitor and control events and exceptions

- ◆ Transparency in the exceptions which improve risk management

- ◆ Faster resolution time which benefits both the bank and its clients

- ◆ Significant improvement in productivity of CSR and Collateral Managers

- ◆ Increased customer satisfaction through better access to information and figures.

In this era of increased competition, demanding customer needs, rapid technology advancements and stringent regulatory requirements, speed and efficiency in executing financial transactions is crucial for success. The implementation of a Real Time Monitoring Dashboard helps banks to monitor exceptions, triggers workflows for successful resolution of exceptions and supports the banks in their quest for faster transactions, reduced risks and lower costs.

1.7.12. Dr. Manoj Kumar Dash and Mr.D.M.Mahapatra in their article 'Measuring Customer Satisfaction in the Banking Industry' put forth that the working of the customer's mind is a mystery which is difficult to solve and understanding the nuances of customer satisfaction is a challenging task. This exercise in the context of the banking industry will give us an insight into the parameters of customer satisfaction and their measurement. This vital information will help us to build satisfaction amongst the customers and customer loyalty in the long run which is an integral part of any business. The customer's requirements must be translated and quantified into measurable targets. This provides an easy way to monitor improvements, and decide the attributes that need to be concentrated upon in order to improve customer satisfaction. We can recognize where we need to make changes to create improvements and determine if these changes, after being implemented, will lead to increase in customer satisfaction.

Moreover, banking operations are becoming increasingly customer dictated. The demand for 'banking supermalls' offering one-stop integrated financial services is well on the rise. The ability of banks to offer clients access to several markets for different classes of financial instruments has become a valuable competitive edge. Convergence in the industry to cater to the changing demographic expectations is now more than evident. Bancassurance and other forms of cross selling and strategic alliances will soon alter the business dynamics of banks and fuel the process of consolidation for increased scope of business and revenue. The thrust on farm sector, health sector and services offers

several investment linkages. In short, the domestic economy is an increasing pie which offers extensive economies of scale that only large banks will be in a position to tap. With the phenomenal increase in the country's population and the increased demand for banking services, customer satisfaction will be the crucial parameter to judge the success of a particular bank.

1.7.13. The Reserve Bank of India had constituted a Committee under the chairmanship of Shri M. Damodaran, former Chairman, Securities and Exchange Board of India, to look into banking services rendered to retail and small customers, including pensioners. The Committee was also required to look into –

- The system of grievance redressal mechanism prevalent in banks, its structure and efficacy and suggest measures for expeditious resolution of complaints.

- Functioning of Banking Ombudsman Scheme, its structure, legal framework and recommended steps to make it more effective and responsive.

- Possible methods of leveraging technology for better customer service with proper safeguards, including legal aspects in the light of increasing use of Internet and information technology for bank products and services and to recommend measures to enhance consumer protection, and

- The role of the Board of Directors of banks and the role of regulators in customer service matters.

The committee interacted with various stakeholders across the country on all aspects of customer service – fair treatment, improvement in the service to pensioners, attitude of the bank staff towards the small and rural customers, service charges and fees, loans, transparency in operations, grievance redressal, promptness in service, education and information on new products, services, customer rights, expectations etc. It had called for suggestions from members of public. In response to the Committee's appeal more than 1000 suggestions were received from public through e-mail, fax and post. Based on the interactions and suggestions received, the Committee submitted its report to the Reserve Bank of India.

Major recommendations of the Committee are:

- Creation of a toll free common bank call number

- Providing plain vanilla savings account without prescription of minimum balance

- Setting up of third party Know Your Customer (KYC) data bank

- Prescription of service charges for basic services

- Providing small remittances at reasonable price

- Providing floating rate housing loans on a non-discriminatory basis

- Compensation for delayed return/loss of title deeds in the custody of banks

- Zero liability against loss in ATM and online transactions

- Enhancement of DICGC cover up to Rs. 5,00,000.

- Prepaid instruments up to Rs.50,000/- for frequent travellers

- Differential merchant discount/fee for debit cards

- Self-personalization of cards enabling customer to fix limits and area of operation

- Instant blocking of ATM card through SMS – BLOCK for lost/misused cards

- Transition to chip based card (EMV) with photograph

- Chief customer service officer (CCSO) for grievance redressal in every bank

- Submission of life certificate of pensioners in any Core Banking Solution branch

- Automatic updation of senior citizen status in CBAS

- Financial inclusion through branch expansions in the North-East

- Moving towards paperless fund transfers

- Ensure fulfilment of the tenants of customer service through inspections

Further, ten action points were mooted to improve customer service of banks, such as:

1. Indian Banks' Association (IBA) will standardize most important terms and conditions (MITC) for at least ten important banking transactions and circulate among banks for adaptation.

2. Banks would initiate the process of providing one view of all bank accounts of a customer including deposits, loans, etc., with the help of available technology, such as, core banking solution. Banks would be completing the process within one year.

3. Banks would convey to the Reserve Bank, a consensus view on the recommendations of the Damodaran Committee Report on Customer Service in Banks that could be immediately implemented.

4. To create awareness about the Banking Ombudsman Scheme, the Banking Ombudsmen will annually share with local media, information regarding complaints received and resolved, including important cases and awards given.

5. A series of town-hall events will be organized by banks to generate awareness about customer service in banks. Bank customers, bank officials and Banking Ombudsmen will participate in these events.

6. The Reserve Bank would examine the issues pertaining to monetary compensation for mental harassment suffered by bank customers. Issues that may receive attention in the analysis would be:

   - Whether only actual loss should be considered for compensation

   - Whether mental harassment issues can be codified for compensation

   - Whether the policies of the banks' boards on compensation should include mental harassment as a ground for compensation

7. Banks should issue tax deduction at source (TDS) certificates duly completed in all respects to the account holders and dispatch it to their mailing address.

8. In case of ATM/internet based banking transactions, in the event of any monetary dispute involving the customer and the bank, the onus should be on the bank to prove the customer's negligence or mistake. Customer must be compensated for the losses arising out of customers' non-authorized transactions.

9. Banks' should initiate steps to incorporate in their Code of Fair Practices to the customers the following items –

   - Insurance of some reasonable amount on their customers credit and debit card transactions

   - Providing periodical loan statements to small borrowers

   - Borrowers should be conveyed information on the annualized all-in cost on their loan accounts.

10. Banks must not recover pre-payment charges in floating rate loans. Banks may also offer long term fixed rate housing loans to their customers and address their asset liability mismatch (ALM) issues by recourse to the Interest Rate Swaps. They are much better placed to manage it to borrowers and thus, banks should substitute interest rate risk with potential credit risk. The bank will, however, be free to recover/charge appropriate pre-payment penalties in the case of fixed rate loans.

1.7.14. Dr.K.C.Chakrabarthy, the Deputy Governor of Reserve Bank of India while addressing the committee members of BCSBI stated that customer service is a challenging issue in any service industry as there are many intangibles that define a customer's satisfaction or otherwise with a particular bank/branch/product or process. The advertisement and marketing campaigns that seem to evoke heightened customer response would come to zero if the service standards do not match the perceived quality aspirations of the customers. The task is even more challenging in banking field as banks are required to deliver improved and efficient customer service to match the increasing aspirations of the people while increasing their reach and penetration by giving access to existing as well as new customers both through the brick and mortar structure and the virtual world. Faced with the dilemma of improving customer service and increasing access to finance, some of our banks have done a pioneering and commendable work and all are committed to financial inclusion. However, some aggrieved customers still say that RBI is soft on banks on customer service issues. But, what must be appreciated is that in our country where only 40% have access to finance and only 5% of villages have bank branches, at this stage if we become very stringent, then universal access to finance will be in jeopardy. Customer service will not improve by regulatory directives but will improve when banks genuinely feel for the customers and treat the customers as king. This task can partly be achieved by leveraging appropriate technology. Apart from enabling increased penetration of the banking system, improving productivity and efficiency, and making small value transactions viable, technology also allows transactions to take place faster and offers unparalleled convenience through

various delivery channels. The need of the hour, therefore, is on harnessing technology for making banking transactions a matter of customer delight. But mere adoption of technology may not deliver the goods unless it is accompanied by the will and desire to render service to the "customer" who truly is the purpose of bank's business.

The benefits of a customer-centric banking organization are many. These banks are able to differentiate themselves from the competition and improve their image in the eyes of the customer. There is no doubt that increased customer satisfaction will result in higher customer retention thereby enhancing the reputation of a bank that can be trusted for fair treatment of it customers. Improving staff morale and productivity are two sides of the same coin. If the staff is properly trained, nurtured, motivated and rewarded, profitability through improved customer service is automatically ensured. Bringing about continuous improvement in the operations of banks is, therefore, central to quality customer care.

Now, let us revert to the role of technology in customer service. It is no one's case that banks have not embraced technology. In fact, most public sector banks in India in the last decade have gone through a phase of technology up-gradation and have migrated to Core Banking Solution (CBS) platform. Adoption of technology has changed the fact of the banking sector which is manifest in the various transformational developments of the recent past. The benefits of technology are, however, not commensurate with the developments. The speed, cost, convenience and efficiency of banking services have not improved by factors that technology enables one to achieve. A part of the problem is that banks are yet trying out fledging delivery models rather than putting in place a cost-effective, decentralized and realistic delivery model. Fixing a problem when it happens thus becomes the weakest link in providing efficient customer service.

Commercial banks must also resolve to reduce customer grievances by adopting the following eight principles on treating customers fairly:

1. Minimum behavioural standards

2. Transparency in transactions

3. Non-discriminatory policy

4. Deliver what is promised

5. Allow seamless 'switching' of products without excessive penalty

6. Establish a suitable mechanism for redressal of customer grievance

7. Appropriateness of 'sell' principles and

8. Firm and polite stand against unreasonable customer demands.

The first and foremost issue that springs in connection with customer service is that of attitude. The key to a prompt, effective and courteous customer service emanates from having the right attitude. There are many institutions that declare the famous quote by Mahatma Gandhi that customer is king and the very reason for the existence of the enterprise. But is it reflected in employee behaviour at the ground level? Does the Top Management have the right attitude towards customers? Do the banks have a policy of assigning a unique identity to all customers? If not, can we accurately say how many customers a bank has? Most of the time, the figures given are that of the number of accounts. But by doing so, essentially we are not differentiating between a ledger page and a customer.

So, a radical transformation of attitude right from Top Management to ground level employees is the first step towards improving customer service. The challenge for the banking industry is to develop the right kind of attitude to render service. Perhaps it may be easier to identify the elements of unacceptable behaviour and try to redress and improve the situation. The behaviour standards especially of the front-line managers are implicit in the acceptance of the codes by the banks.

Coverage of special category customers: As we move towards introducing global best practices in banking, an important element in the area of customer care is the special focus which students, senior citizens, physically challenged persons, vulnerable sections of the population must get from the financial services industry. These initiatives too need to be codified and their implementation monitored by the code compliance officers.

Lending responsibility: At a time when all banks are in a hurry to be one up on the other, at least in the matter of advertising speedier sanction of loans, responsible lending is worth considering. No doubt, people should take responsibility for their borrowing and anything that could limit people's economic freedom should be considered with caution. But the code currently side-steps

the issue by leaving the test for responsible lending as whatever the banks "believe" the borrower can pay back.

To err is human, to confess is divine: It would be happy to see the banks revisiting the cases of customers who had been wronged but there was no restitution in their favour because they did not complain either to the bank or to the Banking Ombudsman. Instead of the regulator being forced to look at class action, the BCSBI may like to examine the possibility of incorporating a provision in the Bank's Code of Commitment to Customers.

Disclosures: Bank staffs do not tell customers when they are trying to sell a credit card to an insurance policy or a mutual fund that they may be incentivized through some compensation schemes. At the very least setting out the terms of incentive schemes in an operational freedom conferred on banks is by means of general guidelines that may become a subject matter of interpretation. Many banks are not willing to go an extra mile and interpret the guidelines in favour of customers. In this regard, the discriminatory practices that banks adopt while sanctioning loans on a floating interest rate basis to new borrowers, is possibly the best example. A factor which impedes easy comparison of rates among banks is differences in processing charges/documentation fee/renewal fee/compounding periods, etc. One of the measures which globally adopted is to announce an Annualized Effective Rate taking into account all types of charges over and above the interest rate. The same can be done with deposit rate. This will be great enabler for easy comparison.

There are a couple of areas which deserves attention from a customer protection point of view. The first is that of electronic banking/card banking. Electronic funds transfers, internet based banking transactions and card banking are on the rise and are throwing up challenges one might not have anticipated. The banking agreement is so worded as to afford no right to the customer and is extremely lopsided. Banks are not responsible for any unauthorized transactions even if by their employees. In fact, given an institutions resources, the onus should be on banks to prove that the individual customer has compromised his user id/password. Making networks safe and sound is the responsibility of banks. There must be in place a code of conduct for addressing issues in the non-face-to-face transactions domain. This code could help evaluate the preparedness of

individual banks that are willing to offer such services. This code could cover networking arrangements, audit trails, complaint investigation and resolution procedure, liability in case of system or equipment malfunction, liability for unauthorized transactions etc. The second is when the customer is in distress – rehabilitation of sick units, or when small borrowers/farmers are in distress. While banks do advertise that they have good framework for rehabilitation of sick units, but a look at the percent of sick units being nursed back tells a different story. There is a need to improve the number of units that are successfully nursed back. Lastly, the issue of selling third party products such as insurance, capital markets etc. is becoming increasingly relevant from a customer protection point of view. Whether the customers especially those small and poor understand what is being sold to them?

The common problems faced by customers very frequently pertain to ATM issues, pensions, levy of service charges without prior intimation, credit and related issues, loans and advances etc. It puzzles that the total number of credit card users is less than 10% of the total bank customers' base but still this area accounted for 24% of the total number of complaints handled by the Branch Offices during 2010-11. Similarly, a proper enforcement of the BCSBI Codes should necessarily result in the banks intimating their customers about changes in interest rates and service charges at least 30 days in advance. Here again the number of complaints highlight the gaps in implementation of the codes at the branch level. Pensioners are senior or very senior citizens and in a majority of the cases this is their only source of livelihood. We need to be empathetic and humane while dealing with pensioners. The best way to minimize the incidence of these complaints is to educate the customers and bank staff alike.

As we go forward, a major challenge is how to strike a balance between the twin objectives of increasing financial access/banking penetration *vis-à-vis* improving the quality of customer service and customer protection. While in the long run it will converge, in the short run, the dilemma and the tradeoff underlying the debate between financial access and financial consumer protection may be very real to the Governments and policy makers. After all, developed countries have both high levels of access to formal financial sector, and relatively elaborate financial consumer protection measures after four decades of evolution. The financial consumer

protection regimes in countries like India are still evolving. BCSBI needs to persuade banks to achieve convergence in an effective manner by adopting a voluntary and self-regulatory approach. It will be a great service to the society if BCSBI, banks and all of us collectively are able to achieve this.

1.8. The Present Study:

The purpose of this research study is to provide a mathematical framework to measure the level of customer service provided by the banks wherein *inter se* comparison can be made in respect of this vital aspect in a logical and objective manner, with the ultimate goal of quantifying the service provided to the customers in a scientific basis. The same concept can be extended to services provided at Regional level, Zonal level and Bank level as well as for the Banking system as a whole.

1.9. Objectives:

There is no doubt that customer satisfaction is the key variable in customer retention as well as customer attraction. In the scenario of severe competitiveness, banks will have to evolve comprehensive criteria for providing better banking services. One of the objectives of the present study is to prepare a satisfaction index to measure the customer service objectively based on certain relevant parameters of services.

The main objective is to determine the right pricing strategies based on customers' perception on charges recovered and costs incurred to the bank. Hence, any determination of pricing of products and services should provide adequate cushion to the banks for recovering costs and enhancing their earnings.

1.10. Hypotheses:

(*i*) As the present costing system of various bank products and services is based on arbitrary judgment, application of scientific evaluation system based on objective methodologies will go a long way to meet the competition effectively;

(*ii*) Activity wise income and activity wise cost calculation based on weightage method is an essential requirement to correctly assess the actual pricing of products and services provided to the customers;

(*iii*) In order to compare the prices between banks, it is essential to compute the standard cost of various activities by assigning appropriate weightage to the respective product or service;

(*iv*) Though reasonably accurate estimate of pricing of products and services is possible through weightage method, delivery of these products and services lead to discriminatory prices levied by the banks;

(*v*) Effective pricing mechanism has the quality to arrest customers attrition and help in ushering an era of qualitative standard product and service delivery based on scientific costing method.

1.11. Research Methodology:

The quantitative framework given below can be utilized in developing the pricing specification indices for deposits, advances, collection services, remittance services etc.

The cost price for a particular service at branch level would be defined as

$$I_s = \frac{\Sigma \, X_{ij}}{\Sigma \, T_{ij}} = \times 100$$

Let $I_s^1, I_s^2 \ldots \ldots I_s^k$ are the specific prices for service 'S' at k different branches, then the total weightage for service 'S' for these groups of branches would be:

$$I_s = \frac{\Sigma \, I_s^k W_k}{\Sigma \, W_k} = \times 100$$

Where I_s^k is the Service Specific index of the Kth branch

W_k is the relative weight to be assigned to Kth branch in respect of pricing service 'S' amongst all the branches. The same framework can be extended in developing service specific costing for Region, Zone, Bank and Banking System as per the methodology given for developing branch specific costing at different level.

Steps for the calculation of cost:

(*i*) Identification of service and sub-services.

(*ii*) Calculating the cost of Ti & Tij for various services.

(*iii*) Determining the weights Wi to be given to different services.

(*iv*) Deciding an appropriate sampling design to be followed.

(*v*) Working out the methodology for conducting the survey.

(*vi*) Analysis of survey data and calculation of actual costs.

The purpose of this study is to give a broad methodology and framework for the pricing of different products

and services provided at different branches by different banks. The framework is quite flexible and can fit into any situation. The quality of pricing would however depend on the sophistications with which the weights determined as well as the field studies are carried out.

To illustrate, how the model can be applied in the real situation, an attempt has been made to develop a mechanism for pricing different services for different branches.

1.12. Sample size:

Looking to the scope and time limit of the study, the pricing exercises of following **three** services have been considered.

(*a*) Rural and semi-urban branches;

(*b*) Urban and Metropolitan branches;

(*c*) Service Specific Index for all categories of branches.

The sample size of eight bank branches is restricted as per the following list;

(*a*) Two rural branches of public sector banks;

(*b*) Two semi-urban branches of public sector banks;

(*c*) Two urban branches of public sector banks;

(*d*) Two metropolitan branches of public sector banks;

1.13. Data-base:

As the time limit was restricted to four months, the study focused on the following database;

(*a*) Primary data on expenses and income sources from respective branch records;

(*b*) Secondary report on banking statistics published by Indian Banks Association;

(*c*) Secondary reports on banking statistics published by the Reserve Bank of India.

1.14. Relevance of the Study:

The purpose of any customer service study will be really meaningful, if the banks can establish a system, which matches the value perception of the customers. In order to serve the customers based on an objective mechanism, it is always advisable to base the process on certain objective basis. We are confident that the present study will dispel the confusing banking environment on the basis, which services are provided at present for providing various banking products and services. The outcome of the study would certainly pave the way for establishment of a mechanism on scientific measurement of banking services to the customers.

THEORETICAL FRAMEWORK

The purpose is to provide a mathematical frame work to quantify the extent of customer satisfaction at different branches so that the inter se comparison as well as comparison over time can be made in respect of this vital aspect of banking operations in a logical and objective manner; with the ultimate goal of improving the standard of customer service. The same concept/ model can be extended to measure customer satisfaction at Regional level, Zonal level, Bank level as well as for the Banking system as a whole. The model is quite flexible and can be extended to evolve Customer Satisfaction Index for a group of branches in Rural Area, Very Large Branches, Exceptionally Large Branches and Industrial Finance Branches etc. not only for one bank but also for a group of banks.

Another offshoot of the proposed model is to evolve the service specific Customer Satisfaction index for a group of Branches or Zones or Head offices of Banks as well as for the Banking System as a whole.

To sum up the proposed mathematical framework is quite flexible and can be put to variety of use with multidimensional applications.

Detailed methodology:

Mathematical Framework of Customer Satisfaction Index for a Branch :

The basic framework of the proposed model would be as under: -

i. Identifying the range of services offered by a branch and let them be denoted by i where i = 1, 2……………..i.

ii. Identifying the various sub-services for ith service and let them be noted by j where j = 1, 2, 3..……………mi

j - Range of sub-factors associated with ith service at branch level.

iii. Let Ti denoted the total marks allotted to the ith service at the branch i.e. Ti = Maximum total marks for ith service where i = 1. 2. 3.. ……N

Ti would be defined on the basis of relative importance of ith service in the branch. In other words, the weight for the ith service in the construction of Customer Satisfaction Index would be:

$$\frac{T_i}{\Sigma Ti} \quad \text{Where i = 1, 2, 3,..... . N}$$

iv. Once Total Maximum marks (Ti) is determined, it is to be further sub-divided into various sub-services associated with various services based on their relative importance is respect of customer service.

Let Tij denote the maximum marks for jth factor in the ith service.

Hence, Ti = Σ j Tij, Where i=1, 2..……….N

and j=1, 2..…………m

v. Now let Xij denote the average mark obtained by the branch for jth sub-service in ith service and Xi would be total average mark obtained for ith service.

Obviously, the value of Xij will vary between 0 to Tij

i.e. 0 < Xij < Tij

Similarly, the value of Xi will vary between 0 to Ti.

i.e.0 < Xi < Ti

Similarly, the value of Xi will vary between 0 to Ti.

i.e. 0 <Xij < Tij

$X_i = \Sigma_j \, X_{ij}$

The Customer Satisfaction Index for ith service would be defined as

$$C_i = X_i \times 100$$
$$T_i$$

Customer Satisfaction index for the branch involving all the services would be defined as:

$$Y^B = \frac{N \sum_{i=1} X_i \, 100}{\Sigma T_i} \quad \text{.....................} \quad (1)$$

$$i.e.= \frac{N \sum_{i=1} X_i}{T_i} \times \frac{T_i}{\Sigma T_i} \times 100$$

Where

$\dfrac{Ti}{\Sigma \, Ti}$ is the weight for i^{th} service at the branch which has been inbuilt into the model while determining T_i's and hence no separate weights are necessary. The value of Y^B will vary between 0 and 100.

i.e. $0 < Y^B < 100$

if $Y_1^{\,B}, Y_2^{\,B} \ldots\ldots\ldots Y_k^{\,B}$

are the Customer Satisfaction index of a group of K branches then the CSI for the entire group of branches would be defined as

$$Y^G = \frac{\sum_r Y_r^{\,B} W_r}{\Sigma Wr} \quad \text{........} \quad (2)$$

Where Wr is the weight assigned to r^{th} branch in respect of Customer Service based on business or any other consideration.

Customer Satisfaction Index for the Region, Zone and the Bank:

The broad framework of the above model can be extended to formulate the Customer Satisfaction Index for a Region, Zone, and Head office of a Bank and for the banking system as a whole.

While formulating the above indices, it is postulated that some aspects of Customer Service are taken care at Regional, Zonal and even Central Office level. Based on the customer related activities of various departments at the administrative office level, separate Customer Service Index as per the branch pattern is required to be formulated. Thereafter, the CSI's of branches and administrative offices are required to be merged together to formulate the CSI for the Region/Zone/Bank as a whole. Formulation of the Customer Satisfaction index for the Region will be as under: -

Let $Y_1^{\,B}, Y_2^{\,B} \ldots\ldots\ldots Y_k^{\,B}$

be the customer satisfaction index of the K branches in the Region. While IR be the CSI for the Regional Office. Then the CSI for the entire Region would be defined as:

$$Y^R = M_1^{\,R} \, \frac{\sum Wk}{\sum W \, k} \quad Y^B k + M2^{\,R} 1R \ldots\ldots\ldots (3)$$

Where $M_1^{\,R}$ and $M_2^{\,R}$ are the relative weights for Branch specific indices and Regional Office specific index:

Always $M1^R + M2^R = 1$

In this context, Wk is the relative weight to be applied for Kth branch index, based on relative important of the branch in the region in respect of customer based activities.

i. The formula for CSI at the Zonal Level would be:

$$Y^z = M_1^Z \, \frac{\sum W_k^1 \, Y_k^1}{\sum W_k^1} \quad + M_2^z I \, \text{........} \quad (4)$$

Where I^z is the Customer Satisfaction index for the Zonal office based on Certain Services and sub-services. M_1^z and M_2^z are relative weights for Region Specific and Zone specific CSI's respectively. Y_k^R is the CSI for Kth Region and W_k^1 is the weight to be applied for K^{th} Region index, based on relative importance of the region into the Zones in respect of customer-based activities.

ii. Similarly, the formulation of CSI for the bank as a whole would be:

$$Y^B = M_1^B \, \frac{\sum W_k^{11} Y_k^z}{\sum W_k^{11}} \quad + M_2^B I^B \text{.......} \quad (5)$$

Where I^B is the Customer Satisfaction index for the Central Office/Head Office based on certain services and sub-services:

M_1^B and M_2^B are relative weights for Zone specific and Central Office/Head Office specific CSI's respectively.

Y_k^z is the CSI for the Kth Zone and W_k^{11} is the weight to be applied for Kth Zone index, based on the relative importance of this Zone in the Bank in respect of customer based activities.

iii. The same analogy can be extended to develop the CSI for the Banking system as whole and the formula for the same would be as under.

$$Y^B_i = M^B_1 \frac{\Sigma W_k^{111} Y^B_k}{\Sigma W_k^{111}} + M^B_2 \cdot {}^i I^i \cdot {}^{BA} + M^{M\,B}_3 \cdot I^{RBI} + M^{M}_4 \cdot {}^E I^{MOF} \dots \dots (6)$$

Where, I- IBA, I- RBI & I- MOF are the Customer Satisfaction indices for Indian Banks Association, Reserve Bank of India and Ministry of Finance respectively based on certain services and sub-services.

M_1^B, M_2^{Bi}, M_3^{MB} and M_4^{ME} are relative weights for Banking Industry specific, IBA specific, RBI specific and Ministry of Finance specific indices respectively.

WK^{111} is the weight to be applied for K^{th} Bank index on relative importance of the Bank in respect of customer-based activities.

Service Specific Customer Satisfaction Indices:

The quantitative framework developed above can also be utilized in developing the service specific customer satisfaction indices such as CSI for Deposits, CSI for Advances, CSI for collection services etc.

The service CSI for a particular service at branch level would be defined as

$$I_s = \frac{\Sigma X_{ij}}{\Sigma T_{ij}} \; j \times 100 \dots \dots (7)$$

Let Is^1, $Is^2 \dots \dots Is^k$ are the service specific CSI for service 'S', at K different branches, then the CSI for service 'S' for these groups of branches would be:

$$I_s = \frac{\Sigma I_s^k W_k}{\Sigma W_k} \times 100 \dots \dots (8)$$

Where Is^k is the Service Specific index of the Kth branch W_k is the relative weight to be assigned to K^{th} branch in respect of service 'S' amongst all the branches. The same framework can be extended in developing service specific CSI for Region, Zone, Bank and Banking System as per the methodology given for developing branch specific CSI's at different level and based on the equation given at (3), (4), (5) and (6).

Steps for the Construction of CSI:

To sum up, the following steps are being followed for the construction of CSI, i.e.

i. Identification of service and sub-services.

ii. Deciding the values of Ti & Tij for various services and sub-services and

iii. Determining the weights, where Wi is to be given to different branches.

iv. Deciding an appropriate sampling design to be followed, when CSI is to be developed for a Region, Zone, Bank and Banking System as a whole.

v. Working out the methodology for conducting the survey.

vi. Analysis of survey data and calculation of CSI.

The purpose of this project was to give a broad methodology and framework for the construction of CSI at different level and for different services for the banking system. The framework is quite flexible and can fit into any situation. The quality of index would, however, depend on the sophistications with which the weights determined as well as the field studies are carried out.

To illustrate, how the model can be applied in the real situation, attempt will be made to develop CSI for different branches as also service specific CSI's to be calculated for a group of branches, and the detail of which will be decided based on the scope and coverage of the study.

Concluding Remarks:

The Customer Satisfaction Index will have long term implications subject to change of parameters and weightage depending upon the requirements and the level of satisfaction to be measured. For example, the level of service in a branch having core banking facility will be quite different as compared to a normal computerized branch. Moreover, the service level will differ even over a period of time. Based on these aspects, the index will not only project the actual scenario but it will provide enough scope to improve and modify the strategies for better customer service to be delivered by a particular branch vis-à-vis other branches of a particular bank.

CHAPTER-III

APPLICATION OF THE CSI MODEL
(Rural & semi-urban branches)

We have to state in the model that reasonably accurate information of Customer Satisfaction level can be measured through the construction of Customer Satisfaction Index (CSI) for any Branch. In the present chapter, we have applied the CSI model and have attempted to analyze the scores in a comprehensive manner.

In the present study, we have used the survey method to obtain the responses from the customers. Restricted by the limited scope and various constraints such as short-duration of the project, shortage of personnel and paucity of funds, we have limited the sample size only to four commercial bank branches, having been selected two branches on random basis from each category of rural and semi-urban areas.

The selected branches are:

RURAL: (*i*) State Bank of India –Delang Branch (Dist. Puri, Odisha)

(*ii*)Indian Bank – Biridi Branch (Dist, Jagatsinghpur Odisha)

SEMI-URBAN: (*i*) State Bank of India –Salepur Branch (Dist. Cuttack, Odisha)

(*ii*)Andhra Bank – Balugaon Branch (Dist. Nayagarh, Odisha)

The Customer satisfaction survey has been conducted by two set of questionnaires, out of which one set was for the rural and semi-urban branches. This has been prepared specifically because most of the services are quite similar in Rural and Semi-Urban Branches as compared to both categories of Urban and Metropolitan Branches. The details set of questionnaires have been given in the Annexure-I for reference.

The Customers sample of the present study is consisted of 20 customers for each category of Branch. The selected Customers were mainly between 20 to 60 years of age and their monthly income was varied between Rs. 3000/- to Rs. 15000/-. The customers have been randomly selected from all categories of professions including Doctors, Lawyers, Engineers, Lecturers, Businessmen, Agriculturists, Teachers, Government Officials, and Unorganized Workers etc. Most of the Customers are selected in such a way that they have not only been served by the Branch for a considerable time, but also have varied experiences in availing most of the services like Savings Bank, Current A/c, Drafts, Loans, Bills-business etc. Qualification and experiences wise most of the customers are educated and have between 5 to 40 years of experiences in their line of activities. Deliberately, some of the lady customers were also selected to measure the level of satisfaction as perceived by them. We, therefore, have chosen the sample size which is relatively heterogeneous with respect to respondents, age, business experiences, length of availing services from the branches and their backgrounds.

We have compiled the questionnaires with nine major services for the Rural and Semi-Urban Branches with varied number of sub-services under each service category. The following services are identified on the basis of their importance at the Branch level.

RURAL AND SEMI-URBAN BRANCHES

1. General facilities
2. Savings Bank/Current Accounts (Demand deposits)
3. Term Deposits

4. Collection Services

5. Remittances

6. Cash transactions

7. Bill's and Non-fund business

8. Credit – related services (loans/advances)

9. Miscellaneous services

The Customers were also requested to give their feelings/impressions/views freely and frankly as this study was meant for fulfilling the requirement for an academic research programme. Each sub-service in the questionnaires has been rated on a 5 point scale as follows:-

(*i*)	Excellent	=	10 marks
(*ii*)	Good	=	8 marks
(*iii*)	Satisfactory	=	6 marks
(*iv*)	Unsatisfactory	=	4 marks
(*v*)	Poor	=	2 marks

In connection with the value or say weightage of the individual services, we have chosen "**Cost**" of the respective services as the most suitable strategy. However, the scope of the model is wide enough to accept other factors as weightage of the services, such as income, volume of business etc. However, in our opinion cost is the most suitable strategy because of its comparability and smooth possibility of allocating it to different services offered by a Branch. Weightage of the sub-services are made on the basis of their importance in the main services itself.

Now, we shall attempt to analyze the scores obtained for the four branches which have been surveyed for the purpose of constructing the Customer Satisfaction index. Before analyzing the scores in detail, we have to state that attempts have also been made to prepare the index for Saving Bank and Current Accounts deposits (Deposit Service Index), Term deposits, and Advances based index of these four branches separately.

Analysis:

In the model we have emphasized, that by collecting information through Customer Satisfaction Survey, and obtaining, cost and business level data, CSI for any Branch can be prepared and the satisfaction level of that Branch can be prepared with another, if however, same methodology is adopted.

In the present study, we have surveyed twenty customers from each of the above mentioned branches and obtained their ratings for each sub-service. Once again, we briefly discuss the Branch level CSI model, before analyzing the desired result.

Branch level CSI:

Likewise, total for all the services (xi) are added together to arrive at the final CSI score of a Branch. We have given the details of the scores as secured by these four branches, under two categories (area wise) separately, in the Annexure II. The final score as secured by these branches are:-

1. S.B.I., Delang Branch (Rural) – 61.55

2. Indian Bank, Biridi Branch (Rural) – 63.56

3. S.B.I., Salepur Branch (Semi-Urban) – 58.78

4. Andhra Bank, Balugaon Branch, (Semi-Urban) – 65.57

The final score ranges from 58.78 at the lowest for S.B.I. Salepur branch to 65.57 for Andhra Bank, Balugaon at the upper end. A range of seven marks differentiates the level of customer's satisfaction as derived by these Branches. A closer examination of scorings of sub-services reflect how the satisfaction level of certain services differ significantly from the way of services are provided by these Branches.

In our present study, the score of these four branches hovers around 60%, because it is felt that the customers have rated the services in an average or median way instead of evaluating the services at extremes, say either giving poor or excellent ratings. Instead, they have generally rated good or satisfactory to most of the services. To avoid such occurrences, we suggest that not only the customers sample size be increased, but also a suitable and scientific scoring scale should be adopted.

Simultaneously, to obtain the realistic picture of the Satisfaction Index, the entire exercise of preparing the CSI should be entrusted by the Bank to an outside agency specifically hired for this purpose to inculcate objectivity and impartiality. The final scores of the selected branches may be referred to Annexure II.

Further, we have to clearly state that these scores are not comparable with each other because the weightage given to sub services of a service (xi) at each Branch differ from each other. However, the total is comparable, as the score are adjusted to a base of 1000 which can be projected on a percentage basis on dividing them by 10. Again, these scores can also be compared by

converting them on percentage basis and can be called as Service Specific Index. For example, the SSI (Service Specific Index) of S.B.I. Delang Branch's CA/SB (demand) deposits is 78.65. This figure, when divided by the Tij of 120, it comes to 78.65/120 x 100 = 65.54 which can be compared with the Service Specific Index of Indian Bank Biridi, to know the level of satisfaction at these two different branches. Some of the major observations found through the present study are:
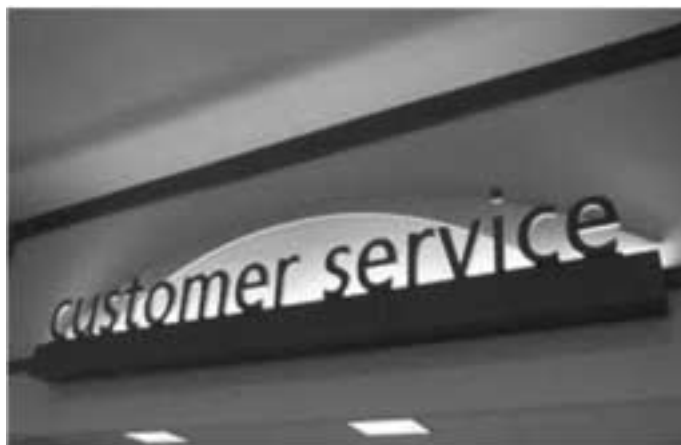
(*a*) The total scores for CSI of these Branches ranges between 60 to 70% which reflect that the customers are satisfied with the bank services, contrary to the belief/general opinion that Banks are providing poor services to the customers. Thus, to stabilize the established facts, these types of surveys are essential for the banking industry to measure the satisfaction level objectively and accurately.

(*b*) The overall ratings of a particular service may be high for a Branch. But to have a high CSI score, most of the services have to obtain higher ratings by the customers. In case of Andhra Bank, Balugaon branch, most of its services are rated high for which a final score of 65.57 is obtained. In the same fashion, as most of the services of SBI, Salepur Branch are rated unsatisfactory, for which the overall score stands at 58.78, despite the Branch securing a high score on providing general facilities and other fronts. The staff behaviour at the counter of S.B.I., Salepur Branch is a matter of concern, as it has been rated poorly by most of the customers.

(*c*) Under general facilities, questions were asked about the space available for comfortable transactions, facilities for drinking water, cleanliness of the branch premises and lay out of furniture for customers waiting in the rural and semi-urban branches. All the four sample branches have arranged these facilities for their customers. However, the matter relating to cleanliness in the rural and semi-urban branches differs substantially as compared to urban and metropolitan branches. Because it is humanely impossible to keep the premises dust free and neat and tidy in the midst of agricultural lands and rural surroundings. Despite such hindrances, customers are still happy with the cleanliness maintained by these branches.

(*d*) As far as service punctuality is concerned, the rural and semi-urban customers are not too demanding and the survey reveals that they are quite satisfied if they are able to transact their business within a reasonable time. The high score under deposit service shows that the customers of rural branches are quite happy with the attitude and behaviour of counter staff. Other aspects of deposit services like updating of passbooks, issue of cheque books and timely issue of statement of accounts, the customers of semi-urban branches are quite satisfied as compared to their counter parts in the rural branches.

(*e*) In connection with term deposits, though the customers of both rural and semi-urban branches are able to get better services on timely issue or renewal of their fixed deposits, but they have put up their displeasure over lack of advance intimation on date of maturity of these instruments by registering the services as unsatisfactory. Similarly, unlike urban branches, the nomination facilities are not extended automatically and there are several instances where nominations are yet to be registered for continuing fixed deposits. However, the result shows that customers of both the categories are extended with the facility of overdrafts against their fixed deposits without any hassles.

(*f*) Now coming to collection services, customers of semi-urban branches have more grievances than the customers of rural branches as they frequently send their cheques for collection to outstation centres. Most of them have complained that no interest have ever been paid to them over substantial delay in collection of their cheques. Even the branches do not return the dishonoured instrument to them promptly. The scores in these parameters also reflect very low and the branches are required to improve their services in these fronts. Though there is great improvement on accuracy and uniformity in calculation of banks commissions, but the collection of dividends and interest warrants also face the same fate.

(*g*) Due to computerization of the branches in rural and semi-urban areas, there is great improvement in issue as well as prompt encashment of drafts. However, issue of duplicate draft is still a matter of concern as customers have rated this service as unsatisfactory. Because of computerization, most customers are fortunate to get error-free remittance facility, but the charges for draft and mail-transfers are quite high as compared to on-

line transfer facility as available in urban branches.

(*h*) The services relating to cash transactions are very important to rural customers as any substantial delay will affect their daily wage and most of their grievances are related to wastages of time in transacting withdrawals of their payment already made to their accounts. Most of the times these customers have faced one difficulty or another in the cash counters. Likewise many of these branches including the sample four branches undertaken for this study do not exchange the mutilated and soiled notes of the customers. Moreover, as service provided by the teller counters in particular and cash counters in general are comparatively slow and the counters staffs are mostly reluctant in receiving small denomination notes and coins, some special efforts should be made to drastically change some systems and procedures, if situations demand so.

(*i*) Bills and non-fund business have been increased in the last few years in semi-urban branches. Many customers are applying for bank guarantees to receive government contracts. Though customers of sample branches rated the services in this regard as satisfactory, effort should be made to improve services in this regard with uniformity of bank charges to reduce the number of complaints in this regard.

(*j*) The credit related services are most important to the customers of rural and semi-urban branches. As agriculture demands money at specific period, declining or delaying loans at appropriate time may force many to approach money lenders, who charges exorbitant interest rate. The documentation procedures are still required to be simplified, as most customers have down-rated this component in the questionnaires. Though no intimation on change of interest rates or periodical application of interest rates is communicated to these customers, at least they expect to get their loans sanctioned with few approaches to the bank instead of running several times to the concerned branch.

(*k*) Finally, there are some miscellaneous services which are very important to these customers like settlements of amounts in the deceased accounts. Nomination facilities should invariably be extended as they have no money and time to spend to get legal heir certificates or succession certificates for nominal amount lying in the account. Moreover, helping attitude is very important in difficult situation like loss of a draft, encashment of Term Deposit Receipt, operation of an inoperative account, etc. as they are mostly ignorant of systems and procedures of bank.

APPLICATION OF CSI MODEL
(Urban & metropolitan branches)

We have to state in the model that reasonably accurate information of Customer Satisfaction level can be measured through the construction of Customer Satisfaction Index (CSI) for any Branch. In the present chapter, we have applied the CSI model and have attempted to analyze the scores in a comprehensive manner.

In the present study, we have used the survey method to obtain the responses from the customers. Restricted by the limited scope and various constraints such as short-duration of the project, shortage of personnel and paucity of funds, we have limited the sample size only to eight commercial bank branches having been selected two branches on random basis from each category of areas.

The selected branches are:

URBAN: (*i*) State Bank of India – Bhubaneswar Branch (Odisha).

           (*ii*) Bank of Baroda – Bhubaneswar Branch (Odisha)

METROPOLITAN: (*i*) Bank of India – Hyderguda Branch (Hyderabad).

           (*ii*) State Bank of Hyderabad – NIRD Branch (Hyderabad)

The Customer satisfaction survey has been conducted by two set of questionnaires, one for the rural and Semi-Urban branches and another set for the Urban and Metropolitan Branches. This has been prepared specifically because most of the services are quite similar in Rural and Semi-Urban Branches as well as in both categories of Urban and Metropolitan Branches. The details set of questionnaires have been given in the Annexure-I for reference.

The Customers sample of the present study is consisted of 20 customers for each category of Branch. The selected Customers are mainly between 20 to 60 years of age and their monthly income varies between Rs. 1000/- to Rs. 12000/-. The customers have been randomly selected from all categories of professions including Doctors, Lawyers, Engineers, Lecturers, Businessmen, Agriculturists, Teachers, Government Officials, and Exporters etc. Most of the Customers are selected in such a way that they have not only served by the Branch for a considerable time, but also have varied experiences in availing most of the services like Savings Bank, Current A/c, Drafts, Loans, Bills-business etc. Qualification and experiences wise most of the customers are educated and have between 5 to 50 years of experiences in their line of activities. Some of the lady customers have also been selected to measure the level of satisfaction as perceived by them. We, therefore, have chosen the sample size which is relatively heterogeneous with respect to respondents, age, business experiences, length of availing services from the Branches and their backgrounds.

We have compiled the questionnaires with nine major services for the Rural and Semi-Urban Branches and eleven major services for Urban and Metro Branches with varied number of sub-services under each service category. The following services are identified on the basis of their importance at the Branch level.

URBAN/METROPOLITAN BRANCHES

1. General facilities.

2. Savings Bank/Current Accounts (Demand deposits)

3. Term deposits

4. Collection Services

5. Remittances

6. Bills and Non-fund business

7. Cash transactions

8. Custodial and miscellaneous services

9. Credit-related services (loan/advances)

10. Customer Service

11. Other Services

The Customers were also requested to give their feelings/impressions/views freely and frankly as this study is meant for fulfilling the requirement for an academic research programme. Each sub-service in the questionnaires has been rated on a 5 point scale as follows:-

(*i*)	Excellent	=	10 marks
(*ii*)	Good	=	8 marks
(*iii*)	Satisfactory	=	6 marks
(*iv*)	Unsatisfactory	=	4 marks
(*v*)	Poor	=	2 marks

In connection with the value or say weightage of the individual services, we have chosen "COST" of the respective services as the most suitable strategy. However, the scope of the model is wide enough to accept other factors as weightage of the services, such as income, volume of business etc. However, in our opinion cost is the most suitable strategy because of its comparability and smooth possibility of allocating it to different services offered by a Branch. Weightage of the sub-services are made on the basis of their importance in the main services itself.

Now, we shall attempt to analyze the scores obtained for the eight branches which have been surveyed for the purpose of constructing the Customer Satisfaction index. Before analyzing the scores in detail, we have to state that attempts have also been made to prepare the index for Saving Bank and Current Accounts deposits (Deposit Service Index), Term deposits, and Advances based index of these eight branches separately.

Analysis:

In the model we have emphasized, that by collecting information through Customer Satisfaction Survey, and obtaining, cost and business level data, CSI for any Branch can be prepared and the satisfaction level of that Branch can be prepared and the satisfaction level

of that Branch can be prepared with another, if however, same methodology is adopted.

In the present study, we have surveyed 20 Customers from each of the above mentioned branches and obtain their ratings for each sub-service. Once again, we briefly discuss the branch level CSI model, before analyzing the desired result.

Branch level CSI:

Likewise, total for all the services (xi) are added together to arrive at the final CSI score of a Branch. We have given the details of the scores as secured by these eight branches, under four categories (area wise) separately, in the Annexure II. The final score as secured by these branches are:-

1. S.B.I., Bhubaneswar (Urban) – 62.73

2. Bank of Baroda, Bhubaneswar (Urban) – 73.65

3. Bank of India, Hyderguda (Metropolitan) – 65.53

4. State Bank of Hyderabad, NIRD Branch (Metropolitan) 68.00

The final score ranges from 58.78 at the lowest for S.B.I. Bhubaneswar to 73.65 for Bank of Baroda, Bhubaneswar at the upper end. A range of 14 marks differentiates the level of customer's satisfaction as derived by these Branches. A closer examination of scorings of Sub-services will reflect how the satisfaction level of certain services differ significantly from the way of services are imparted/provided by these branches.

In our present study, the score of most of these eight branches turn around 60%, because we feel that the customers have rated the services in an average way instead of marking them at extremes, say either giving poor or excellent ratings. Instead, they have generally rated good or satisfactory to most of the services. To avoid such occurrences, we suggest that not only the customers sample size should be increased, but also a suitable and scientific scoring scale should be adopted.

Simultaneously, to obtain the realistic picture of the Satisfaction Index, the entire exercise of preparing the CSI should be entrusted by the Bank to an outside agency specifically hired for this purpose to inculcate objectivity and impartiality. The final scores of the selected branches may be referred to Annexure II.

Here, we have to clearly state that these scores are not comparable with each other because the weightage given to sub services of a service (xi) at each Branch

differ from each other. However, the total is comparable, as the score are adjusted to a base of 1000 which can be projected on a percentage basis on dividing them by 10. Again, these scores can also be compared by converting them on percentage basis and can be called as Service Specific Index. For example, the SSI (Service Specific Index) of S.B.I. Bhubaneswar Branch's CA/SB (demand) deposits is 78.65. This figure, when divided by the Tij of 120, it comes to 78.65/120 x 100 = 65.54 which can be compared with the SSI of Bank of Baroda Bhubaneswar, to know the level of satisfaction at these two different branches. Some of the major observations found through the present study are:

(a) The total scores for CSI of these Branches ranges between 60 to 70% which reflect that the customers are satisfied with the bank services, contrary to the belief/general opinion that Banks are providing poor services to the customers. Thus, to stabilize the established facts, these types of surveys are essential for the banking industry to measure the satisfaction level objectively and accurately.

(b) The overall ratings of a particular service may be high for a Branch. But to have a high CSI score, most of the services have to obtain higher ratings by the customers. In case of Bank of Baroda, Bhubaneswar, most of its services are rated high for which a final score of 73.65 is obtained. In the same fashion, as most of the services of SBI, Bhubaneswar Branch are rated unsatisfactory, for which the overall score stands at 62.73, despite the Branch securing a high score on providing general facilities and other fronts. The staff behaviour at the counter of S.B.I., Bhubaneswar Branch is a matter of concern, as it has been rated very poorly by most of the customers.

(c) The urban and metropolitan branches have not only been required to provide excellent service to their demanding customers but also expected to provide certain general facilities, without which their business will move on a declining trend. For example, layout of furniture and facilities for customers waiting, proximity of the branch, branch timings and working hours and provision of air-cooler or air-conditioning of the premises are more important than the nature of products and services provided by the branch. If the branch is located on a slightly posh area, the customers even expects that the branch should provide

enough space for comfortable transactions, complete cleanliness of the branch, emphasis laid on noise control/dust control/no smoking signals and suitable technology to complete their transactions faster. Though, the customers of sample four branches have given higher ratings to the general facilities available in these branches, but there are ample scopes to improve the facilities much better.

(d) The automated teller machines (ATM) have changed the whole withdrawals system in urban and metro areas as most of the customers prefer to use ATMs to withdraw their cash. However, quick replenishment of cash in ATMs is now of paramount importance to check the displeasure of their customers. However, some services relating to savings bank and current accounts like issue of cheque books, quick updating of pass books or issue of statement of accounts, execution of standing instructions, and quick transfer of accounts are of point of frictions between the customers and the bank. It appears that the customers of sample branches in both urban and metropolitan branches are quite happy and rated the services comparatively high, but they still complain and reflect their displeasure in connection with getting services as per displayed time-norms and availability of uninterrupted counter service from well behaved staff members.

(e) The term deposit services in urban and metro areas are now not limited to just making a bulk deposit but providing guidance on investment decisions. As most urban and metro customers are having surplus money, they are concerned with very minor aspect of this service. For example, advance intimation on date of maturity through SMS; timely renewal of fixed deposits, intimation of change of interest rates etc. are seriously taken by them. Therefore, to retain these deposits, there is no substitute for excellence in service and it appears from the ratings of the selected customers of the sample branches that a lot of effort is required to satisfy them to get a better rating.

(f) In collection services, instant credit of outstation cheques up to the stipulated amount should automatically be extended to all the valued customers of the branch. This point is one of the major irritants among the urban and metro

customers. Similarly, without intervention of these customers, there should be payment of stipulated interest on delayed collections along with prompt dispatch/return of dishonoured instruments to the customers. Moreover, accuracy and uniformity in calculation of commission is an important factor in customer satisfaction as unlike rural and semi-urban customers, the urban and metro customers are very vocal and will not hesitate to approach consumer courts on these issues. It appears that the customers of sample branches are quite happy and rated the sub-services high.

(*g*) Both prompt issue of draft and prompt encashment are matter of concern for these customers. As often practiced before, no way these customers may be asked to collect the draft in the next day or in the close of the business hours. Recently, some fast mode of transfer of money can take place like internet banking, RTGS and through other net based transactions. So, error free remittance facilities should be extended to these customers who are more demanding due to paucity of time in their disposal.

(*h*) Conduct of bills business should be done very effectively as following the documentary instructions is of paramount importance to save the customers and banks from pecuniary loss. As most customers are very much aware of the facts and figures of their documents, uniformity and accuracy on levy of bank charges are matter of importance on avoiding disputes in future. Similarly, timely issue of letter of credit and issue of bank guarantees are matter which will keep the customers happy. The customers of four urban and metro sample branches are happy on certain aspects of bills business, but have serious reservation in some aspects of bills business for which they have rated the services satisfactory only.

(*i*) A new type of custodial service along with locker facility is on high demand in urban and metro areas. Many rich customers want to avail locker facilities for keeping their valuables and they prefer easy accessibility to lockers at designated hours. Availability of stock-invest facility, issue of credit cards, services for safe-custody arrangements are on rise in all urban and metro areas. Recently, the demat services to keep the shares in electronic form is on very high demand. The customers have comparatively rated high for services provided by the sample branches.

(*j*) Coming to the most important credit related services like loans and advances, the customer satisfaction level is mostly linked to how fast the services are provided by the concerned bank. Whether it is sanction of temporary overdrafts, facility for gold loans, release of pledge materials, or even processing of loan applications, the fast and punctuality is highly appreciated by the customers and there are chances that bank may lose business if it tries to sit over the matter. Unlike rural and semi-urban customers, these customers want to be promptly intimated about change of interest rates, on periodical interest application and other matters which may affect their fund position. The customers of sample branches have rated this service in an average manner; there are lot of scope to improve the credit delivery system and associated services connected with loans and advances.

(*k*) Now there are substantial demands for specialized services by the customers residing in urban and metro areas. For example, specialized services in foreign exchanges, export credit finance, merchant banking, NRI services and other services are in great demand, especially those who have link with international business. They should not only be provided with single-window services, they should also be provided courteous and prompt services because of high value nature of their business. The few customers who are surveyed in the sample branches are not highly satisfied with the services provided by the respective divisions catering to these types of specialized services. Time-being the level of business is not sufficient to open specialized branches. However, it is expected that some preferential treatment should be given to the customers who are availing these specialized services.

(*l*) Finally, the level of customer service as provided in these urban and metro branches are evaluated on the basis of certain parameters which are exclusively related to improve service delivery mechanisms. For example, dealing with customer complaints, replying to customer letters and queries, and helping the customers in exigencies

like cancellation of a draft or settlement of deceased accounts are matter of importance of a healthy relation between customer and the bank. The customers of sample urban and metro branches have given good rating to the branches but still there is enough scope to improve service in this front and it is suggested that lot of improvements be made by which the customers should get excellent service in their areas of concern.

APPLICATION OF CSI MODEL
(Service-specific index)

Service Specific Customer Satisfaction Indices:

As discussed in the theoretical framework chapter, the quantitative framework developed to measure customer satisfaction level being prevailed in a branch, the same framework can also be utilized in developing the service specific customer satisfaction indices such as CSI for Deposits, CSI for Advances, and CSI for collection services etc.

The service CSI for a particular service at branch level would be defined as

$$I_s = j \frac{\Sigma \, Xij}{\Sigma \, Tij} \times 100 \ldots\ldots\ldots \text{ (i)}$$

Let Is^1, Is^2………Is^k are the service specific CSI for service 'S', at K different branches, then the CSI for service 'S' for these groups of branches would be:

$$I_s = \frac{\Sigma \, I_s^k W_k}{\Sigma \, W_k} = \times 100 \ldots\ldots\ldots \text{ (ii)}$$

Where Is^k is the Service Specific index of the Kth branch W_k is the relative weight to be assigned to K^{th} branch in respect of service 'S' amongst all the branches. The same framework to measure customer satisfaction level can be extended in developing service specific CSI for a Region, a Zone, a Bank and for the Banking System as a whole as per the methodology given for developing branch specific CSI's at different level, based on the specified defined equations.

◆ Analyzing the Service Specific Index (SSI), we observe that the satisfaction index for Term Deposits (TDSI) is higher at 68.16 as compared to the Service Specific Index for the demand deposits (CA/SB) which stands at 64.04. However, Advances Services Index (ASI) stands at 61.83, which reflect that in credit-related areas, satisfaction level is quite satisfactory.

◆ As the customers of all these categories of branches have scored nearly at a similar fashion, the total CSI rating are more or less closer to 60% in an average, instead of pointing any extreme scores. To avoid such generalization, the surveys should be conducted in a more frank and congenial environment.

◆ When CSI activities will become widespread and providing quality customer services will be considered significant, the feedback of feelings voiced by the customers will be more meaningful.

◆ An elevated index for customer satisfaction cannot be realized by providing one excellent service in a particular branch alone. It must be realized in most areas of services provided by a branch and at several branches for the bank as a whole.

◆ To measure only the satisfaction level for the demand deposit services like the ones provided to the customers of savings bank deposits and current accounts, we have to measure the cost of providing only these services as compared to the total cost incurred for running all variety of services rendered by the branch multiplied by the satisfaction score derived from the customers under these segment. Now the score will reflect the branch satisfaction level as a whole in the context of demand deposit services. In the present study, the scores under urban and metropolitan branches are much higher as compared to the satisfaction level being observed in rural and

semi-urban branches for the services rendered under demand deposits. Over all, if we have to observe the Deposit Satisfaction Index of all the eight geographically spread branches, the score comes to 64.04% which is closer to other type of services being provided by these branches. At least the Deposit Services Index provides sufficient indications about the level of services provided under this particular segment and whether any improvement is needed to improve the services urgently.

◆ Similarly, in case of the Term Deposit Services Index (TDSI), we can specifically measure the level of satisfaction derived by the customers who are specifically availing this service. Percentage wise the share of term deposits are quantitatively much more in case of urban branches followed by the metropolitan branches. Though the satisfaction level, as scored by the customers, SBI Delang rural branch and Andhra Bank Balugaon semi-urban branches have notch much higher scores than other branches in the group. So it is quite clear that the quantum of fixed deposits may be garnered due to other factors like proximity of the branch or high income group of customers residing in the branch operational area, but the satisfaction level shows that any branch can improve the service components and satisfy the customers to continue their business in the specific branch for a long time to come. The score of 68.16 on Term Deposit Service Index shows that there are some extra emphases towards the customers of fixed deposits as compared to demand deposits services.

◆ Now coming to the Advances Service Index (ASI) of all these eight branches, the customers have given an average combined score of 61.83, which is lower than the deposit services index. The highest score was scored by the Bank of Baroda, Bhubaneswar branch which has scored 68.45 giving comparatively faster credit services to the customers as compared to the lowest score secured by SBI Salepur branch with only 52.60. However, business wise the level of total advances sanctioned and disbursed by the SBI Bhubaneswar branch is the highest, but satisfaction wise it is not only behind both Bank of Baroda, another competitive urban branch, but also behind Andhra Bank Balugaon branch, which

is a semi-urban branch. It shows that loans and advances growth may be significant in big branches, but level of satisfaction may not commensurate with the level of business.

◆ Under various category of services, the SBI Delang rural branch, has secured the highest score of 73.16 in providing Term Deposit services followed by Collection Services with a score of 71.93. Similarly, it has received a low score of 50,63 in Cash transactions, where it should improve a lot to render optimal satisfaction to the customers availing these services. The index scores can be termed as opportunity scores to improve the scores which have been rated low by the customers.

◆ Another rural branch Indian Bank Biridi branch, have a very high score of 77.05 in connection with savings bank and current account services followed by 75.16 under general facilities provided to the customers. However, the lowest score of 57.41 under credit related services is a matter of concern. As the branch is located in a rural set-up where agricultural loans are its main stuff, getting a lowest score under loans and advances have to rectify at the earliest. It appears that customers are not getting quick and appropriate services from this division and actions have to be taken at the earliest.

◆ It appears that SBI Salepur branch has provided excellent physical facilities to its customers by which a very high score of 88.30 have been notched under general facilities followed by savings bank and current account services which is way behind with a score of 61.80. The services which require complete overhauling includes credit related services with a score of only 52.60 followed by cash transactions services with a score of 53.23. The branch should analyze the ratings and take immediate steps for improvement in customer services in specific divisions.

◆ Finally, the Andhra bank's Balugaon semi-urban branch has overall good ratings in term deposit services (72.14) followed by 72.00 in bills business. Its lowest ratings of 61.00 under cash services followed by 64.00 under demand deposit services are way ahead as compared to the scores of other branches operating in the same geographical areas. Slight improvements in certain services

will help this branch to obtain very high scores under overall customer satisfaction level.

◆ Now coming to the scores of SBI, Bhubaneswar urban branch, it has made deliberate attempt to project an excellent external ambience for which a very high score of 82.26 has been scored under general facilities followed by 77.63 under custodial and miscellaneous services. This branch has built specific locker rooms to provide various custodial and safe-deposit services. The lowest score of 47.50 under specialized services followed by 54.00 under other services like timely opening and closing of bank counters and staff behaviours are matter of concerns.

◆ The Bhubaneswar urban branch of Bank of Baroda is popular for good services among its customers. It has secured a very high score of 85.20 under bills and non-fund business, as it is located in a large market complex followed by a score of 78.50 under remittance services. It is advised only to maintain the level of services provided by the staff which provides optimum satisfaction to the customers. The lowest score under credit related services followed by remittance services have to be given some extra attention to raise the satisfaction level.

◆ The Bank of India branch at Hyderguda in Hyderabad metro provides good services under custodial services with a score of 78.03, followed by bills and non-fund business with a score of 73.40. As it also operates in a populated market area, there are sufficient bills businesses originating from small traders. However, the lowest scores under credit related services followed by services under demand deposits are matter of some concern. Some improvements like prompt decisions on credit proposals, layout arrangements in the branch for quick deposit of cash and withdrawals are matter of attention by the branch authorities.

◆ Finally, the State Bank of Hyderabad branch located at NIRD campus is rated 80.70 score under custodial and miscellaneous services as it provides locker facilities and issues credit cards to all the needy employees of the Institute. It has also got a high rating under general facilities as the branch has taken care of basic facilities for the comfort of its high net worth customers. The lowest ratings under credit related services and remittance should be improved to meet the customers' expectations. For example, quick sanction of vehicle and housing loans and as well as prompt issue of drafts will help the branch very high under over all service specific index and there by lead to high customer satisfaction level.

CONCLUDING SUMMARY & SUGGESTIONS

Thank you.
Your messages encourage us
to serve you better.

Till now, consideration of customer service has focused only on employee motivation and delivery of services. However, even a well defined defect-free service can fail, if they do not fit customer's perception of quality or appropriate level of expectation. In this connection, Customer Satisfaction Index measured in terms of customers own feelings and perceptions will be need of the hour to arrest further deterioration of banker-customer relationships.

With this background we put forth the following important concluding remarks as derived from the present study.

◆ While individual Banks on their own or through Government initiative, have made several attempts at gauging the status of customer service, this is the first time that a study has been attempted to quantify or measure the satisfaction level, a subjective factor, through construction of CSI model. Our experiences with the present study encourage us to reveal that CSI can able to disclose the satisfaction level derived by a vast number of customers about the standard of service provided by a Branch.

◆ Despite subjective factors, it is possible for the customers to respond about the satisfaction level they realize while banking with a branch or even individual services provided by a branch and in turn CSI will have triggering effect towards increasing the satisfaction level for the customers.

◆ Reasonably accurate estimates of customer satisfaction level are possible through the construction of Customer Satisfaction Index (CSI). In the present study, an industry wise methodology have been evolved upon which comparison can be made at the inter-bank level, as well as area-wise comparison is also possible.

◆ The survey and data collection work involved with the CSI by a Bank should preferably be entrusted to an outside independent agency, specially hired for this purpose to inculcate objectivity and impartiality. This has also been clearly stated in the Memorandum of Understanding (MoU) earlier signed by several Banks with RBI. In this connection, it is better to have large size random samples of customers which would reflect the true state of customer service as delivered by the bank branches.

◆ By collecting and analyzing internal data and monitoring available information through appropriate questionnaire now any bank can prepare stable Customer Satisfaction Index and compare the ratings of its customer satisfaction level with that of other bank or organisations, if only all of them have followed the same methodology. In this connection, the Indian Banks Association (IBA) can act as the coordinating body to monitor the construction of CSI by all Banks through a common methodology.

◆ When the CSI activities will become widespread and providing of quality customer service will be considered significant, the feedbacks of opinions voiced by the customers will become more meaningful, and precise utilization of CSI model will be broader based.

◆ For rendering first class services and delivery system in order to meet the customer needs, it is necessary to continually assess and reassess how customers perceive bank services through construction of CSI at appropriate levels, even though it may cost money and time for a Bank. In the long run it will pay-off in a substantial way through more of profit and goodwill.

◆ The level of CSI can act as an early warning system to detect service quality problems. As the scope of the CSI models attempted in the present study can be enhanced to incorporate service specific index such as Deposit Service Index (DSI). Credit Specific Index (Cr. SI) etc., an early detection of defects at a particular Branch may help in improving quality service at the shortest possible time. In short, Banks with strong CSI can broaden their base more easily to deliver better quality service and increase its business manifold.

◆ An elevation or improvement of CSI cannot be realized by imparting one service of a branch properly. It should be realized in most areas of services provided by a Branch coupled with improvement in intangible factors like handling of customer complaint and minimizing customer's dissatisfaction.

◆ We suggest that CSI can be looked upon as an index showing the quality of service activities by an entire bank, only if they are constructed and measured on a continuous basis. It has a host of applications for Banks in the future.

◆ Presently, in most of the commercial Banks, the product range and contents are almost uniform, and service is the only way to create a product differentiation. So, if the banks really desire to be distinguished from each others, then more than anything else, measurement of customer service through CSI should become a business obsession for them.

◆ In the ultimate analysis, the purpose of any CSI will be really meaningful, if the Banks can organize a service system, which matches habits of the customers, take decisions to serve the customer better and improve upon on the basis of feedback received through these models. CSI have the quality to arrest the present trend of deteriorating customer service and ushering an era of qualitative standard service, thereby improving the image of the Banks considerably.

◆ Further, in connection with customer service evaluation, we can reiterate that in order to bring vast improvement in bank-service, CSI is an important tool in the new competitive and liberalized environment. As time has come to treat the customers as important individuals and to respect their feelings, the need of the hour is to develop a stable CSI model for the Banking industry as a whole.

◆ Moreover, the benefits of a customer-centric banking organization are many. These banks are able to differentiate themselves from the competition and improve their image in the eyes of the customer. Increased customer satisfaction would result in higher customer retention thereby enhancing the reputation of a bank that can be trusted for fair treatment of it customers.

◆ Similarly, improving staff morale and productivity are two sides of the same coin. If the staff is properly trained, nurtured, motivated and rewarded, profitability through improved customer service is automatically ensured. Bringing about continuous improvement in the operations of banks is, therefore, central to quality customer care.

◆ The advertisement and marketing campaigns that seem to evoke heightened customer response would come to zero if the service standards do not match the perceived quality aspirations of the customers. The task is more challenging in banking field as banks are required to deliver improved and efficient customer service to match the increasing aspirations of the people while increasing their reach and penetration by giving access to existing as well as new customers both through the brick and mortar structure and the virtual world.

◆ Customer service will not improve only by regulatory directives but will improve when banks genuinely feel for the customers and treat the customers as king. This task can partly be achieved by leveraging appropriate technology. But mere adoption of technology may not deliver the goods unless it is accompanied by the will and desire to render service to the "customer" who truly is the purpose of any business.

◆ The rating scores of the two rural branches and the two semi-urban branches under public sector bank which were selected to measure the customer satisfaction level, reveal that a lot of improvement in customer service is still required to be made to meet the expectations of these customers, who are not demanding unlike their counter parts in urban and metropolitan areas. There is more deficiency in providing credit related

services to these customers which often force them to borrow money from informal sources at exorbitant rate of interest.

◆ Similarly, the customers who were surveyed in the two urban branches located at Bhubaneswar and two metropolitan branches located at Hyderabad, reveal mixed response in customer satisfaction level and the result expose that there is still enough room to improve both tangible and intangible factors to improve customer service. These customers expect broad principles of fair treatment with basic tenets like transparency, non-discriminatory pricing, full and proper disclosure about product and services, risk to which they could be exposed and ability to exit if the product or service is not what the customer wanted and host of similar issues.

◆ Especially in urban and metropolitan branches, the branches focus on expanding the customer base, but we observe that customer retention is an equally important aspect. In these geographical areas, the customers are very discerning lot and clearly distinguish between personalized service and general service. Despite facilitating customer service through call centres, internet banking, customer relationship management tools and strategies, etc. the satisfaction level will still not improve if human touch in services is missing totally.

◆ Many customer complaints could have been avoided had the banks taken adequate care of treating them fairly. Every customer would like to have cheaper services, but minimum they expect that the services be offered in fairness and speedily. Banks should improve their customer service delivery model to bring substantial reductions in the number of customer complaints to see that satisfaction level soar substantially.

Suggestions:

◆ A radical transformation of attitude right from top management to ground level employees is the first step towards improving customer service. The challenge for the banking industry is to develop the right kind of attitude to render excellent service. Perhaps it may be easier to identify the elements of unacceptable behaviour and try to redress and improve the situation. The behaviour standards especially of the front-line managers are need to be radically oriented and transferred as per the requirements of the business;

◆ As we move towards introducing global best practices in banking, an important element in the area of customer care is the special focus which students, senior citizens, physically challenged persons, vulnerable sections of the population and other deprived citizens must get from the financial services industry. These initiatives need to be codified and their implementation monitored by designated compliance officers.

◆ Electronic fund transfers, internet based banking transactions and card banking are on the rise and are throwing up challenges which one might not have anticipated. The banking agreement is so worded as to afford no right to the customer and is extremely lopsided. Banks are not responsible for any unauthorized transactions even if by their employees. Making networks safe and sound is the responsibility of banks, and there must be in place a code of conduct for addressing issues in the non-face-to-face transactions domain.

◆ The issue of selling third party products such as insurance, capital markets products like mutual funds, etc. is becoming increasingly relevant from a customer protection point of view. Now question arises, whether the customers especially those small and poor understand what is being sold to them. Therefore, it is the duty of the bank official to appraise the customers properly about the risk factor in the products before any attempt made to sell these products to them.

◆ At a time when all banks are in a hurry to be one up on the other, at least in the matter of advertising speedier sanction of loans, responsible lending is worth considering. No doubt, people should take responsibility for their own borrowing and anything that could limit people's economic freedom should be considered with caution. But the customer service code currently side-steps the issue by leaving the onus for responsible lending as whatever the banks "believe", the borrower can pay back.

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SURVEY OF CUSTOMER SATISFACTION IN BANK QUESTIONAIRE

<div align="right">**Annexure - I**</div>

1. Name of the Bank :-

2. Name of the Branch :-

3. Area : -   RURAL/SEMI-URBAN/URBAN/METROPOLIS/SPECIALISED BRANCH

N O T E:-

(*i*) Please evaluate the following services with respect to your personal experience at the branch only.

(*ii*) Please grade the services rendered by the branch whether they are EXCELLENT (E) GOOD (G) SATISFACTION (S)/UNSATISFACTORY (U)/ POOR (P)

(III) If a particular service is not rendered by the branch, please put a blank under the response column.

RURAL/SEMI-URBAN BRANCH

1. GENERAL FACILITIES

(*a*) Space available for comfortable transactions.

(*b*) Drinking water facilities

(*c*) Cleanliness of the branch premises

(*d*) Lay out of furniture for customers waiting.

2. SAVINGS BANK/CURENT ACCOUNTS (DEMAND DEPOSITS)

(*a*) Timely depositing of Cash to the account.

(*b*) Prompt withdrawals from account

(*c*) Updating of Passbooks

(*d*) Issues of Cheque books

(*e*) Executions of Standing Instructions

(*f*) Timely issuance of Statement of Accounts

(*g*) Quick transfer of accounts

(*h*) Attitude and behaviour of Counter Staff

3. TERM DEPOSITS

(*a*) Timely issue/renewal of fixed deposits

(*b*) Advance intimation on date of maturity

(*c*) Prompt issue of Overdrafts against fixed deposits

(*d*) Availability of nomination facility

(*e*) Attitude and behaviour of Counter Staff

4. COLLECTION SERVICES

(*a*) Instant credit of outstation Cheques up to Rs.5000/-

(*b*) Interest paid for delay in collection.

(*c*) Prompt return of dishnoured instrument

(*d*) Accuracy & Uniformity in calculation of commission.

(*e*) Collection of dividends/interest warrants

(*f*) Attitude and behaviour of Counter Staff

5. REMITTANCES

(*a*) Timely issue or Purchase of draft

(*b*) Prompt encashment of draft

(*c*) Issue of duplicate draft

(*d*) Error – free remittance facility

(*e*) Remittance facility through Mail transfer/ Telegraphic transfer

(*f*) Behaviour and attitude of Counter Staff

6. CASH TRANSACTIONS

(*a*) Overall service at cash counters

(*b*) Acceptance of small denomination notes

(*c*) Exchange of mutilated and soiled notes

(*d*) Issue of Rupee Travellers Cheques

(*e*) Service provided at Teller Counters

(*f*) Staff behaviour & attitude at Cash Counter

7. BILLS & NON-FUND BUSINESS

(*a*) Prompt dispatch and submission of bills

(*b*) Issue of Letter of credit

(*c*) Issue of Bank Guarantees

(*d*) Uniformity in Bank Charges

(*e*) Staff behaviour and attitude in providing these services.

8. CREDIT RELATD SERVICES (LOANS/ADVANCES)

(*a*) Availability of loans without reference/intermediary

(*b*) Timely processing of loan applications

(*c*) Documentation procedure (information asked once/several times).

(*d*) Strategy for sanction of loans (How many times approached to the Branch?)

(*e*) Intimation on periodical application of interest.

(*f*) Intimation on change of interest rates

(*g*) Inspection by branch official

(*h*) Attitude and behaviour of advance/loans officials

9. MISCELLANEOUS SERVICES/OTHERS

(*a*) Settlement of deceased accounts

(*b*) Facility of safe custody/safe deposit lockers.

(*c*) Issue/encashment of gift cheques

(*d*) Encashment of Rupee Travellers cheques

(*e*) Available of complaint books

(*f*) Suitability of working hours

(*g*) Opening and closing timings of the branch

(*h*) Reply of letters

(*i*) Problem solving attitude of the officials

(*j*) Dealing of customer complaints by the branch staff

(*k*) Community Services/Village adoption

(*l*) Helping attitude at a difficult situation, i.e. loss of a draft, cancellation of draft, operation of an inoperative account, TDR encashment before maturity, etc.

URBAN/METROPOLITAN BRANCH

1. GENERAL FACILITIES

(*a*) Space available for comfortable transactions

(*b*) Drinking water facilities

(*c*) Cleanliness of the branch premises

(*d*) Layout of furniture and facilities for customers waiting

(*e*) Proximity of the branch

(*f*) Facilities available for telephone/telex, etc.

(*g*) Branch timing and working hours

(*h*) Overall working environment of the branch

(*i*) Emphasis on noise control/dust control/no smoking signals

(*j*) Provision of air cooler and air conditioning of the premises.

2. SAVINGS BANKS/CURRENT ACCOUNT (DEMAND DEPOSIT)

(*a*) Timely deposit of cash to the account

(*b*) Prompt withdrawals from the account

(*c*) Issue of cheque books

(*d*) Updating of passbooks with correct and legible particulars (Flawless Service)

(*e*) Timely issue of statement of accounts

(*f*) Execution of standing instructions

(*g*) Quick transfer of accounts

(*h*) Services as per displayed time-norms

(*i*) Availability of uninterrupted Counter Service

(*j*) Staff behaviour and attitude

3. TERM DEPOSITS

(*a*) Guidance on investment decisions

(*b*) Advance intimation on date of maturity

(*c*) Timely issue/renewal of fixed deposits

(*d*) Prompt issue of overdrafts against fixed deposits

(*e*) Availability of nomination facility

(*f*) Intimation on change of interest rates

(*g*) Counter Staff attitude and behaviour

4. COLLECTION SERVICES

(*a*) Instant credit of outstation cheques up to Rs. 5,000/-

(*b*) Payment of interest on delay collections

(*c*) Prompt return/dispatch of dishonoured instruments

(*d*) Accuracy and uniformity in calculation of commission

(*e*) Collection of dividends and interest warrants

(*f*) Staff behaviour and attitude

5. REMITTANCE

(*a*) Prompt issue or purchase of draft

(*b*) Prompt encashment of drafts

(*c*) Issue of duplicate drafts

(*d*) Error-free remittance facility

(*e*) Remittance facility through Mail transfer/ Telegraphic transfer

(*f*) Counter Staff behaviour and attitude

6. BILLS AND NON-FUND BUSINESS

(*a*) Conduct of bills business

(*b*) Follow-up of documentary instructions

(*c*) Uniformity and accuracy on levy of Bank charges/ Commission

(*d*) Timely issue of Letter of Credit

(*e*) Prompt issue of Bank Guarantees

(*f*) Staff behaviour and attitude in providing these services

7. CASH TRANSACTIONS

(*a*) Overall services at Cash Counters

(*b*) Acceptance of small denomination notes/coins

(*c*) Exchange of mutilated and soiled notes

(*d*) Issue of Rupee Travellers Cheque

(*e*) Services provided at Teller Counters

(*f*) Staff behaviour and attitude at Cash Counters

8. CUSTODIAL AND MISCELLANEOUS SERVICES

(*a*) Availability of locker facilities without insisting on deposits.

(*b*) Easy accessibility to lockers at designated hours.

(*c*) Services for safe-custody arrangements

(*d*) Issue and encashment of gift cheques

(*e*) Issue of Credit Cards

(*f*) Availability of stock-invest facilities

(*g*) Consultancy Services

9. CREDIT-RELATED SERVICES (LOANS/AD-VANCES)

(*a*) Cash-credit facilities

(*b*) Sanction of temporary overdrafts

(*c*) Facility for gold loans

(*d*) Availability of loans without reference/interme-diaries

(*e*) Timely processing of loan applications

(*f*) Documentation procedure

(*g*) Strategy for sanction of loans (How many times approached to the branch?)

(*h*) Intimation on periodical interest application

(*i*) Intimation of change of interest rates.

(*j*) Information gathering system on loans by the branch official

(All information asked at once or several times).

(*k*) Delegation power of branch officials

(*l*) Release of pledge materials and unit inspections

(*m*) Attitude and behaviour of loan officials

10. CUSTOMER SERVICE

(*a*) Dealing with customers complaints

(*b*) Reply to letters/queries

(*c*) Problem solving attitude of the staff

(*d*) Helping customer in a difficult personal situation, i.e. loss of draft/FDR, cancellation of draft, settlement of deceased account, encashment of term-deposit before maturity, Operation of an inoperative accounts, etc.

11. OTHERS

(*a*) Uniform and wearing of identity cards by the staff.

(*b*) Self-discipline and staff behaviour towards customer

(*c*) Empathy with the customers

(*d*) Timely opening/closing of the branch

(*e*) Availability of uninterrupted counter services etc.

12. SPECIALISED SERVICES (FOR SPECIALIZED BRANCHES)

(*a*) Provision of Single-window approach

(*b*) Courteous and Prompt services

(*c*) Provision for specialized services on Foreign exchange/export credit/Merchant banking, etc.

(*d*) Specialized services through computers/ATM/ POS/MODEM

(*e*) Staff behavior and attitude.

THE FINAL SCORES OF THE SELECTED BRANCHES

Annexure - II

	Branches	(Sub-Services)									
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	Total
1	S.B.I., Delang (Rural)	44.24	78.65	43.90	43.16	38.88	79.95	16.88	241.25	32.65	615.50
2	Indian Bank, Biridi (Rural)	45.10	77.05	68.70	58.05	49.70	72.65	36.00	172.25	46.17	635.60
3	S.B.I. Salepur (Semi-urban)	44.15	123.00	52.30	38.55	55.90	79.85	29.45	131.50	32.57	587.80
4	Andhra Bank, Balugaon (Semi-urban)	34.50	115.20	50.50	55.25	63.50	91.50	36.00	141.10	68.15	655.70

	Branches	(Urban/Metro)											
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	Total
1	S.B.I., Bhubaneswar (U)	24.68	109.30	54.60	37.65	64.90	35.65	118.80	23.29	138.20	10.80	9.50	627.30
2	Bank of Baroda, Bhubaneswar	14.04	232.30	48.30	39.25	50.95	42.00	105.90	37.70	136.90	13.96	14.63	736.50
3	Bank of India, Hyderguda (Metro)	14.18	153.70	64.70	43.95	72.50	36.70	127.90	23.41	92.10	12.49	13.76	655.30
4	SBH, NIRD Branch	14.69	208.15	47.75	37.10	40.35	20.66	118.75	40.35	124.40	13.88	13.98	680.00

STATE BANK OF INDIA, DELANG, ODISHA (RURAL)

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1	General Facilities	9.52 (14)	9.10 (14)	9.94 (14)	15.68 (28)	--	--	--	--	--	--	--	--
2	SB/C.A Demand Deposits	9.90 (15)	14.75 (25)	6.90 (10)	6.90 (10)	6.00 (10)	9.15 (15)	6.80 (10)	18.25 (25)	--	--	--	--
3	Term Deposits	16.40 (20)	1.45 (5)	11.25 (15)	3.40 (5)	11.40 (15)	--	--	--	--	--	--	--
4	Collection Services	13.05 (15)	3.78 (7)	2.73 (7)	4.10 (5)	7.50 (10)	12.00 (16)	--	--	--	--	--	--
5	Remittances	10.60 (20)	6.32 (8)	1.68 (4)	3.12 (4)	8.40 (12)	8.76 (12)	--	--	--	--	--	--
6	Cash Transactions	29.70 (45)	10.60 (20)	5.25 (15)	12.15 (15)	--	18.25 (25)	--	--	--	--	--	--
7	Bills and non-fund Business	5.60 (12)	--	2.80 (5)	4.00 (5)	4.48 (8)	--	--	--	--	--	--	--
8	Credit Related Services	35.00 (50)	30.50 (50)	24.50 (50)	23.00 (50)	9.50 (25)	15.25 (25)	35.50 (50)	68.00 (100)	--	--	--	--
9	Miscellaneous Services	3.00 (5)	--	3.65 (5)	3.50 (5)	0.98 (2)	1.92 (3)	3.10 (5)	2.55 (5)	2.01 (3)	2.13 (3)	3.04 (4)	6.80 (10)

Note : (*i*) a, b, c etc. represents the sub-services as enlisted in the Questionnaire, (*ii*) Figures in the brackets represent marks allotted to a particular sub-service.

INDIAN BANK, BIRIDI BRANCH, ODISHA, (RURAL)

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1	General Facilities	16.00 (20)	7.50 (10)	7.60 (10)	14.00 (10)	--	--	--	--	--	--	--	--
2	SB/C.A (Demand Deposit)	13.40 (20)	17.10 (30)	7.20 (10)	7.50 (10)	7.70 (10)	10.60 (20)	3.20 (5)	10.35 (15)	--	--	--	--
3	Term Deposits	33.20 (40)	2.70 (10)	15.00 (20)	3.60 (10)	14.20 (20)	--	--	--	--	--	--	--
4	Collection Services	20.50 (25)	1.55 (5)	2.55 (5)	8.10 (10)	17.25 (10)	-- (25)	--	--	--	--	--	
5	Remittances	20.00 (40)	10.80 (15)	1.80 (5)	3.75 (5)	10.35 (15)	13.00 (20)	--	--	--	--	--	--
6	Cash Transactions	15.50 (25)	13.25 (25)	3.30 (10)	3.35 (5)	17.75 (25)	19.50 (30)	--	--	--	--	--	--
7	Bills and Non-Fund Business	14.40 (20)	--	3.50 (5)	8.00 (10)	10.50 (15)	--	--	--	--	--	--	--
8	Credit-Related Services	15.25 (25)	27.50 (50)	34.00 (50)	25.50 (50)	13.00 (25)	11.00 (25)	16.00 (25)	30.00 (50)	--	--	--	--
9	Misc. Services	6.40 (10)	--	3.10 (5)	3.40 (5)	1.12 (2)	1.95 (3)	6.60 (10)	1.68 (3)	3.40 (5)	3.40 (5)	7.20 (10)	7.92 (12)

STATE BANK OF INDIA, SALEPUR, ODISHA (SEMI-URBAN)

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1	General Facilities	13.95 (15)	8.10 (10)	8.60 (10)	13.50 (15)	--	--	--	--	--	--	--	--
2	S.B./C.A. (Demand Deposit)	22.75 (35)	25.00 (50)	13.20 (20)	10.95 (15)	6.90 (10)	7.20 (10)	14.00 (20)	23.60 (40)	--	--	--	--
3	Term Deposits	23.10 (30)	3.00 (10)	14.60 (20)	5.20 (10)	6.40 (10)	--	--	--	--	--	--	--
4	Collection Services	13.60 (20)	1.75 (5)	2.50 (5)	3.65 (5)	7.60 (10)	9.75 (15)	--	--	--	--	--	--
5	Remittances	12.60 (30)	13.60 (20)	3.50 (10)	7.10 (10)	13.00 (20)	6.10 (10)	--	--	--	--	--	--
6	Cash Transactions	14.70 (30)	15.75 (35)	3.30 (10)	7.30 (10)	24.80 (40)	14.00 (25)	--	--	--	--	--	--
7	Bills & Non fund Business	8.10 (15)	5.40 (10)	6.50 (10)	3.35 (5)	6.10 (10)	--	--	--	--	--	--	--
8	Credit Services	18.60 (30)	13.50 (30)	22.40 (40)	13.80 (30)	10.60 (20)	8.80 (20)	15.80 (30)	27.00 (50)	--	--	--	--
9	Misc. Services	2.40 (5)	6.00 (10)	1.44 (2)	2.19 (3)	1.20 (3)	4.97 (7)	3.35 (5)	2.25 (5)	2.85 (5)	2.80 (5)	1.62 (3)	3.50 (7)

ANDHRA BANK, BALUGAON, ODISHA (SEMI-URBAN)

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1	General Facilities	14.40 (20)	7.10 (10)	6.80 (10)	6.20 (10)	--	--	--	--	--	--	--	--
2	S.B./C.A. (Demand Deposit)	13.80 (20)	22.40 (40)	14.00 (20)	7.60 (10)	7.80 (10)	13.50 (30)	6.90 (10)	29.20 (40)	--	--	--	--
3	Term Deposits	20.75 (25)	1.75 (5)	15.60 (20)	5.20 (10)	7.20 (10)	--	--	--	--	--	--	--
4	Collection Services	15.80 (20)	3.00 (10)	6.10 (10)	7.70 (10)	11.70 (15)	10.95 (15)	--	--	--	--	--	--
5	Remittances	16.80 (30)	11.25 (15)	4.20 (10)	7.40 (10)	13.80 (20)	10.05 (15)	--	--	--	--	--	--
6	Cash Transactions	17.40 (30)	15.30 (30)	3.70 (10)	7.50 (10)	27.20 (40)	20.40 (30)	--	--	--	--	--	--
7	Bills & Non Fund Business	10.35 (15)	3.40 (5)	7.70 (10)	3.90 (5)	10.65 (15)	--	--	--	--	--	--	--
8	Credit Related Services	14.20 (20)	27.20 (40)	25.60 (40)	23.60 (40)	5.60 (10)	5.00 (10)	20.10 (30)	19.80 (30)	--	--	--	--
9	Misc. Services	6.20 (10)	10.65 (15)	3.85 (5)	3.90 (5)	3.30 (5)	3.25 (5)	6.80 (10)	2.95 (5)	3.40 (5)	3.45 (5)	6.50 (10)	13.80 (20)

STATE BANK OF INDIA, BHUBANESWAR, ODISHA (URBAN)

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
1	General Facilities	2.92 (4)	1.44 (2)	1.30 (2)	2.72 (4)	1.68 (2)	0.62 (1)	0.76 (1)	1.56 (2)	0.58 (1)	0.46 (1)	--	--	--
2	SB/C.A. (Demand Deposit)	39.00 (50)	54.60 (70)	17.20 (20)	23.70 (30)	28.80 (40)	8.40 (10)	7.80 (10)	14.00 (20)	23.40 (30)	15.40 (20)	--	--	--
3	Term Deposits	2.15 (5)	1.60 (5)	21.25 (25)	12.15 (15)	1.95 (5)	1.50 (5)	7.70 (10)	--	--	--	--	--	--
4	Collection Services	12.60 (15)	1.85 (5)	3.75 (5)	4.15 (5)	8.90 (10)	8.00 (10)	--	--	--	--	--	--	--
5	Remittances	14.60 (20)	11.85 (15)	2.40 (5)	3.95 (5)	10.95 (15)	7.20 (10)	--	--	--	--	--	--	--
6	Bill & Non-Fund Business	12.60 (15)	4.70 (5)	4.50 (5)	4.00 (50)	8.40 (10)	8.40 (10)	--	--	--	--	--	--	--
7	Cash Transactions	29.60 (40)	6.30 (10)	4.40 (10)	7.60 (10)	29.60 (40)	28.40 (40)	--	--	--	--	--	--	--
8	Custodial & Misc. Services	7.50 (10)	8.00 (10)	3.75 (5)	3.95 (5)	9.00 (10)	3.380 (5)	1.70 (5)	--	--	--	--	--	--
9	Credit Related Services	16.00 (20)	3.15 (5)	7.10 (10)	10.95 (15)	18.25 (25)	15.25 (25)	12.00 (20)	6.00 (10)	1.60 (5)	22.25 (25)	7.35 (15)	3.20 (5)	13.80 (20)
10	Customer Service	2.92 (4)	2.00 (4)	3.04 (4)	6.00 (8)									
11	Other Services	1.20 (3)	2.28 (3)	3.00 (4)	4.25 (5)	3.90 (5)								

BANK OF BARODA, BHUBANESWAR, ODISHA (URBAN)

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
1	General Facilities	6.65 (7)	2.46 (3)	2.46 (3)	4.60 (5)	2.52 (3)	1.44 (2)	1.24 (2)	2.01 (3)	0.71 (1)	0.59 (1)	--	--	--
2	SB/C.A. (Demand Deposit)	19.20 (30)	25.00 (50)	7.40 (10)	6.70 (10)	8.80 (20)	7.90 (10)	7.50 (10)	4.10 (10)	11.70 (30)	11.00 (20)	--	--	--
3	Term Deposits	7.40 (10)	3.30 (10)	16.60 (20)	11.70 (15)	3.75 (5)	1.65 (5)	10.20 (15)	--	--	--	--	--	--
4	Collection Services	16.60 (20)	2.05 (5)	3.15 (5)	4.00 (5)	4.45 (5)	7.40 (10)	--	--	--	--	--	--	--
5	Remittances	16.20 (30)	15.00 (20)	5.10 (10)	7.90 (10)	14.00 (20)	6.70 (10)	--	--	--	--	--	--	--
6	Bill & Non-Fund Business	7.00 (10)	3.25 (5)	3.30 (5)	7.30 (10)	7.40 (10)	7.40 (10)	--	--	--	--	--	--	--
7	Cash Transactions	22.40 (40)	23.20 (40)	13.60 (20)	16.40 (20)	21.20 (40)	22.00 (40)	--	--	--	--	--	--	--
8	Custodial & Misc. Services	5.52 (8)	5.95 (7)	2.31 (3)	1.60 (2)	4.00 (5)	1.66 (2)	2.25 (3)	--	--	--	--	--	--
9	Credit Related Services	14.20 (20)	7.50 (10)	7.10 (10)	10.20 (15)	14.00 (25)	15.75 (25)	14.00 (25)	4.30 (10)	3.20 (10)	10.20 (20)	17.00 (20)	3.75 (5)	17.00 (25)
10	Customer Service	3.00 (5)	2.20 (5)	2.70 (5)	2.90 (5)									
11	Other Services	1.14 (3)	1.47 (3)	1.53 (3)	2.90 (5)	2.46 (6)								

BANK OF INDIA, HYDERGUDA, HYDERABAD (METROPOLITAN)

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
1	General Facilities	2.34 (3)	1.44 (2)	1.38 (2)	2.13 (3)	1.72 (2)	0.51 (1)	1.34 (2)	2.22 (3)	0.58 (1)	0.52 (1)	--	--	--
2	SB/C.A. (Demand Deposit)	26.80 (40)	36.40 (70)	7.70 (10)	13.00 (20)	14.70 (30)	8.00 (10)	7.60 (10)	5.80 (10)	13.60 (20)	20.10 (30)	--	--	--
3	Term Deposits	8.30 (10)	2.90 (10)	22.80 (30)	14.60 (20)	5.60 (10)	3.40 (10)	7.10 (10)	--	--	--	--	--	--
4	Collection Services	15.60 (20)	1.65 (5)	3.30 (5)	4.00 (5)	8.30 (10)	11.10 (15)	--	--	--	--	--	--	--
5	Remittances	18.90 (30)	14.20 (20)	4.00 (10)	8.00 (10)	14.20 (20)	13.20 (20)	--	--	--	--	--	--	--
6	Bill & Non-Fund Business	10.20 (15)	3.75 (5)	3.90 (5)	3.55 (5)	8.00 (10)	14.20 (10)	13.20	--	--	--	--	--	--
7	Cash Transactions	25.20 (40)	21.60 (40)	4.30 (10)	23.70 (30)	33.00 (50)	20.10 (30)	--	--	--	--	--	--	--
8	Custodial & Misc. Services	7.70 (10)	5.67 (7)	2.16 (3)	1.60 (2)	4.10 (5)	1.52 (2)	0.66 (1)	--	--	--	--	--	--
9	Credit Related Services	14.00 (20)	4.90 (10)	6.80 (10)	7.20 (10)	12.40 (20)	11.80 (20)	8.70 (15)	2.95 (5)	1.45 (5)	5.50 (10)	7.60 (10)	2.30 (5)	6.50 (10)
10	Customer Service	2.64 (4)	1.72 (4)	2.01 (3)	6.12 (9)	--	--	--	--	--	--	--	--	--
11	Other Services	0.78 (2)	1.95 (3)	1.26 (2)	3.85 (5)	5.92 (8)								

STATE BANK OF HYDERABAD, NIRD BRANCH, HYDERABAD (METROPOLITAN)

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
1	General Facilities	2.31 (3)	0.75 (1)	1.66 (2)	2.92 (4)	1.74 (2)	0.60 (1)	1.36 (2)	2.25 (3)	0.61 (1)	0.49 (1)	--	--	--
2	SB/C.A. (Demand Deposit)	43.20 (60)	52.00 (80)	16.60 (20)	15.60 (20)	14.40 (30)	11.70 (15)	8.00 (10)	9.75 (15)	15.00 (20)	21.90 (30)	--	--	--
3	Term Deposits	2.80 (5)	1.70 (5)	16.00 (20)	11.40 (15)	2.65 (5)	1.65 (5)	11.55 (15)	--	--	--	--	--	--
4	Collection Services	8.20 (10)	1.65 (5)	3.40 (5)	4.00 (5)	8.30 (10)	11.55 (15)	--	--	--	--	--	--	--
5	Remittances	12.60 (20)	7.70 (10)	1.90 (5)	3.85 (5)	7.10 (10)	7.20 (10)	--	--	--	--	--	--	--
6	Bill & Non-Fund Business	6.80 (10)	1.80 (3)	2.04 (3)	2.92 (4)	3.60 (5)	3.50 (5)	--	--	--	--	--	--	--
7	Cash Transactions	21.00 (30)	22.80 (40)	6.60 (15)	18.24 (25)	28.80 (40)	21.30 (30)	--	--	--	--	--	--	--
8	Custodial & Misc. Services	13.35 (15)	8.40 (10)	2.40 (3)	3.80 (5)	8.20 (10)	3.40 (5)	0.80 (2)	--	--	--	--	--	--
9	Credit Related Services	14.40 (20)	5.10 (10)	6.70 (10)	7.40 (10)	13.80 (20)	12.40 (20)	13.00 (20)	5.90 (10)	3.30 (10)	12.60 (20)	9.60 (20)	7.00 (10)	13.20 (20)
10	Customer Service	3.70 (5)	1.38 (3)	1.50 (2)	7.30 (10)	--	--	--	--	--	--	--	--	--
11	Other Services	1.29 (3)	2.16 (3)	1.34 (2)	4.15 (5)	5.04 (7)	--	--	--	--	--	--	--	--

DEPOSIT SERVICE INDEX

	Branch	(Demand Deposits) SB/CA	(Term Deposits)	Advances (Loans)
		Share (%) × DSI =	Share (%) × TDSI =	Share (%) × ASI =
1	SBI, Delang	5.68 × 65.54 = 372.27	3.69 × 73.16 = 269.96	8.29 × 60.31 = 499.97
2	Indian Bank, Biridi	4.21 × 64.20 = 270.28	2.91 × 68.70 = 199.92	5.09 × 57.41 = 292.22
3	SBI, Salepur	10.16 × 61.80 = 627.89	7.28 × 65.37 = 475.89	13.36 × 52.60 = 702.74
4	Andhra Bank, Balugaon	5.26 × 64.00 = 336.64	4.16 × 72.14 = 300.10	6.80 × 64.13 = 436.08
5	SBI, Bhubaneswar	26.30 × 54.65 = 1437.29	32.59 × 68.25 = 2224.27	23.62 × 62.81 = 1483.57
6	Bank of Baroda, Bhubaneswar	19.53 × 77.43 = 1512.21	29.15 × 69.00 = 2011.35	18.29 × 68.45 = 1251.95
7	Bank of India, Hyderguda	19.55 × 61.48 = 1201.93	12.85 × 64.70 = 831.40	13.71 × 61.40 = 841.79
8	SBH, NIRD Branch	9.31 × 69.38 = 645.93 Combined DSI = 6404.44 100 = 64.04	7.37 × 68.21 = 502.71 6815.60 100 = 68.16	10.84 × 62.20 = 674.25 6182.57 100 = 61.83

DSBI = Deposits Service Index : Term Deposit Service Index (TDSI) ASI : Advance Service Index

SERVICE SPECIFIC INDEX

Branch	(Category-Services)								
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1 SBI, Delang (Rural)	63.20	65.54	73.16	71.93	64.80	50.63	56.26	60.31	65.36
2 Indian Bank, Biridi (Rural)	75.16	77.05	68.70	72.56	59.70	60.54	72.00	57.41	65.96
3 SBI, Salepur (Semi-urban)	88.30	61.80	65.37	64.25	55.90	53.23	58.90	52.60	54.28
4 Andhra Bank, Balugaon (Semi-urban)	69.00	64.00	72.14	69.06	63.50	61.00	72.00	64.13	68.15

Services

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
1 SBI, Bhubaneswar (Urban)	82.26	54.65	68.25	75.30	64.90	71.30	59.40	77.63	62.81	54.00	47.50
2 Bank of Baroda, Bhubaneswar (Urban)	70.20	77.43	69.00	78.50	72.78	85.20	70.60	75.40	68.45	69.80	73.15
3 Bank of India, Hyderguda (Metro)	70.90	61.48	64.70	73.25	72.50	73.40	63.95	78.03	61.40	62.45	68.80
4 SBH, NIRD Branch (Metro)	73.45	69.38	68.21	74.20	67.25	68.86	65.97	80.70	62.30	69.40	69.90