

Customer service in banking : An emparical study on income level

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ABSTRACT

Banks have traditionally performed the role of financial intermediaries. Apart from the old world game of transforming liabilities or deposits to assets or loans, traditional banking has now expanded to cover areas like logistic support for their customers for collection of receivables (e.g. Citi-Commerce One), tie-ups with other service providers to facilitate bill payments, and providing customised solutions to customer segments. The current trend is to try and be a part of all financial transactions in the market space, and increase the share of the customer wallet. As banks face the mutually interdependent forces of competition, regulation, technology, and customer expectations, a picturesque setting for the tremendous upheaval and opportunity emerges. This interdependency, in turn, is built upon mutually dependent technological trends. Hence, the quality of services rendered by a bank has a significant bearing on the psyche of the customers. The relationship between a bank and its customer is not a one-time, transitory relationship, but a relatively permanent and enduring one to these inherent characteristics of the banking industry, a prompt and efficient customer service is very important for the success of the industry. The gradual entry of private and foreign banks into Indian banking industry has transformed the hitherto protected and regulated banking environment to a liberalized and highly competitive one. In this changed banking scenario, the importance and significance of the customers has increased manifold. Banks have to devise suitable systems and mechanisms to satisfy the needs and expectations of various segments of customers for their survival. Against this backdrop, this above matter attempts to introspect about the past, makes an assessment of the present and outlines the strategy for the future in the context of income & satisfaction of customer service in banks.

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As a sequel to market diversification and deregulation as a part of financial sector reforms, the banking industry has been exposed to a fiercely competitive environment epitomized by the emergence of a 'buyers market'. The gradual entry of private and foreign banks into Indian banking industry has transformed the hitherto protected and regulated banking environment to a liberalized and highly competitive one. In this changed banking scenario, the importance and significance of the customers has increased manifold. The dictum bank exists because of its customers' has become more pronounced and relevant in the present context. Banks have to devise suitable systems and mechanisms to satisfy the needs and expectations of various segments of customers for

their survival.

Against this backdrop, this above matter attempts to introspect about the past, makes an assessment of the present and outlines the strategy for the future in the context of customer service in banks.

Significance of the study:

The coverage and reach of banks were confined to limited pockets and selected customers. Banks catered to the needs of the industry, big business houses, etc. Since a small number of customers were serviced by a limited number of branches, the standard of customer service was more or less satisfactory. Banks at their own had never viewed 'customer service' as a problem. Hence, the issue did not attract much attention and concern at any level.

With the nationalization of 14 major banks in July 1969, banks were now viewed catalytic agents of growth of the hitherto neglected and backward sectors. The era of 'class banking' gave way to an era of 'mass banking'. The much wanted objectives of nationalization in achieving balanced growth and social justice in the economy have

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