

Analysis of Problems Faced by Public Sector Banks and Cooperative Banks and Strategies to Overcome w.s.r.to Ahmednagar City

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ABSTRACT

Banks in India have undergone various ups and downs in our country. We can divide development phases of banks in four phases viz. prior to nationalisation of banks in 1969, second phase after nationalization when massive expansion of rural branches and lending to priority sector have taken place, third phase i.e. after Narsinham Committee report on Bank Reforms, and now fourth phase i.e. in last decade i.e. first decade of 21st century.

Technology and human capital in banking industry at its peak level to give service to human society. Net banking, core banking, e payment, e statement, online share trading, debit and credit card, door service etc. has revolutionized banking industry. However are all involved in this revolutionary move?. Present research paper highlights the problems faced by bankers in dealing with customers in the light of ever-increasing and changing expectations, competitions from private sector and other banks, tapping untapped 25% rural citizens, service quality problem etc. This paper highlights some of major problems faced by banks today, strategies they have formulated and implemented and innovative suggestions to overcome problems by considering that bank is a service industry component.

I. INTRODUCTION

Banking industry in India has undergone many ups & downs. This journey can be viewed in four phases viz.

1. Before Nationalisation (1969)
2. From 1969-1990
3. After Narsinham committee & reforms
4. From beginning of this century till date.

Indian society has witnessed tyranny of private money lenders, crunch for funds for private sector to today's environment where due to Government & RBI policies, conducive for agricultural & industrial development, every cross-sections of society is benefited out of this.

With the advent of Information technology & computer, network technology there is revolution taken place in banking industry. Core banking, net-banking, e-service (tax & other payments), online share trading etc.

However whether all these services have really reached & digested by common citizens & masses? What are the problems, at present, exist in banking industry w.s.r. to public sector banks ? Which problems

are faced by Branch managers, officers & staff? So with these problems in mind, researcher has initiated this research work.

Research Problem:

1. To find out recent trends in marketing of bank services.
2. To know the problems faced by bankers in marketing
3. To know the customer problems in getting access to bank services
4. To suggest ways to overcome problems

II. RESEARCH METHODOLOGY

Methods of data collection

1. Primary:
 - a. Observation
 - b. Interview of branch managers & officers
2. Secondary:
 - a. Books
 - b. Journals

c. Web sites

Sample

1. Two nationalised banks
2. Two co-operative banks including Mahila bank.All from Ahmednagar City.

Analysis

Qualitative data Analysis.

III. DATA ANALYSIS & INTERPRETATION

It is observed that banks are doing their best to give quality service to customers as given below:

- a. Customer relations are maintained by Branch Managers & Officers. However, special customer relation Executives/Officers is not there.
- b. Banks having problem of inconsistency in the quality of service. This is because human beings can't behave with same consistency.
- c. Staff problem:-In public sector banks' employees feel secured & that is why they least bothered about giving satisfaction & delight to customers.
- d. Service Culture is not developed in the banks.
- e. Queing Problems:-Imbalance in the Demand & Supply gap. First 10 days in a month-heavy rush at counter & other days vacant or very less work.
- f. Less staff-over burden & stress:-Banks have given voluntary Retirement Scheme, so staff is reduced. Staff which is now working in the bank are overburdened. New staff is being selected at slower pace.
- g. Technical problems: System failure is one of the basic problem. So officers and counter staff and sometimes manager has to face problems and there is unnecessary wastage of time of customers.
- h. Various promotional problems: Bankers have launched and initiated various promotional programmess viz, going door to door under CASA scheme(i.e. to increase current Account and saving Account by going door to door) by taking part in exhibitions etc. However, because of competition, indifferent attitude or dissatisfaction about Public Sector Banks, it is very much essential for bankers to get customer, to retain and to delight them.
- i. Unawareness and fear about new services even including ATM.
- j. Customers when they face problem like long que, they shout and may create misunderstanding in the minds of other customers who are there at that time.

Following are the basic causes of all these problems

1. Customers in the banks are finding inconsistency in the quality because bank employees do not show consistency in their behaviour.
2. Customer orientation is lacking in banks.
3. Employees' salary is not linked with customer satisfaction and it is offered to all even they give quality or not.
4. Employees are overburdened because of excess time of bank hours. i.e. less number of workmen and increasing number of account holders result into extension of working hours upto 6 (business hours). Working conditions are changed.
5. There is too much wide gap between what customers expect and what they get.
6. Inefficiency and dullness in the system
7. Average age in Public sector banks is around 35 to 40. It is higher than private banks.
8. Market, i.e. customers in India are heterogenous. It means customers are from different background-cultural, social, economic, educational etc. So there expectations differ. Bankers have segmented the market but new way is required to look at this issue. It is very much essential to have precision in marketing in the light of competition from private banks.
9. Illiteracy and fear of bank environmentis a major hurdle in attracting rural masses. Similarly nature of job, migratory nature of people create problems in bank services.
10. Competition from private banks, investment option from share and commodity and gold and real estates.
11. Nature of banking services like intangibility, perishability, heterogeneity and inseparability create lot of Marketing problems in banks.

IV. STRATEGIES TO OVERCOME PROBLEMS RESISTANCE OF CUSTOMERS/ POTENTIAL CUSTOMERS FOR BANK SERVICES

Banking industry is in service industry. So service characteristics, as given below, make Marketing of Banking Services difficult.

Perishability

Bank services are perishable. It means it can not be stored like goods e.g. if Bank employees are there, but account holders are less then business loss even for few hours can not be restored. Similarly banks have funds

are there to give as a loan, but there are no applicants. So interest lost by the bank for a particular time period is a loss forever. So Demand Management in Banks is more difficult than goods.

Intangibility

Banking services can not be seen, touched or felt. So advertising or promotion is very difficult. Marketers reach customers through Mouth publicity through satisfied customers. It is the total resultant experience from bank which create an impact.

Heterogeneity

Bank services can not be standardized like goods. Bank Marketing is an interactive Marketing. i.e. customers will have constant interaction with the service provider. So behind back of all services are employees i.e. human beings and they are complex and volatile. So Quality Control and standardization of Banking Services are challenges before Marketer.

Inseparability

Customers have to approach Bank to get services so he/she can be affected by other customers. So how to protect the customer from other customers ' adverse effect is also a challenge.

Competition: Today Public Sector banks have thrown to competition to private sector banks. Customers have now a wider choice because they are in the buyers market.

Illiteracy: 25% people of rural India have either fear about handling bank work. the reason is illiteracy, lack of knowledge about bank formalities, etc.

Strengths to be encashed.

After nationalization rural branches in India were increased at an exponential rate. However, because of problems like loan to priority sector, policies to waive out interest in some cases, inefficiency of operations, attitude of employees, progress is adversely affected.

However, strength of public sector bank is their commitment for development of this nation, many innovative practices like taking part in exhibitions, going to increase accounts under scheme CASA (Current Account and saving Account by Bank of Maharashtra) and various other programs have brightened the image.

However to increase sale and to brighten the image of banks following strategies are suggested.

Managing Differentiation

Public Sector banks should decide where they can differentiate e.g. people,; quality, service etc. By taking

survey and by finding out what are those differences for which customers are ready to pay.

Managing Service Quality

Use Five gap Service Quality Model to solve the problem in banks.

- a. Gap 1-What customers want and what sales and Marketing person understood.
- b. Gap 2-What sales and Marketing person understood and what inputs they have given to other concerned service employee.
- c. Gap 3-What other employees understood and what they produce.
- d. Gap 4-What they produce and what they communicate and deliver.
- e. Gap 5-Ultimately gap between what exactly customers want and what they get.

So if bankers reduce each gap, then ultimately customers will get what they want.

Tangibilising Intangible Services

To create attractive exterior, interior is very important so that customers will get memorable experience. Similarly people i.e.employees dress code, name, logo, papers (slips, cheque) all should be attractive.

Location

Human beings want a bank location should be in such that it should be convenient, and its surroundings must be good.

Consistency in Quality

It can be maintained by creating such an environment in a bank that first bank employees will be made happy by various retention strategies like pay, incentives, career advancement, etc and also by giving satisfaction and delight to customers.

Solving Problems of Queuing

Bankers, in a move to become customer oriented can initiate following actions can be taken to solve the problems of queuing.

- a. At rush and peak time all including Manager and officer should work as cashier.
- b. Bank can call for internal temporary transfer of employees from other branches where there is no rush at that particular time.
- c. Banks can with the help of college Accountants, collect money, say for examination fee collection work, collectively and avoid waiting line.

- d. Banks can create 'Senior Citizen Care Cell' in which Pension and other services will be made available at doorstep.

Segmenting Method

Bankers can segment the market and find out how each segment can be served (after formulating targetting and positioning.eg. those migratory people or Nomadic tribes, bank can give them "mobile van banking this area.

1. Employee satisfaction should be a backbone in the service Marketing. Marketing orientation is required in Human Resource Management also. i.e. just as customer satisfaction employee satisfaction is also equally importantd.
2. Customer feel that it is risky proposition to open an account in a unknown bank because of intangible nature of services. So they fee risk
3. KYC should be implemented to maintain relations with customers.

V. CONCLUSION

Indian Banking industry (Public sector) is facing two problem1. Inefficiency 2. competition from private players.

These problems can be tackle deffectively by giving energy boosters like training and development, motivation of employees and by creating super ordinate goals viz survival.

So in banking services all concerned decision makers have to take care of following and four pillars.

1. Target Market-Serve each segment uniquely
2. Understand real customer needs.
3. Integratedmarketing-All bank employees are required to work as a team towards customer satisfaction
4. Profit through customer satisfaction.

Similarly Bankers should take care of 7 ps of Bank Service Marketing Mix;

1. Product and price: In the light of competition from shares, stock, commodities, bankers should invest this in such a way that competitive rate of return can be offered.
2. Promotion: Use Mouth publicity, Public relations, sponsorship
3. Place: Location decision should be taken scientifically and in the light of competition.
4. People: Selection of people and retention

strategies should be taken by following marketing orientation i.e. first satisfaction of employees and then they definitely satisfy customers.

5. Process; In banks line of visibility for customers is very important. so all bank work seen by customers should be well planned and it should be without chaos. Interactions with customers should be very effective.
6. Physical evidence: Environment and physical setting should be very attractive. So, customer orientation and segmentation to targetting and then positioning i.e. creating unique place incustomers mind is success mantra.

VI. REFERENCES

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