Comparative Study of the Challenges Faced by PSU Banks and Urban Cooperative Banks and Strategies to Overcome with Special Reference to Mangalore 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 nationalization 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 Narsimham 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.

Keywords: Banking, Public sector, Urban C-operative bank. Nationalisation.
1. **Introduction**

Banking industry in India has undergone many ups & downs. This journey can be viewed in four phases viz. Before Nationalization (1969); From 1969-1990; After Narsimham committee & reforms; 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.

2. **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

3. **Research Methodology**


3.1 **Sample**

1. Two public sector banks
2. Two Urban co-operative banks

**Analysis:** Qualitative data Analysis.

4. **Data Analysis & Interpretation**

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

- Customer relations are maintained by Branch Managers & Officers. However, special customer relation Executives/Officers is not there.
- Banks having problem of inconsistency in the quality of service. This is because human beings can't behave with same consistency.
- Staff problem:-In public sector banks' employees feel secured & that is why they least bothered about giving satisfaction & delight to customers.
- Service Culture is not developed in the banks.
- Queuing Problems:-Imbalance in the Demand & Supply gap. First 10 days in a month-heavy rush at counter & other days vacant or very less work.
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- Less staff-over burden & stress: Banks have given voluntary Retirement Scheme, so staff is reduced. Staff which is now working in the bank is overburdened. New staff is being selected at slower pace.
- Technical problems: System failure is one of the basic problems. So officers and counter staff and sometimes manager has to face problems and there is unnecessary wastage of time of customers.
- Unawareness and fear about new services even including ATM.
- Customers when they face problem like long queue, 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
- Customers in the banks are finding inconsistency in the quality because bank employees do not show consistency in their behavior.
- Customer orientation is lacking in banks.
- Employees' salary is not linked with customer satisfaction and it is offered to all even they give quality or not.
- 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 up to 6 (business hours). Working conditions are changed.
- There is too much wide gap between what customers expect and what they get.
- Inefficiency and dullness in the system
- Average age in Public sector banks is around 35 to 40. It is higher than private banks.
- 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.
- Illiteracy and fear of bank environment is a major hurdle in attracting rural masses. Similarly nature of job, migratory nature of people create problems in bank services.
- Competition from private banks, investment option from share and commodity and gold and real estates.

4.1 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 cannot be stored like goods e.g. if Bank employees are there, but account holders are less then business loss even for
few hours cannot 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 cannot 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 creates an impact.

**Heterogeneity:** Bank services cannot 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 reasons being illiteracy, lack of knowledge about bank formalities, etc.

5. **Conclusion**

Indian Banking industry (Public sector) is facing two problems. 1. Inefficiency 2. Competition from private players. These problems can be tackled effectively 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. Integrated marketing-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. *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; *Promotion:* Use Mouth publicity, Public relations, sponsorship; *Place:* Location decision should be taken scientifically and in the light of competition; *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; 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; Physical evidence: Environment and physical setting should be very attractive.

References
