

BOOK REVIEW

Banks and Customers—A behavioural analysis, by Sushila Singhal, Sri Ram Centre for Industrial Relation and Human Resources, New Delhi, 1987, Price not stated.

"All men seek one goal, success or happiness. The only way to achieve true success is to express yourself completely in the service of the society. First, have definite, clear, practical ideal—a goal, an objective. Second, have the necessary means to achieve your ends—wisdom, money, materials and methods. Third, adjust your means to the end."

—Aristotle

Fourteen major banks of the country were nationalised in 1969 followed by further six in 1980 bringing more than 90 per cent of the banking industry under public sector. During the past 19 years banks have gone to masses, to the interior of villages. There has been a marked qualitative change in both deposit and advance portfolios of banks. Neglected sectors before nationalisation was prioritised after nationalisation which now include agriculture, small scale industry, small business, artisans and other weaker sections of the community. This priority sectors now claim 40 per cent of total bank credit.

If we go by statistics, performance of banks during post-nationalisation period has really been impressive. The growth in branch-banking and diversity in banking functions are really phenomenal. There is a feeling, however, both at the political and administrative level and also at the service-recipient level that the banking policies of the government are not being implemented in right earnest. As a result, customer-service is deteriorating very fast. It was aptly summed up by Working Group on Customer Service in the following words :

"There is a general feeling today, both amongst bankers themselves and in the public at large, that customer-service rendered by banks leaves much to be desired, and in certain respects has indeed reached very low levels. This can be ascribed to many reasons. May be the enormous branch expansion programme undertaken by banks, along with the ever-widening range of their activities and

responsibilities, particularly after nationalisation has weakened the structural fabric of the organisations. Simultaneously, public expectations have been constantly, often justifiably, increasing and with the growing public awareness dissatisfaction over the service has assumed growing expression".

About a decade and half has passed since the Working Group made the above observations but it is true even today. Customer-Service Cells were set up in 1985 at all banks at the instance of the then Minister of State for banking who was highly dissatisfied with the level of Customer-Service in banks having seen it himself by making unannounced visits to branches of different banks. But his efforts, perhaps, ended in a gimmick. After his transfer from the banking ministry the much publicised Customer-Service Cells were either closed down or made defunct. Customer-service continues to deteriorate as the days pass, as if, it has an inverse relationship with Time.

It is not that the policy makers at Government, RBI and bank levels are not aware of this reality. Every where, there is a talk about it but nobody is doing anything but talking just like Eliot's women talking of Michelangelo in *The Love Song*. No serious studies have been made so far, except a few based on customer-survey only, to inquire into the causes of deterioration of customer-service in banks. The monograph under review, though partial, is an attempt towards that direction.

In central part of the book the author reports the results of investigation made into the behavioural pattern of employees and customers of banks in their transactions, between and amongst themselves, with bank management and environment with a view to analysing and explaining the job behaviour of employees manifested ultimately into Customer-Service rendered by banks. The sample chosen for the study is, however, restricted to Delhi region only, though the six banks selected for this purpose are fairly representative. It is not possible

therefore, to draw general conclusions from the results of the investigation, though at places the author has tried to do so. For example, it has been found from her investigation that officers of the banks have higher level of education than the clerks and an 'obvious' explanation for this is ascribed by the author to the change in the policy of recruitment by banks after nationalisation. 'During post-nationalisation period', the author explains, 'direct recruitment to officers category had been restricted to graduates and above. A *smaller number* though continued to be promoted from within on the basis of seniority. Many of the officers in this category had lower educational qualifications' (p. 50, italics mine). And elsewhere, 'the banks had only a small percentage of promoted officers' (p.60). The findings seem to be peculiar to Delhi region only and may not be obtainable in many other parts of the country and hence, a general conclusion cannot be derived, particularly when the author has a wrong understanding of the recruitment policy of banks in officers cadre after nationalisation. In fact, only a *smaller number* of recruits in officer's cadre (around 25 per cent) is by way of direct recruitment, the rest by promotions from clerical cadre only. The present promotion policy of banks enables a clerk to get promoted to officers cadre in less than five years time. These boys are highly educated, thanks to the establishment of Banking Service Recruitment Boards. And they possibly swell the rank of officers having higher level of education.

The same regional bias is observed when the author concludes that a 'larger percentage of clerks perceived their affiliation to the dominant union' namely AIBEA, 'the number of those who were affiliated to other unions was quite limited'. This observation may be true for Delhi and northern region but not for many other parts of the country.

In fact, the statistical analyses of investigating variables are so rich that one feels pain in reading the rather naive and unconnected conclusions reached by the author. This speaks of excellent knowledge of statistical techniques but rather superficial understanding of banking industry and partial approach to the problem. When the author says that 'many of the well qualified officers had opted

for going to villages, since it provided them opportunities for quick promotions" it belies not only her understanding of the promotional opportunities of bank officers but also the organisational process which makes a bank officer 'opt' for a rural branch. While the author agrees that bank employees are mostly of urban orientation, she fails to understand the tension that a bank officer undergoes when he receives a transfer order to a rural branch. She misses force for option.

The research has brought out well the cultural differences among banks. The author observes that the bank level differences are the most powerful ones and thinks rightfully that the traditions, conventions and norms of banks as reflected in the differential emphasis placed by them on focal points of organisational functioning are quite desirable and banks should take pride in maintaining such elements, since it helps them having an individuality of their own (p. 67). In fact this important point was missed by the government and Reserve Bank of India when they tried to push in State Bank of India culture on almost all nationalised banks by putting in State Bank executives at the helm of affairs of these banks. This policy of 'cultural homogeneity' has created tremendous damage to the organisational functioning of nationalised banks. The government, perhaps, has learnt a lesson from this experience and is now reversing the policy of appointment of Chairmen of nationalised banks as some of the recent appointments indicate.

But unfortunately the author herself may not have deep conviction to what she observes earlier, because in page 87 she talks of annulling the differences, though in a somewhat vague manner.

While relating the bank employees with the customer and hence, customer service (chapter 5) the author has rated efficiency of customer-service in terms of promptness of correspondence, completion of pass books and on overall feeling of being served efficiently. In her research the author has concentrated on depositor-customers only and kept the other important section of customers, namely, borrowers outside her purview. Borrower-customers have not featured anywhere in the book except in two

critical incidents narrated in Appendix II. The dimensions of customer-service to borrowers are quite different from that of depositors. Ignoring the former has made the study partial. However, some important observations have emerged from the investigation. One such observation is that the medium-sized branches perform more efficiently than the large and small branches. The author rightfully concludes that there must be an optimal size of the branch to render efficient customer-service. Branches should not be allowed to go beyond a limit. This point is now conceded both by bank managements and RBI but what that limiting size should be, nobody knows because no serious study has so far been made. It should, however, be remembered that efficiency and customer-satisfaction need not always go together. While a medium-sized branch is more efficient than a small branch, customer-satisfaction is higher in the latter than in the former type of branches as has been brought out by the author (p. 120). This is particularly true in rural branches where a villager may take offence if he is served faster!

Similar is the case with work values and motivation. The investigation has revealed that work commitment is the most preferred value for the bank employees and *Aram* is their least preferred value (p. 70) but such a positive value has not given rise to work motivation which is predominantly organisation-specific.

The normative approach taken in the last two chapters of the book titled "Branch Managers" and "Summary, Issues and Implications" has diluted the value of the book to some extent. Many of the issues raised do not flow from the result of the investigations reported in the book. The pages are full of so many 'should be', 'expected to be', 'must be' and 'ought to be' that one is reminded of the story of the owl-consultant who advises his client, a cat, to kill the tiger so that she can move freely in the jungle but stops short of suggesting how to, because that is not his job.

The criticisms, however, do not distract the value of the main research. Policy-makers can draw their own conclusions from the findings and design appropriate framework for ameliorating customer-service in banks. But I am once again engulfed with Eliot's pessimism :

"Between the idea
And the reality
Between the motion
And the act
Falls the Shadow

For Thine is the Kingdom"

Hrishikes Bhattacharya
Professor of Finance
Indian Institute of Management Calcutta