

173648

CUSTOMER SATISFACTION IN NEW GENERATION BANKS - A CASE STUDY OF TIMES BANK

By
MUKESH SHANKER. M.S



PROJECT REPORT

Submitted in Partial fulfilment of the requirement for the degree of

BACHELOR OF SCIENCE IN CO-OPERATION & BANKING

FACULTY OF AGRICULTURE

COLLEGE OF CO-OPERATION, BANKING AND MANAGEMENT

**KERALA AGRICULTURAL UNIVERSITY
VELLANIKKARA, THRISSUR
1998**



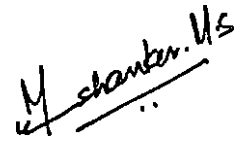
DEDICATED TO
MY LOVING PARENTS

DECLARATION

DECLARATION

I hereby declare that this Project Report entitled "CUSTOMER SATISFACTION IN NEW GENERATION BANKS - A CASE STUDY OF TIMES BANK" is a bonafide record of work done by me during the course of placement and training and that the report has not previously formed the basis for the award to me of any degree, diploma, associateship, fellowship or other similar title of any other University or Society.

Vellanikkara


MUKESH SHANKER.M.S

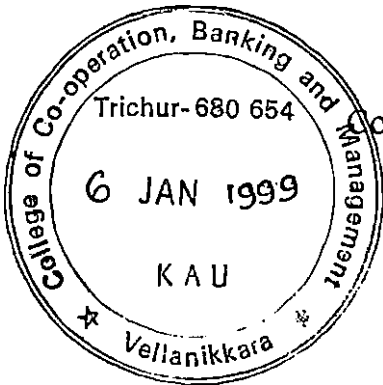
(94-05-23)

CERTIFICATE

CERTIFICATE

Certified that this Project Report entitled "CUSTOMER SATISFACTION IN NEW GENERATION BANKS - A CASE STUDY OF TIMES BANK" is a record of original work done independently by Mr. Mukesh Shanker, M.S under my guidance and supervision and that it has not previously formed the basis for the award of any degree, diploma, fellowship or associateship to him.

Vellanikkara



A handwritten signature in black ink, appearing to read "Jacob Thomas", written over a horizontal line.

JACOB THOMAS,

Assistant Professor,

College of Co-operation Banking and Management,

Kerala Agricultural University.

ACKNOWLEDGEMENTS

ACKNOWLEDGEMENTS

This project report is not the product of exclusively my effort. For the completion of this I received enormous support from many, that a comprehensive acknowledgement is almost not possible. I wish to express my heartfelt thanks to :

Mr. JACOB THOMAS, Asst. Professor and my guide for his expert guidance and encouragement that helped me in completing my work,

Dr. K.P.MANI and Mr. BONIFACE, members of the viva board whose discerning criticism and advice made this project more logical,

Smt. K.N. USHA DEVI, Asst. Professor and my advisor who was an infinite source of inspiration and encouragement throughout my academic life,

Mr. PHILIP SABU, Asst. Professor and Officer-in-charge of placement for his effective support to do the project work and training in the most efficacious manner,

Dr.M..MOHANDAS, Associate Dean and other esteemed faculty members for their generous advises and constant encouragement through out my academic life,

The Officers and Staff of TIMES BANK, Kochi Branch, whose kind co-operation and valuable guidance made my project work in to reality,

Mr. SUMESH.T.S., C/o DELTA COMPUTERS, Mannuthy for his excellent work that materialised the project work into the present form,

All my friends of CCBM family including my class mates, seniors and juniors for their unforgettable affection and support extended to me,

My Parents and my family who made matchless contributions to my academic and personnel pursuits and to whom I dedicate this work.

MUKESH SHANKER.M.S

CONTENTS

CONTENTS

Chapter No.	Title	Page.No
I	Design of the study	1
II	Organisational profile	13
III	Analysis of customer satisfaction	22
IV	Summary of findings & conclusion	36
	Bibliography	
	Abstract	
	Appendix	
	Placement report	

LIST OF TABLES

LIST OF TABLES

Table No.	Title	Page. No
2.1	Position of Times Bank in Indian banking scenario	17
3.1	Customer satisfaction with respect to speed of transactions	24
3.2	Experience at the time of account opening	25
3.3	Customer satisfaction with respect to bank premises	26
3.4	Customer satisfaction with respect to service on telephone	27
3.5	Customer satisfaction with respect to teller service	28
3.6	Customer satisfaction with respect to ATM facility	29
3.7	Customer satisfaction with respect to personnel rendering services	31
3.8	Customer satisfaction index for delivery systems parameters	32
3.9	Customer satisfaction index for various occupation wise segments	33
3.10	Ranking of various segments of customers based on customer satisfaction index	34

DESIGN OF THE STUDY

CHAPTER 1

DESIGN OF THE STUDY

1.1 Introduction

Banks are the backbone of economy. They act as catalysts in country's planning effort to bring about a rapid, purposive, progressive positive and significant changes in the development of the country. Banks have a special role to play as intermediaries between savers and users of funds in the society. Banking in India has become more complex and more challenging after the liberalisation of the early '90s. In the ever changing banking scenario, the single law of survival of the fittest continues to be more relevant. The change is discernible with the presence of more foreign banks and private sector banks, buoyant capital market and innovative financial instruments in the market. In consonance with the above, banks are being converted into 'financial boutiques' serving all the financial needs of the customers.

Banking is essentially a service industry. Improved customer service has now assumed paramount importance with the entry of foreign banks and emergence of private banks. The customer service means generation of range of services designed to meet the customer needs, not only to the present customers but also the demand of potential prospective customers. For

banks, customer service is the first casualty or the most important duty. Prompt and efficient service with a smile will develop good public relation, reduces complaints and increase business.

1.2 Statement of the Problem

Banks are business organisations selling bank services. Bank services are viewed in terms of satisfaction they delivers. Various dimensions of customer satisfaction are convenience of transactions, easiness of transferring funds, extended banking hours, pride in ones own bank etc. Modern banks have product planning and development just like manufacturing concerns. Hence it is necessary for banks to assess how customers perceive bank service. Assessing customer satisfaction will help the bank in identifying and solving short comings in services and for introducing new product innovations in banking services so as to meet customer expectation & needs.

After liberalisation in early 90's many more banks entered Indian banking scenario. The entry of these banks had made the banking sector more competitive. The customer satisfaction is gaining importance in the face of this growing competition, technological advancement, expanding world market, changing international environment increasing customer sophistication and growing size of complexities in the modern business. Customers are being more aware, better educated and

unwilling to be treated generically. Hence almost a wholesome change is being witnessed in the Indian banking scenario which asserts and strengthens the customer position as the kingpin of the banking industry. In the light of the above timely improvements in the banking service by assessing customer perception and aspiration are called for.

1.3 Need and significance of the study

Banking being a service industry, the success of a bank will depend up on the range and quality of service offered by it. The range and quality of service are the main areas where banks compete each other. So the satisfaction derived from this range and quality of service play a vital role in the success of the bank. Recognising the contemporary importance of customer satisfaction, the present study seeks to analyse the level of customer satisfaction with reference to the Kochi branch of Times Bank.

1.4 Objective of the study

The objective of the study is to asses the extend of customers satisfaction in Times Bank with respect to selected parameters.

1.5 Period of the study

Customer survey was conducted during the period 1998 October to 1998 November.

1.6 Methodology

(i) Data Collection

Primary data were collected through a pre-structured schedule administered to 100 customers selected at random from Kochi branch of Times Bank. The branch at Kochi is a specialised savings branch. Hence the customers surveyed are confined to savings account holders.

(ii) Data analysis

The statistical tools used for analysis are percentage, averages and customer satisfaction index. The analysis of the primary data is done with respect to the efficiency of the delivery system.

The parameters selected to measure the efficiency of the delivery system are:

- (i) Speed of transactions
- (ii) Bank premises
- (iii) Service through telephone
- (iv) Teller service
- (v) ATM facility
- (vi) Staff service levels

Further a segment wise analysis was also done to find out the level of satisfaction of various occupation wise segments. The customer satisfaction index(CSI) will be calculated as follows

$$CSI = \left[\frac{\sum_{I=1}^n X_{is}}{\sum_{I=1}^n X_{it}} \right] 100$$

Where

$X_{is} \Rightarrow$ The number of satisfied responses for the i^{th} parameter.

$X_{it} \Rightarrow$ The number of total responses for the i^{th} parameter.

Based on the CSI value the total satisfied customers is divided into four categories viz., less satisfied customers (CSI value <25), satisfied customers (CSI value 25-50) moderately satisfied customers (CSI value between 50 to 75) and highly satisfied customers (CSI value 75-100).

1.7 Scope and limitation of the study

The scope of the study is limited to the Kochi branch of the Times Bank. Efforts have been made to make the sample a true representative one. Due to time constraints the sample size has been limited to 100 respondents. The observation made and conclusion drawn are based on the sample selected from one of the branches of Times Bank which may not be applicable in all respects to other branches or Times Bank as a whole.

1.8 Scheme of the study

The present study is divided into chapter as follows :

Chapter I presents the design of the study which includes introduction, statement of the problem, objectives, review of literature, methodology scope and limitation.

Chapter 2 presents the organisational profile of Times Bank

Chapter 3 highlights the analysis of customer satisfaction and determination of level of customer satisfaction with respect to various occupation wise segments of customers.

Chapter 4 deals with the summary of finding of the study and conclusion.

1.9 Review of literature

A study on customer satisfaction in banks will be incomplete without an enquiry into the studies on similar topics done by experts. Studies of some of the researchers are briefed below.

Archana Mathur (1988)¹ in the study on customer service in State bank of India and State Bank of Bikaner and Jaipur, opined that the effectiveness of customer service implies that the whole process should be in two ways. The bank management should draw appropriately a list of expectations from the customers and communicate it to them. It says that this will help the bank to serve their customer better. The customers will be happy only if their expectation match the service rendered by the bank.

Battacharya (1991)² observed that given the rising demand of customer as well as increasing competition the need of the hour is to gear itself positively to the need of the

customers. This would mean the rendering of customer services is an efficient and effective manner.

Bandopadyay (1994)³ in a study conducted in some of the branches of the State bank of India and its associates has concluded that customer services is one of the areas that need improvement. The banks have to sell their services with a view to maximise profit and this will be possible only if they can attract customers by providing better services. This calls for a change in the attitude of bankers at various levels.

Bhatnagar and Mukesh (1998)⁴ states that unlike manufacturing or mining activity in which the results are tangible and the productivity is much easily measurable it is not the same with the banking sector which is primarily a service utility institution. It was observed that the speed in which and the efficiency with which a matter is disposed off, speaks of the credibility of the bank.

Basu (1993)⁵ has observed that in the changed economic scenario of the country, the most important task before the existing banks is to reform, making the customers as the central element in the banking business. He calls for a major overhaul in the attitude and management process by giving concern to the customers and his needs and realisation that the bank exists only because of its customers.

In the light of the findings of a study conducted by Brahmanandan and Narayanan (1990)⁶ it is being suggested that there should be an attitudinal change among the bank staff toward providing good customer service. Frequent contact of customers by responsible staff members is advocated for improving banker-customer relationship. They have also outlined the need for educating customers regarding various policies and procedures of the bank.

Chaudhari (1994)⁷ viewed satisfaction as gratification of needs, contentment arising from fulfilling of all conditions or the meeting of all requirements and dissatisfaction as a grievance or a course for complaint.

Committee on customer service in banks (1992)⁸ under the chairmanship of Goiporo in its report submitted in 1992 observed: Service at the counter, deposit and other accounts, term deposit and work culture, discipline and the attitude are the areas where bankers should keep an eye throughout for a perceptive improvement.

Datta (1991)⁹ had suggested that for satisfaction of customer needs, banks system procedures or even policies may have to be bent to confirm to the bank's rules rather than customers being bent to confirm to banks' rules. It was found that all that a customer needs cannot always be met or provided, but here comes the question of inability of the organisation to

extend its service for a maximum while trying to come as near as possible to what the customer demands.

Kotler, Philip (1997) ¹⁰ defined satisfaction as a person's feelings pleasure or disappointment resulting from comparing a product perceived performance (or outcome) in relation to his or her expectations. If the performance falls short of the expectation the customer become dissatisfied.

Govindaraju (1996) ¹¹ is of the view that a study of satisfaction or dissatisfaction procedure and post dissatisfaction responses would be useful addition to the existing knowledge in the field of customer behaviour which is not so rich with respect to service when compared to tangible goods. More over such a study would be helpful to bank marketers to evolve a customer focused marketing activity.

Gain (1997) ¹² in a study on customer defection states that the complete customer loyalty of the pre-nationalised era of banking industry gave way to half hearted customer loyalty during the nationalisation period. Now in the post liberalisation stage, it is more or less conspicuous by its absence. It was the customer loyalty which, like in any other industry, that banks had always sought form its customer. The study reveals that majority of the customer (68%) quit due to the difference of the bank staff towards them, 1% quit on death, 3% move away, 5% farm other friendship, 9 % for competitive reasons and 14 % due to product dissatisfaction. Bankers are to

be aware of the fact that bringing in new customers is much more expensive than serving the present clientele more satisfactorily.

Gurju Singh (1997) quoted the findings given by the auditors of the Reserve Bank of India regarding their irregularities in service of banks. The identified irregularities were :

- (i) Non holding of customer service meeting
- (ii) Not offering immediate credit to outstation cheque upto Rs.5000.
- (iii) Not paying interest on delayed payment on automatic basis.
- (iv) Not sending advanced information regarding maturity of FDRs (Fixed Deposit Receipts).
- (v) Work relating to updating of passbooks found in arrears
- (vi) Incomplete maintenance of passbook retained overnight register.
- (vii) Unprecedented increase in the number of complaint related to the lack of proper customer service.

The team observed that the following are most grievance prone areas observed in relation to customer service in public sector banks.

- i) Delay in accepting cash
- ii) Late credit of interest in the accounts

- iii) Delay in collection of cheque, draft & other outstation instruments.
- iv) Delay in sanction of loans
- v) Non submission of statement of accounts.
- vi) Misconduct or rude behaviour by staff towards customers
- vii) Delay in settlement of claims, cases.
- viii) Excess bank charges
- ix) Delay in time of Demand Draft
- x) Non availability of small denomination notes
- xi) Non acceptance of small denominate notes
- xii) Delay in remittance or transfer of accounts
- xiii) Non compliance of drawer or accounts holder instructions

According to Nandi (1985)¹⁴ a customer places himself at the hands of the banker once he decides to buy product of the bank. Unlike a consumer goods buyer, he is unable to use the product by himself, without the services of the bankers. He adds that to retain a customer, it is necessary for the banks to develop the connection into a client relationship.

Rathor (1988)¹⁵ has pointed out that courtesy, speed, accuracy and helpful attitude in understanding the customer's needs will help a long way for bank marketing in the country. He has considered these factors as foundation on which the entire structure of customer satisfaction has been build up.

ORGANISATIONAL PROFILE

CHAPTER II

TIMES BANK - A PROFILE

Times Bank was established in August 1995. It was the 8th new generation high tech bank to be set up after liberalisation. The bank forms the part of the 150 years old Bennet and Colmann Times of India group. The bank has its registered office at Faridabad and corporate office at Mumbai. Sri. B.G. Deshmukh is the chairman of the bank.

The bank is built on a capital base of Rs. 100 crores. In the retail segment the bank has 65,000 customers and on the corporate side the bank client base include 12 of the top 50 industrial groups as also 11 multinational companies operating in the country. The bank has 30 branches across the country.

During the last two years, the bank was mainly focused in making investments for creating infrastructure to ensure that the pace of growth is maintained. Stress on customer convenience, service excellence, research, product development and a work ethics based on high integrity has mainly contributed to bank's growth. Times Bank very recently crossed an important land mark of Rs. 1000 crore in a remarkably short period of 521 days from the launch of bank. The bank had preferred very strongly the fundamental areas of winning customers and developing its core retail and corporate business.

In the last financial year the bank had a growth of 270% in deposits, 132 % in advance and 33 % in profit over the previous year. The bank has a comfortable capital adequacy ratio of 15.39%. The priority sector targets set up by the RBI was also exceeded by the bank.

The bank had consciously taken a stronger path towards the creation of a 'new millennium bank'. The cornerstones of this strategy are customer focus, investments in the infrastructure creation, cost management and risk control. The parent Times group's strong reach and impact among the intellegentia and the middle class across the country makes retail business the obvious focus for the bank's growth. In addition, the bank has identified customer services as the specific niche for creating an impact in the business community. In building the credit portfolio the bank has taken care to spread its risk over diverse industries. The bank's current exposure is in growth area like infrastructure as well as traditional businesses like textile, diamonds, fertilizer, automobile etc.

To support its customer, the bank has created a very advanced technological infrastructure which permits connectivity across all branches in the country. The bank spent over Rs. 8 crore in upgrading its delivery platforms to ensure speedy transaction processing for its growing customer base. The bank has also invested in creating international standard branches at 24 carefully selected location in 14 cities. Newer channels of distribution like Automatic Teller Machine (ATMs),

Telephone banking and Internet have been exploited. Today the bank has 24 interconnected ATMs in 14 cities and a home page on the Internet. All branches of the bank are equipped with the ATMs and modern banking related gadgets like currency counting machines, cheque book dispensers, magnetic ink character recognition (MICR) encoders etc. Since the customer transaction data is centralised, the bank offers any where any time banking service to its clients. The bank also provide tele-banking services through interactive voice system installed at Mumbai. This service will be extended to other branches also in the near future. Steps are even now a foot to provide corporate clients tele-access to their accounts. The bank has also been connected to Society for World Wide Interbank Financial Telecommunication (SWIFT) network. To enhance internal efficiency, the bank has chose Lotus Notes Domino as its platform per work flow automation. The bank has a centralised data base running as a dual processor As/400 system Model 2152 at Bangalore. As a hot standing, another As/400 system model 2151 has been installed at Mumbai and both are connected to each other. All the branches of the bank are connected to the central host system through V-SAT based communication network. The bank also has a completely modern training facility at Bangalore, where in a dummy branch environment in stimulated to impart hands on training to the new recruits. It also familiarises them with the working of totally automated branch. The bank used "Equation/3" application software from Midas-Kapiti of United Kingdom.

The bank has 375 professional as its staff who have been picked up from 40 international and domestic banks in the country. The entire senior management group has international and domestic exposure. The bank believes in training and has sent its executives to the best training institution internationally and locally for learning newer technologies, procedures etc. Inhouse training which all employees attend concentrate on imparting banking knowledge and inculcating customer focused culture.

The Kochi branch of the bank is a specialised savings branch. The branch is headed by Assistant Vice president who is assisted by Manger (Corporate banking) and Manager (personal banking). There is also an Assistant Manager (operation). Junior executives function under these Managers. The branch offers various convenience to its customers. These includes :

- (i) Sunday & holiday banking :- An exclusive feature where by the bank works on all 7 day a week.
- (ii) Home banking :- Where by a customer can open an account just sitting at home and get other services too.
- (iii) Any where banking :- Where by the customer can access his account from any of the bank branches.
- (iv) Draft Access ATM :- Where by the customer can deposit or withdraw money, even send demand drafts, any time during day or night.

- (v) Electronic fund transfer:- Where by funds are transferred instantaneously between accounts maintained in any branch.
- (vi) Extended banking hours :- Where by the bank deal business from 9 am to 3 pm.
- (vii) Personalised cheque books:- Where by the customer get pre-printed (Name & Account Number) Cheque books

The branch will shortly introduce net banking where by banking services could be rendered via Internet and dial 'n' banking where by the bank will provide 24 hour tele-banking service.

Table 2.1 Position of Times Bank in Indian banking scenario.

PARAMETERS	All India Rank of Times Bank as on March 1998	Bank that comes first in this category
1. Financial Parameters		
a) Deposits (Rs. crores)	44 (2214.39)	SBI (131091.32)
b) Average working funds ¹ (Rs. crores)	49 (1768.20)	SBI (128423.23)

¹ Average working fund : Aggregate of the deposits and the borrowing of the bank on March 31, 1997 and March 31, 1998 divided by two.

c) Net Profit (Rs. crores)	45 (23.45)	SBI (1861.20)
d) Operating Profit (Rs. crores)	50 (37.26)	SBI (3504.96)
e) Segment rank	48	SBI

2. Operational ratios

a) Net Non Performing Asset/Net advances (%)	18 (1.41)	Bank Nationale De Paris (0.00)
b) Capital adequacy ratio ² (%)	41 (11.26)	State Bank of Mauritius (73.50)
c) Interest income/Average working funds (%)	54 (12.10)	State Bank of Mauritius (34.67)
d) Non interest income/Average working funds (%)	35 (2.56)	Chase Manhattan Bank (29.73)
e) Operating expenses/Average working funds (%)	16 (2.46)	British Bank of The Middle East (1.19)

² Capital Adequacy ratio: Capital to risk weighted assets ratio of the bank as published in 1997-98 balance sheet.

f) Segment rank	20	SIAM Commercial Bank
-----------------	----	-------------------------

3. Profitability ratios

a) Interest spread/ Average working funds (%)	81 (2.08)	State Bank of Mauritius (26.78)
--	--------------	---------------------------------------

b) Net spread/ Average working funds (%)	59 (3.54)	Sate Bank of Mauritius (29.40)
---	--------------	--------------------------------------

c) Net profit/ Average working funds (%)	39 (1.33)	State Bank of Mauritius (18.52)
---	--------------	---------------------------------------

d) Net Profit/ Net worth (%)	38 (16.32)	Global Trust Bank (33.15)
---------------------------------	---------------	---------------------------------

e) Operating profit/ Network (%)	51 (25.93)	State Bank of Hyderabad (73.53)
----------------------------------	---------------	---------------------------------------

f) Segment rank	63	Deutche Bank
-----------------	----	--------------

4. Productivity ratios

a) Business/Branch (Rs. in crore)	33 (109.11)	Bank of America (1926.10)
--------------------------------------	----------------	------------------------------

b) Operating profit/ Branch(Rs. in crore)	36 (1.24)	Bank of America (75.62)
c) Business/Employee (Rs. in crore)	18 (7.36)	Indusind Bank (19.16)
d) Operating profit/ Employee(Rs. in crore)	35 (8.37)	SIAM Commercial Bank (76.90)
e) Segment score and rank	35	Bank of America
5. Overall rank	37	Bank of America

Source : 'The Best Banks', *Business Today*, 7(21), 88-110.

In a year (1997-98) marked by crumbling currencies, market meltdown and onset of global economic slow down, the banks in India demonstrated a surprising resilience to the turmoil - a resilience that defies global banking trends. In 1997-98 the appetite for funds lost under the onslaught of the economic slow down and corporates refused to borrow - even as the bank deposits swelled. Wisely the banks chose to use the opportunity to prepare for the future rather than scramble and skirmish for current business. Many of them, including Times Bank, refocused their activities seeking clearly defined identities, in terms of services and customer segments.

The ranking presented in the table 2.10 were calculated by Business Today magazine for the financial year 1997-98. The methodology was developed by the audit and consultancy firm KPMG Peat Marwick. The data for the study was compiled from the balance sheets of banks.

The all India ranking of the Times Bank as per the table is 37. This achievement is remarkable considering the fact that the bank had completed only three years of service.

ANALYSIS

CHAPTER III

ANALYSIS OF CUSTOMER SATISFACTION

Introduction

Satisfying customer is the mission and purpose of every business. Customers are playing a very important role in defining competition in the industry. Customers are now taking charge, expecting and demanding more and more from the vendors. With the availability of upto date services, produces, the Indian Customer, much like his counterpart else where, will accept nothing less than the best. Customers are now ensuring that the market belongs to the person who can provide the best product, backed up with the excellent service at the lowest price.

The banks also must consider the customer as the end all and be all of all activities. The essence of good customer service in banks is in attending to the transactions courteously and promptly. This would place the bank a step a head of other in business development and in projecting the banks image in right perspective.

In this chapter, the first section is concerned with the percentage analysis of the customer responses with respect to the components of the service system of the Kochi branch of Times

Bank. The second section is concerned with the analysis of differences in the customer satisfaction level of various occupation wise segments of customers.

SECTION I

3.1 Evaluation of customer Satisfaction - The percentage analysis

The percentage analysis is done based on responses to selected parameter with respect to the major components of customer service, efficiency of delivery system. For each parameter the responses of customers are taken as a strongly positive response, a positive response, a negative response and a strongly negative response. If, for a parameter the percentage of strongly positive responses and positive responses are greater than the percentage of negative responses and strongly negative responses, then with regard to that parameter customer satisfaction is said to exist.

3.1.1 Evaluation of customer satisfaction with respect to efficiency of delivery system.

Under this section an attempt is made to analyse customer satisfaction with respect to customer delivery system of Times Bank, based on selected parameters like time taken for transaction, experience at the time of account opening bank premises, service on telephone, teller service & ATM facility, and personnel rendering the services.

a) Customer satisfaction with respect to time taken for transaction

Table 3.1: Customer satisfaction with respect to speed of transaction

(in percentage)

Parameters	Level of customer satisfaction			
	Highly Satisfied	Satisfied	Dissatisfied	Highly Dissatisfied
Deposit Cash (100)	32	68	-	-
Encash cheque (100)	33	66	1	-
To get credited other bank's cheque to your account in this bank (99)	15	43	35	7
To get money credited to your account after submitting an outstation cheque (95)	15	40	37	8
To get a new cheque book (93)	30	44	26	-
To issue a DD (78)	28	67	5	-
For payment of DD (85)	28	41	31	-
To get a new ATM card (96)	30	39	31	-

Note : Figures in bracket denotes the number of responses for each parameter

From the table it is evident that majority of respondents are satisfied with time taken to deposit and withdraw cash. However with regard to other parameters a major portion of the respondents were not satisfied. The negative responses was maximum regarding time taken for collection of outstation and local cheques.

b) *Customer Satisfaction with respect to experience at the time of account opening.*

Times Bank has an unique scheme of home banking facility for account opening. The banks representative will reach the potential customers house or office and start the account. Mostly the accounts of businessmen and public sector employees in higher cadres are started in this manner. The private sector employees start their account in the bank mainly due to the tie up between the bank and their organisation. They receive their salaries through the bank.

Table 3.2 Experience at the time of account opening

(in percentage)

Parameters	Level of customer satisfaction			
	Highly Satisfied	Satisfied	Dissatisfied	Highly Dissatisfied
Experience at the time of account opening	34	64	2	-

As the table 3.2 represents 98 per cent of the respondents were satisfied with the procedures of account opening 34 per cent of respondents were highly satisfied.

c) Customer Satisfaction with respect to bank premises

Table 3.3 : Customer Satisfaction with respect to bank premises
(in percentage)

Parameters	Level of customer satisfaction			
	Highly Satisfied	Satisfied	Dissatisfied	Highly Dissatisfied
Neatness of lobby	30	69	1	-
Easiness in identifying various sections	32	66	2	-
Space in the lobby	31	36	17	16
Space to carryout transaction with interference	32	67	1	-
Neatness of staff work desk	35	64	1	-
Comfortable environment	33	67	-	-
Neatness and cleanliness of surroundings	29	70	-	1
Parking space	9	14	35	42

84.5 71.5 14

Times Bank is located at Mather Square, opposite to Ernakulam town Railway station. The major constraint of the bank over there is the parking space. Not more than six cars could be parked in front of the bank and this space will be filled by the vehicles of the bank staff. So the customers find it difficult to park their vehicles. As such 42 per cent of the customers were highly dissatisfied with the parking space. Space in the lobby was another parameter which had some of the customers responding in the negative manner. The lobby has only 3 seats. 33 per cent of the customers were dissatisfied with the space in the lobby of which 16 per cent were highly dissatisfied. In every other parameters the customers were satisfied with the bank premises. In general 86 per cent of the customers were satisfied with the bank premises of which 14 5 were highly satisfied.

d) *Customer Satisfaction with respect to service on telephone*

Table 3.4 : Customer Satisfaction with respect to service on telephone (in percentage)

Parameters	Level of customer satisfaction			
	Highly Satisfied	Satisfied	Dissatisfied	Highly Dissatisfied
Courteousness of telephone operator	36	60	2	2
Speed of service	33	64	2	1
Adequacy and clarity of information	32	61	2	5

33

63

96 per cent of the respondents were satisfied with the service on the phone. 33 per cent of the respondents were highly satisfied. 6 telephones of the branch are entrusted for serving customers. The bank will shortly introduce tele banking facility by which the customer can access their accounts through phone.

e) Customer satisfaction with respect to teller service.

Table 3.5 : Customer satisfaction with respect to teller service.

(in percentage)

Parameters	Level of customer satisfaction			
	Highly Satisfied	Satisfied	Dissatisfied	Highly Dissatisfied
Service provided by teller	33	60	6	1
Waiting time to see teller	29	45	25	1
Competency of teller in his job	30	68	1	1

31

89

89 per cent of the respondents are satisfied with the teller service of which 31 per cent are highly satisfied. On an average 95 per cent of the customers were satisfied with the courteousness and competence of the teller. Major portion of the negative response in teller service came with regard to the

waiting time to see teller. 25 per cent of the respondents were not satisfied with the waiting time.

f) Customers Satisfaction with respect to ATM facility

Table 3.6 : Customers Satisfaction with respect to ATM facility

(in percentage)

Parameters	Level of customer satisfaction			
	Highly Satisfied	Satisfied	Dissatisfied	Highly Dissatisfied
Neatness and cleanliness of ATM enclosure	36	64	-	-
Working and usefulness of ATM	35	41	24	-
Reasonable of waiting time to use ATM	64	36	-	-
Adequacy of cash withdrawal limit	36	54	10	-

36

54

ATM facility was installed in the Times Bank in 1997. Every savings account holder is given an ATM card at the time of account opening. Each card holder has to maintain a minimum balance of Rs.5000 for operating the ATM facility. ATM function 23 hours a day. There is a maintenance time of one hour everyday from 9.30 am to 10.30 am. It is during this time that the depositing amounts are counted and credited. Automatic Teller Machine does not count the deposited currency. The deposited currency is credited to the account of the customer on the next day only. Three types of cards are only provided with withdrawal limits of Rs.3000, Rs.5000 and Rs.10,000. The maximum amount that can be withdrawn at a time for these cards are Rs.3000, Rs.5000 and Rs.10000 respectively.

There had been complaints of ATM disfunctioning occasionally. This may have caused a 24 per cent negative response to the parameter of general working and usefulness of ATM. In all the other parameter there were more of satisfactory responses. On an average 92 per cent of the respondents were satisfied with the ATM facility of which 36per cent were highly satisfied.

g) Customers Satisfaction with respect to personnel rendering services.

Table 3.7 Customers Satisfaction with respect to personnel rendering services.

(in percentage)

Parameters	Level of customer satisfaction			
	Highly Satisfied	Satisfied	Dissatisfied	Highly Dissatisfied
Reception	35	65	-	-
Priority in attending to customers	35	57	8	-
Understanding customers requirements	35	58	7	-
Provision of personalised services	34	63	3	-
Speed of resolving queries	34	66	-	-
Politeness and courteousness of staff	39	55	6	-
Flexibility on rules and procedures	34	44	21	1

This table reveals that 93 per cent of the customers are satisfied with the staff service levels.

SECTION II

Analysis of the level of customer satisfaction

In this section firstly the level of customer satisfaction is analysed based on the positive responses of the customers with respect to the various parameters of the delivery

system. Based on this general customer satisfaction level of all the customers is found out. Secondly occupational segment wise satisfaction index is worked out.

Customer satisfaction Index (C.S.I) is used to calculate the ratio of the aggregate of satisfactory responses of all parameters of components of customer service to aggregate of total responses for all parameters of that components expressed as a percentage.

3.2.1 Customer satisfaction index for delivery system parameters (C.S.I_d)

Table 3.8 : Customer satisfaction index for delivery system parameters (C.S.I_d)

PARAMETER	X _{is}	X _{it}
1) Speed of Transactions	602	800
2) Bank premises	684	800
3) Service on the telephone	480	500
4) Teller Service	356	400
5) Automatic teller machine	366	400
6) Staff Service level	660	700
ΣX_{is}	3148	
ΣX_{it}		3600
C.S.I _d	87.44	

Customer satisfaction index as shown in the table reveals that customers are highly satisfied (CSI value 87.44)

Table II B Customer satisfaction Index for various occupation- Wise segments

Occupation Wise Segments Parameters	Business		Retired		Salaried Private Sector		Salaried Public Sector		House wise		Student		Self Employed Professional	
	X_{is}	X_{it}	X_{is}	X_{it}	X_{is}	X_{it}	X_{is}	X_{it}	X_{is}	X_{it}	X_{is}	X_{it}	X_{is}	X_{it}
Speed of transaction	44	116	68	60	204	213	113	114	62	66	51	77	57	77
Bank Premises	92	120	68	72	205	240	8	128	78	80	72	80	70	80
Service on telephone	74	75	45	45	50	150	76	80	48	50	46	50	50	50
Teller Service	46	60	36	36	117	120	61	64	39	40	20	40	37	40
Automatic teller machine	46	60	36	36	119	120	64	64	40	4	31	40	30	40
Staff Service levels	91	105	63	63	209	210	112	112	60	70	50	70	63	70
ΣX_{is}	393		316		1004		544		327		270		307	
ΣX_{it}	536		321		1053		526		346		357		357	
C.S.I	73.32		98.4		95.3		96.8		94.5		75.6		85.9	

3.2.2 Customer satisfaction for various occupation wise segments

Table 3.10 Ranking of various segment of customers

Segment	CSI	Rank
1. Retired	98.4	I
2. Public Sector employed	96.8	II
3. Private sector employed	95.3	III
4. Housewives	94.5	IV
5. Self employed professional	85.9	V
6. Student	75.6	VI
7. Business	73.32	VII

As the table 3.10 shows, retired segment is the most satisfied group. This segment mainly includes those who have returned from foreign countries. They are very much satisfied with the development in banking sector in India. They compare the present day banking with the banking of the nationalised era. The public sector employed segment mainly includes navy personnel and officers in managerial cadres of public sector enterprises. They have a high satisfaction index of 96.8. The private sector employed customers start their account in the bank mainly due to the tie up between the bank and their organisation. They receive their salaries through the bank. They also have a high satisfaction index of 95.3. The housewives start their accounts mainly as proxies for their husbands. They are

very much satisfied with the personalised service offered by the bank. The self employed professionals who are the customers of the bank mainly include Chartered Accountants and Advocates. They were satisfied with the variety of conveniences offered by the bank. The student segment starts their accounts in the bank mainly to utilise the any where banking facility of the bank. Most of them were studying in other states and their parents used to send money to them through the bank. The student segment and the business segment were the least satisfied customer segments of the bank. They were of the view that the other new generation banks were offering better facilities than the Times Bank.

**SUMMARY OF FINDINGS AND
CONCLUSION**

CHAPTER IV

SUMMARY OF FINDINGS AND CONCLUSION

4.1 Introduction

Customer satisfaction is considered as an intangible yardstick for performance evaluation of any business enterprise and banking sector is no exception. Success of any bank depends up on the quality of service provided by them. The need of the customers are ever changing and the banks have to adjust themselves to the changing needs of the customers. Only those banks who mould themselves according to the needs and aspirations of the customers will survive and prosper in the present competitive environment.

The present study is an attempt to evaluate the extend of customer satisfaction with respect to service rendered by the Kochi branch of Times Bank. The evaluation is done based on customer responses to selected parameters with respect to efficiency of the delivery system. In addition to these individual analysis of each parameters, a satisfaction index for whole parameters was also calculated. In percentage analysis, it is assumed that if the positive responses are more than the negative responses, satisfaction exists with respect to that parameter and if it is vice versa there is dissatisfaction. To know the degree of

satisfaction of various occupation wise segment, satisfaction index for each segment was calculated. Based on the customer satisfaction index value, the total satisfied customers were divided into four categories, viz., less satisfied customers (CSI value < 25) satisfied customers (CSI value 25-50), moderately satisfied customers (CSI value below 50-75), and highly satisfied customers (CSI value 75-100).

4.2 Customer satisfaction with respect to efficiency of delivery system

A percentage analysis of the following components of the delivery system was done for assessing the customer satisfaction with respect to the efficiency of the delivery system.

4.2.1 Time Taken for Transaction

The analysis revealed that majority of respondents are satisfied with time taken to deposit and withdraw cash. Regarding the time taken for getting the money credited to the customer account after submitting a local or outstation cheque majority of the respondents were not satisfied.

4.2.2 Experiences at the time of account opening

Times Bank has a unique home banking facility where by the bank representative reaches the home or office of the potential customer to open his account and complete all formalities including photographs (free of cost). 35 per cent of the respondents used this facility for opening their account. The analysis revealed that majority (98 per cent) of the respondents were satisfied with the procedure of the account opening of which 34 per cent were highly satisfied.

4.2.3 Bank premises

A major portion (77per cent) was not satisfied with the parking space provides by the bank. The respondents were highly satisfied with respect to neatness and cleanness of the lobby & the comfortable environment in the bank.

4.2.4 Service on the telephone

Six telephones of the branch are entrusted for serving customers. The branch will shortly introduce tele-banking facility where by the customers get a round the clock access to their account through the telephone. Majority (96 per cent) of the customers were satisfied with the service provided on the telephone of which 33 per cent were highly satisfied.

4.2.5 Teller service

Majority of the respondents were of the view that the teller is courteous and is completed in performing his duty. But one fourth of the respondents were dissatisfied with the waiting time to see the teller..

4.2.6 ATM Facility

Times Access ATM gives the customer instant access to the entire Times Bank network. It gives the convenience of being a customer of the entire bank rather than a branch. Majority of the respondents were satisfied with the working of ATM, changing. But there were complaints of ATM disfunctioning occasionally. Hence 24 per cent of respondents were dissatisfied with general working of ATM.

4.2.7 Staff service levels

The respondents were highly satisfied with the service rendered by the staff. Only seven per cent of the total respondents responded negatively.

4.3 The level of customer satisfaction.

Customer satisfaction index was calculated both in general as well as for various occupation wise segment of customers.

- 4.3.1 Generally, all the customers were highly satisfied with the service delivery system of the Times Bank ($CSI_d = 87.44$)
- 4.3.2 Customers satisfaction index of various occupation wise segment revealed that other than the business segment and the student segment, all the other segments were highly satisfied.
- 4.3.3 Retired class with a customer satisfaction index of 98.4 was the most satisfied segment high level of satisfaction existed also among the public sector employees, private sector employees and housewives. Further we can also notice marked differences in the C.S.I value of different occupational segment, i.e., for Business class (73.32), student class (75.6), self employed professional (85.9), housewives (94.5) salaried public sector (96.8) and retired (98.4).

4.4 Major findings and Suggestions

- 4.4.1 The analysis revealed that the business segment and the student segment were the least satisfied segments. The customers of these segments were of the view that other new generation banks were providing better service.

It cannot be neglected that the business segment is the most potential segment of customers because the frequency of transaction will be maximum for the business segment. It is suggested that the bank authorities shall concentrate more on rendering adequate services to this segment.

- 4.4.2 The study revealed that the bank has many locational disadvantages. It is situated at Mather square, opposite to North railway station and is away from the main stream of the city. The parking place available in the bank premises is very less.

The other modern banks in the city has certain locational advantages compared to Times Bank. Most of them are situated in Mahatma Gandhi road which passes through the centre of the city. It is suggested that the bank shall try to shift its location to some other place in the city where the customers could have more access.

4.4.3 The study revealed that a major portion is not satisfied with the general working and usefulness of Automatic Teller Machine. The main cause for this dissatisfaction is the occasional disfunctioning of the Automatic Teller Machine. Mostly this happen in the late hours of the night when there is no branch staff to repair it.

As more and more banks are starting ATM Facility with more conveniences, the bank management shall look into this matter of ATM disfunctioning more seriously. This is very essential for preventing the customer exodus from the bank. It is suggested that one of the branch staff shall remain in the bank till late hours for looking into proper functioning of ATM.

4.4.4 It was observed that a major portion of the customers were not satisfied with the time they had to spend in the branch for getting their work done. This happens mainly in rush hours.

The reasons for this is that the branch is understaffed. The branch has only 9 executives, one junior manager, two managers and a vice president. Three of the executives are also entrusted with the duties of home banking. With increasing number of accounts and transaction, the bank is failing to satisfactorily cater the needs of its customers in time. With more banking giants entering the city the chance for mass customer exodus in increasing. The need of the hour is to enhance the customer service standards and this requires adequate

staffing. It is suggested that the bank management shall look into the appointment of more staff in the branch.

4.6 Conclusion

The study on customer satisfaction of the service offered by Times Bank is an attempt to identify various parameters affecting customer satisfaction and to determine the level of customer satisfaction with respect to the service delivery system of Times Bank. An attempt was also made to identify the differences in the level of customer satisfaction among different customer segments. The study revealed that a high level of satisfaction exist among the customers with respect to the service delivery system of Times Bank. The study identified time lag in some parameters like crediting the local and outstation cheque, for which majority of customers expressed dissatisfaction. More over the level of satisfaction among the business class and the student class was much less compared to the other segments. It may be noted that the foreign banks that entered the Indian banking scenario very recently, had already occupied the top positions in many parameters in the ranking of the Indian banks. Table 2.1 shows the height of the competition in the Indian banking scenario. So as to compete with these banks and to survive in the Indian banking scenario Times Bank shall identify and rectify the shortfalls in the existing service offered by the bank and also provide to its customers new services in tune with the changing customer habits.



BIBLIOGRAPHY

BIBLIOGRAPHY

1. Archana Mathur (1988), 'Customer satisfaction service in public sector banks', *Indian Journal of Marketing*, 17(8), 10-12.
2. Battacharya, B.N. (1991), 'Putting the customer trust', *Vinimaya*, 12 (2), 12-17.
3. Bandopadyay, S.C.(1994), 'Banking Service tomorrow-some suggestion on customer service', *State Bank of India Monthly Review*, 18(2), 20-25.
4. Bhatnager & Mukesh (1988), 'Keeping with the challenges before bank', *The Banker*, 16(5), 15-20.
5. Basu,D (1993), 'Building new customer banker relationship', *The Banker*, 16(5), 15-20.
6. Brahmandan, G.N. and Narayanan, M.S (1990), 'A Study on customer service in commercial banks', *Indian Journal of Marketing*, 20(5),7-8.
7. Chaudhari, Indraneel (1994), 'Improving customer satisfaction in our bank', *State bank of India Monthly Review*. 33(9), 12-15.
8. 'Committee on Customer service in banks' (1992), *Urban Credit*, 14, 11-14.
9. Datta, S.K. (1991), 'Customer service of bank', *State Bank of India - Monthly Review*, 30(9), 22-26.

10. Kotler, Philip (1997), *Marketing Management*, Mc.Graw Publishers.72-79
11. Govindaraju, S (1996), 'Satisfaction and dissatisfaction with bank service -A research note' *State Bank of India - Monthly Review*. 35(7), 10-12.
12. Gain, U.K (1997), 'Customer Defection', *The Banker*. 25(3), 10-12.
13. Singh, Gurju (1997), 'Bringing the banks to heel', *Banking Finance*, 10(2), 17-20.
14. Nandi, G.N (1985), 'Banking Marketing -The problem of distribution - A bankers perception', *State Bank of India - Monthly Review*,15(4), 18-22 .
15. Rathor, B.S (1988), 'Marketing of banking service in the Indian Context', *Indian Banking Today and Tomorrow*, 12(5), 17-21.

CUSTOMER SATISFACTION IN NEW GENERATION BANKS - A CASE STUDY OF TIMES BANK

By
MUKESH SHANKER. M.S

ABSTRACT OF THE PROJECT REPORT

Submitted in Partial fulfilment of the requirement for the degree of

BACHELOR OF SCIENCE IN CO-OPERATION & BANKING

FACULTY OF AGRICULTURE

COLLEGE OF CO-OPERATION, BANKING AND MANAGEMENT

**KERALA AGRICULTURAL UNIVERSITY
VELLANIKKARA, THRISSUR.**

1998

ABSTRACT OF THE PROJECT REPORT

The study entitled "CUSTOMER SATISFACTION IN BANKS - A CASE STUDY OF TIMES BANK" was undertaken with objective of assessing the extend of customer satisfaction in Times bank with respect to selected parameters.

A percentage analysis of the primary data was done based on customer responses to various components of service delivery system of Times bank. To examine the extend of customer satisfaction, customer satisfaction index was calculated.

The findings of the study revealed that the customers of the bank were highly satisfied (CSI index 80). But shortfalls in services of the bank were identified with respect to certain parameters. It is suggested that the bank should take effective steps to rectify those short falls and to take more efforts to satisfy its clientele, in order to survive healthy in the ever changing banking arena.

APPENDIX

APPENDIX I
COLLEGE OF CO-OPERATION, BANKING AND MANAGEMENT
KERALA AGRICULTURAL UNIVERSITY

SURVEY SCHEDULE
CUSTOMER SATISFACTION IN BANKS - A CASE OF STUDY OR
TIMES BANK

A. CUSTOMER PROFILE

1. Name :
2. Age :
3. Sex :
4. Occupation Business Retired Salaried-private sector
 Salaried-public sector House-wife Student
 Self employed professional

B. ACCOUNT OPENING

- i. How was your experience when you opened your account?
 Very good Good Poor Very poor
- ii Which of the following options stated below did you use to
 open your account.

I visited the bank directly

The banks representative visited me at my office

The banks representative visited me at my residence.

C. SPEED OF TRANSACTIONS

1. Time taken for the following is responsible

Strongly Disagree Disagree Agree Strongly Agree

- a. To deposit cash in your a/c
- b. To encash a cheque
- c. To get credited other bank's cheque to your account in this bank
- d. To get money credited to your account after submitting an outstation cheque.
- e. To get a new cheque book
- f. To issue a DD
- g. For payment of DD
- h. To get your ATM card.

D. BANK PREMISES

Please reflect on the following statement your experience when your last visited this branch of Times bank

Strongly Disagree Disagree Agree Strongly Agree

- 1. The lobby was neat & clean
- 2. It was easy to identify/locate various sections
- 3. The lobby was spacious

4. There was enough space for you to carry out the transaction without interference
5. Staff work desk was neat & clean
6. The environment was comfortable
7. Surrounding of the branch was neat and clean
8. There was sufficient parking space

E. SERVICE ON THE TELEPHONE

- I. In the last three months, how often have your called up Times bank.

More than once a week

Once a week

Twice a month

Never

- II. Please reflect on the following statement your experience when you last called up Times bank.

Strongly Disagree Disagree Agree Strongly Agree

1. I had to dial more than once to get through
2. The person I spoke was courteous
3. I was put on hold for a long time
4. I received complete, clear information
5. All my queries were answered in a reasonable amount of time

F. TELLER SERVICE

1. In the three month, how often did you use the teller service at Times Bank.

More than once a week	Once a week
Twice a month	Never

2. How would you rate the service provided by the teller.

Very good	Good	Poor	Very Poor
-----------	------	------	-----------

3. Please reflect on the following statements your experience when you last used the teller service of this branch of Times Bank.

Strongly Disagree	Disagree	Agree	Strongly Agree
-------------------	----------	-------	----------------

1. The waiting time to see the teller was reasonable
2. The teller was courteous
3. The teller was competent in his/her job

G. ATM FACILITY

1. How often to you use ATM facility at Times Bank

More than once a week	Once a week
Twice a month	Never

2. Please reflect on the following statement your experience when you last used ATM at Times bank

Strongly Disagree Disagree Agree Strongly Agree

1. ATM enclosure was neat and clean
2. I was able to use ATM & complete my transactions
3. Waiting time to use ATM was reasonable
4. ATM cash withdrawal limit is adequate

H. STAFF SERVICE LEVELS

1. Please reflect on the following statements your experience of service levels of staff at your branch of Times Bank

Strongly Disagree Disagree Agree Strongly Agree

1. The staff always greets enthusiastically
2. The staff always gives Priority in attending to customers
3. The staff always understands your requirements
4. The staff provides highly personalised services
5. Your queries was resolved in reasonable amount of time
6. The staff is always polite & Courteous
7. The staff give undue emphasis on rules and procedures

PLACEMENT REPORT

PLACEMENT REPORT

Introduction

As a part of the B.Sc. (Co-operation and Banking) programme, I have undergone practical training in the Department of Co-operation and in Times Bank. The main objective of this practical training is to impart knowledge on the practical aspects of co-operation and banking. The period of training in department of co-operation and Times bank were 30 days and 40 days respectively.

PART I

TRAINING IN THE DEPARTMENT OF CO-OPERATION

I had undergone the departmental training at the office of the Asst. Registrar of Co-operative societies (General and Audit) of Ambalapuzha Taluk.

A. General wing

I reported to the Assistant Registrar (General) of Co-operative Societies of Ambalapuzha Taluk on 27th July, 1997 at 10 a.m. I was deputed under the charge of Co-operative

inspector, Kalavoor unit. The training under his guidance formally commenced with the understanding of the Department structure.

The general wing deals with all matters regarding general administration of all the societies in the taluk. For administrative convenience, Ambalapuzha taluk divided into four units viz., Kalavoor unit, Mannanchery unit, Alappuzha unit and Ambalapuzha unit

The Co-operative inspector explained me about the procedures and practices followed for the various functional aspects of the department. The information and work experience gained during the practised training in the general wing are as follows.

1. *Registration of Co-operative society*

A co-operative society which has as its object the promotion of the economic interests of its members or of the interest of the public in accordance with co-operative principles, or a society established with the object of facilitating the operations of such a society may be registered.

The registration procedures could be understood from the files submitted by the Post and Telegraph Employees Co-operative Society. For the purpose of registration of the co-operative society, there should be at least 25 members. Each

of such person shall be a member of different family. These members shall select a chief promoter. Before collecting share capital from the willing persons, the promoter must get permission from the Joint Registrar. This is done in order to avoid overlapping of area of operation of societies of the same kind. The promoters should apply to the Registrar for registration in the specified format signed by each promoter accompanied by three copies of the draft bylaws of the proposed society. There should be also a certificate from the financing bank in token of having received initial share capital, list of promoters in duplicate and a scheme showing economic soundness of the proposed society. All share application are directed through the Assistant Registrar to the Registrar of Co-operative Societies. If the Registrar is satisfied he issues a "Certificate of Registration". In the case of refusal it is to be intimated within 7 days of receipt of application.

Every society shall commence working within six months after its registration and the chief promoter should convene the first general body meeting within three months of the date of the registration.

2. Amendment of Bye laws

The proposal for the amendment of bye-law shall be made by a resolution passed by 2/3rd majority of members present and voting at the general body meeting. If the general body favours the proposal, the same should be forwarded to the

Joint Registrar within 1 month from the date of the general body together with necessary application. A copy of present bylaw inforce and four copies of the proposed bylaw should accompany application. If the Registrar is satisfied that the proposed amendments are beneficial to the better working of the society, he will forward a copy of the registered amendment together with a certificate of registration signed and sealed by him to the society. If amendment is refused, he shall communicate the order of the refusal to society within one week.

The procedures were explained to me with reference to the files of the Kallargode Service Co-operative Society.

3. Conduct of election

The resolution regarding the election must be passed by the existing committee of the society at least 60 days prior to the expiry of its term. On receipt of such a resolution passed for the conduct of election, the Registrar appoints a Returning officer. Returning officer will publish the list of voters and will issue the election memorandum which contain the details regarding the dates of filing of nomination, scrutiny, withdrawals, election, counting etc. The used and unused ballot papers shall be handed over to the secretary of the society. The whole procedure will be entered in the minutes book of the society by the Returning officer. The Returning Officer intimates the result of the election to Registrar and also record it in the

minutes book of the society and puts the result on the notice board of the society.

4. Inquiry

The inspector explained about the inquiry conducted in the societies. Inquiry is conducted by the registrar, suo-moto or on an application of the concerned society or on the application of 1/3rd of member. On receipt of the orders the person authorised to conduct inquiry shall proceed to examine the books of accounts and other records in the possession of the society or any of its officers, members, agents or servants and obtain such information or explanation from any such officer, member, agent or servant of the society as he think necessary. The nature of information to be collected will differ according to the type of the society and the specific point to be inquired into. The inquiry report contains all the details of the society along with the findings and the reasons for defects, if any.

5. Inspection

Inspection of a society is conducted as per the section 66 of the Kerala Co-operative Societies Act, 1969. The main procedures covered under this inspection is, physical verification of the books and records to ascertain their accuracy. The inspection notes prepared contains the working results during the period of inspection, with reference to aspects such

as membership, removal of overlapping of areas of operation, whether loan issue was done timely etc. Emphasis will be given on qualitative aspect of the society like implementation of suggestions of auditors, whether the society is sticking on to procedures and precision of the Act etc. A detailed inspection report will be submitted to the Assistant Registrar along with suggestion for improving the working of the society. A half yearly profit and loss account and balance sheet, are submitted to the Assistant Registrar, who will forward a copy of the same to the executive committee of the society. If any defects is noted by the Inspector, they will be referred to the Assistant Registrar and to the executive committee of the society. After rectifying the defects, the rectification report has to be send by the society to the Joint Registrar of Co-operatives.

6. Arbitration

Along with the Arbitration and execution inspector I visited Kallargode Service Co-operative bank in connection with the disposal of arbitration. I was also able to refer the various cases received by the office. The procedure for arbitration was also explained to me by the inspector.

If a member defaults his payments, demand notice will be served by Registered A/D. by the society. If the default is not cleared within the specified date the committee will take decision for arbitration. The society should remit the necessary fees at the nearest treasury and attach a receipt of the same

along with the petition and a copy of the resolution passed, to the Registrar. The petition should have the name and address of the plaintiff and defendants, reasons for petition etc. The Registrar will appoint the arbitrator and he will send summons to all the parties involved stating the date of hearing. The arbitrator will examine the concerned books of accounts and other documents like bonds and minutes of the society. In the hearing conducted by the arbitrator, the arguments and complaints of both parties will be heard and award will be given on this basis.

On declaration of the award, the applicant can file the execution petition in the form prescribed by the Registrar. In receipt of the application for execution, the Registrar issue notice together with the copy of the application to the concerned person, directing him to clear the debt within a period of 60 days from the date of service.

7. Execution

On completing arbitration procedures and issues of award, the committee of the society shall send a notice to the defaulter asking him to repay the amount within 15 days of the receipt of the notice. If the defaulter does not respond, the society can file an execution petition at the office of the Assistant Registrar, accompanied by a copy of a resolution passed.

The Assistant Registrar will appoint a sale officer. The sale officer will send a demand notice to the defaulters directing him to repay the amount. If the defaulter fails to pay, sale proceeding will be started. The seized property will be resorted to public auction after notifying the time and place of sale. If the amount realised by way of auction is less than the amount due, properties of the sureties will be attached.

8. *Super session*

If the committee of any society persistently makes default or is negligent in the performance of the duties imposed on it , the Registrar may, after giving the committee an opportunity to state its objections, if any, by order in writing remove the committee and appoint a new committee consisting of not more than three members of the society in its place or appoint one or more administrator or administrators who need not be a member or members of the society, to manage the affair of the society for a period of one year, which at the discretion of the Registrar can be extended subjected to a maximum of two years. However, before passing this order, the Registrar shall consult the financing bank and Circle Co-operative Union or State Co-operative Union as the case may be.

B. Audit wing

I reported to the office of the Assistant Registrar of Co-operative societies (Audit) on 14th July, 1997 at 10. am. The Assistant Registrar deputed me to the senior Auditor of Alleppy Government Service Co-operative Society for training. The auditor guided me to familiarise with the various aspects of auditing.

The audit wing deals with all matters regarding the statutory audit of all the Co-operative societies in the taluk. The wing is headed by the Asst .Registrar (Audit) who is assisted by the auditors of the Co-operative societies.

(i) Preparation of the audit programme

As the first step, the auditor prepares the audit programme which is the plan of the audit. The audit programme of Alleppy Government Service Co-operative society consists of auditing of the Head office and branches in a regular basis.

(ii) Verification of cash balance, assets and liability

The physical verification of cash balance is done by comparing the exact cash balance with the day book, and if

any difference is found it is noted separately. The physical verification of assets and liabilities is also done separately.

(iii) Vouching and checking

I acquainted practical experience by assisting the auditor in the process of vouching and checking of receipt and vouchers. The auditor gave much attention on the signature of the payee and purpose mentioned while vouching. The receipts and vouchers were then checked to assess whether the amount has been posted clearly in the concerned day book. From the day book, the entries are posted to the general ledger. The auditor cancel each receipt and vouchers, by putting his signature across the face.

(iv) Verification of loan

I verified the loan accounts and hire purchase loan accounts and related files along with the auditor. The main aspects verified were related to the amount of loan, security provided, documents attached, the procedure followed etc.

(v) *Estimation of bad and doubtful debts.*

The auditor explained to me about the estimation of bad and doubtful debts. If a loan is overdue for a period of three years it is treated as doubtful debt and if it is overdue for a period of 6 years or more it is treated as bad debt. The society is to keep reserve at 50 per cent for doubtful debts and 9 reserve of 100 percent for bad debts.

(vi) *Auditing of books*

The various books of accounts like of simple loan registrar, hire purchase registrar, monthly deposit scheme, loan schedule register etc., were checked. The major concerns are maintenance of required books, correctness of posting, book balancing etc. They are verified at random and defects are noted.

(vii) *Preparation of final accounts*

The auditor has to prepare the Receipt and disbursement statement, Profit and loss account and the balance sheet. I was able to go through the audited final accounts of the Alleppey Government Servants Co-operative Society.

- (viii) Preparation of Audit note, audit memorandum and audit certificate.

The audit note and audit memorandum is prepared after the audit in triplicate. One copy is retained in the audit section, another in the general section and another is sent to the society. Audit note contain the all details regarding the operation of the society and also the report of the auditor viz. Final accounts and balance sheet as on the date up to which the accounts are audited, membership, share capital, working capital, reserve fund etc.

Audit memorandum contain audit classification statement and full particular of all transaction which appeared contrary to the Co-operative societies act.

- (ix) Audit classification of societies

Credit and non credit societies are classified based on certain norms. Credit societies are classified based on the following norms.

a) Capital structure

The sum total of paid up share capital and deposits is worked out and it is compared with the loan outstanding against members at the end of the year. If the proportion is 10 per cent, no mark will be awarded. For every 10 per cent increase over 10 percent, 1 mark each will be awarded. Maximum marks that can be awarded is 20.

b) Credit - Loan to members

- i. The percentage of total volume of loans issued, to the total loans required by the members as per the normal credit limit statement is worked out annually or proportion of the average loan issued per member to the individual credit limit is worked out. One mark each is awarded for every five percent with the ceiling of a maximum of six marks.
- ii. There should be a gap of atleast a fortnight, between the date of repayment of a loan by a member and the issue of a fresh loan. A maximum of four marks are awarded based on this aspect.
- iii. The percentage of overdues to demand under principal is worked out for the year. No marks is awarded when the

percentage is 30. One mark will be awarded for each three percent reduction from 30 percent. One mark each will be deducted for every six percent increase from 30 percent. The maximum mark that can be deducted is five. A maximum of 10 marks are awarded for overdue position to demand under principle .

iv. Maximum marks for the overdue portion to demand under interest is five. If the percentage of overdue positions to demand under interest is 20, no mark will be awarded. one mark each will be awarded for every three percent reduction from 20 percent and one mark each will be reduced for every eight percent increase over 20 percent with a maximum limit of five marks.

v. Percentage of the number of defaulters to the total number of borrowers is worked out. A maximum of five marks are awarded, provided no marks for 20 percent and one mark each will be given for every four percent decrease from 20 percent.

c) *Financial Stability*

The sum total of reserve funds and bad debt reserve should completely cover 100 percent of the bad debts and 50 percent of the doubtful debts. The percentage has to be worked out and a maximum of 10 marks are awarded at the rate of one mark each for every six percent.

d) Management

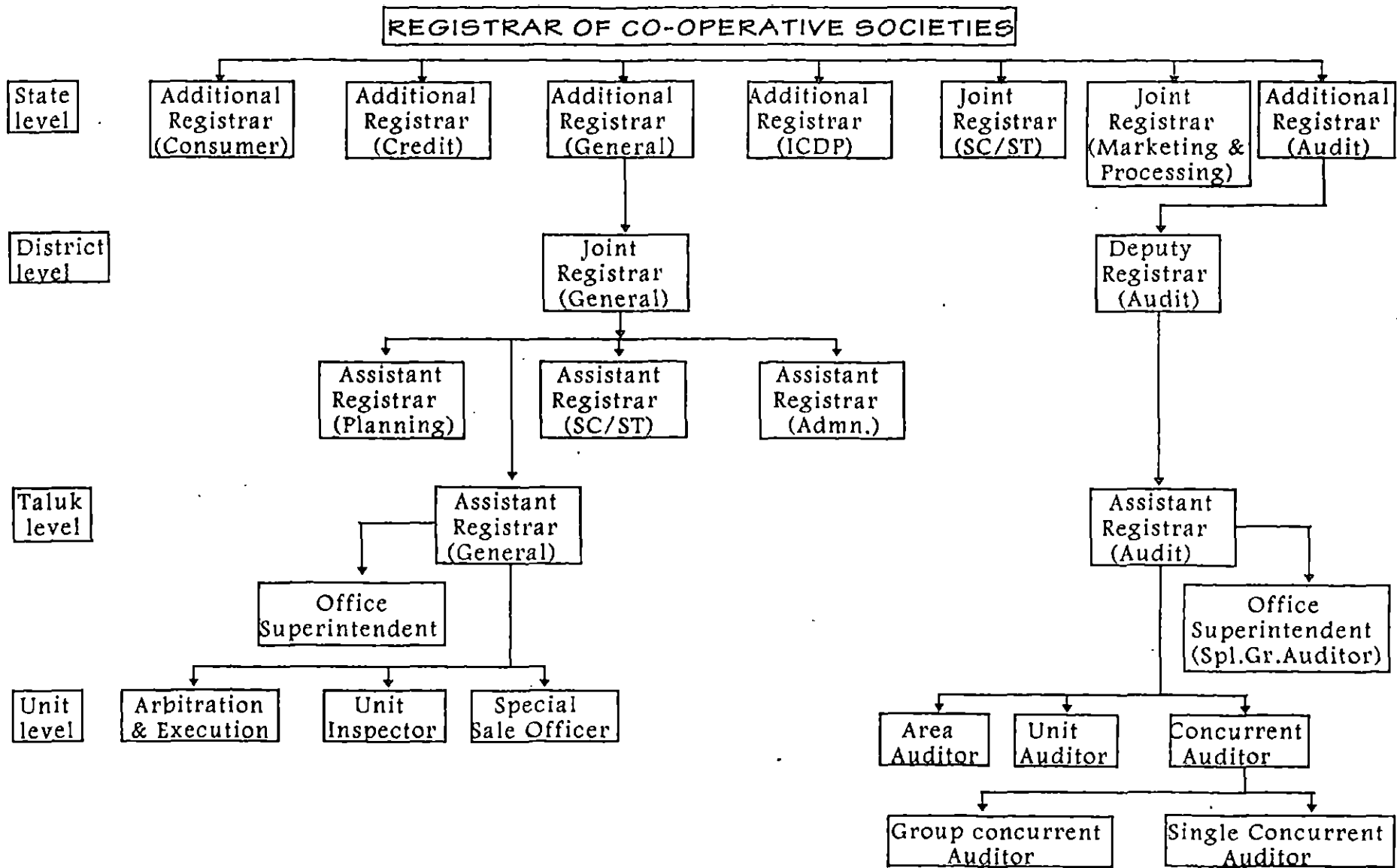
- i. A maximum of four marks are awarded for rectification of defects pointed out in audit and inspections.
- ii. A maximum of three marks are awarded for action taken against defaulting members.
- iii. A maximum of four marks are awarded for holding meetings, atleast once in a month to discuss ways and means for developing business.
- iv. A maximum of four marks can be awarded for maintenance of accounts. It has to be verified whether ledgers are posted upto date and monthly and quarterly statements of receipts and payments are prepared promptly and placed before the Board of Directors by the Secretary or clerk.

e) General Working

Maximum 25 marks can be awarded for the general working of societies. Different activities undertaken by societies such as supply, marketing, processing etc., training office bearers or employees or committee members, educational activities etc., will be considered.

Out of the total 100 marks, societies getting 60 and above and working in profit are classified as 'A'. 'B' class

Chart1 Organisational hierarchy of the department of co-operation



societies are those having 50-59 marks. Societies with 35-49 marks are classified as 'C' and those below 35 are classified as 'D'.

No society, with overdues to demand under principle exceeding 20 percent can be classified as 'A' and those exceeding 25 percent can't be classified as 'B'.

New societies won't be classified for the first two years. They will remain unclassified.

Audit classification of non credit societies are as follows.

Norms	Maximum marks
1. Capital structure	10
2. Enrolment of members	5
3. Extend of business done	25
4. Subsidiary activities	10
5. Provision for bad and doubtful debt	10
6. Maintenance of accounts	10
7. Rectification of audit and inspection defaults	10
8. Holding of committee and general body meeting	5
9. General working	15
Total	100

Societies with 60 and above marks are classified as 'A'. Societies with 50-59 marks are classified as 'B'. Societies with 35-49 marks are classified as 'C' and those with below 35 marks are classified as 'D'.

PART II

TRAINING IN KOCHI BRANCH OF TIMES BANK

For the second phase of the training, I was deputed to the Kochi branch of Time bank. The very objective of training in the institution was to gain knowledge about the general functioning of the organisation.

Kochi branch of the Times bank is headed by the Assistant Vice President. He is assisted by Manager (Corporate banking) and Manager (personnel banking). There is also an Assistant Manager (Operation) There are nine junior executives functioning under the managers. The main two departments of this bank are corporate banking department and personnel banking department.

Times bank does not provide loans to individuals. It only provides loans to large corporate. The function of the corporate banking department is to maintain these corporate accounts and to identify and study other investment opportunities.

The personnel banking department deals with the savings account holders. Function of this department includes opening and maintaining the accounts of the saving account holders. For opening the account Times bank has a unique

scheme of home banking facility. The representative of the bank will reach the potential customer at his home or at his office and open his account. Times bank has both teller facility and Automatic teller machine (ATM) for facilitating the day to day financial transaction of the customers. ATM facility includes various options such as account balance enquiry, cheque book request, account draft, list of last 10 transactions, monthly statement, withdrawal and deposits. The teller facility has counting machine for speeding up the transaction.

The various deposits schemes of the bank are :

(1) Times Convenience Deposit

Times convenience deposit is a fixed deposit which provides free savings account. In other savings account the customer have to maintain a minimum balance of Rs.5000 with the bank. The minimum amount to start Times Convenience deposit is Rs.25,000. The interest given is 11.5% per annum. This fixed deposit allows the customer the convenience of withdrawing from the deposit the amount he needs up to a limit while the balance amount continues to earn a high rate of interest. The amount can be with drawn from the deposit with an ATM card round the clock or with a cheque. There is a penalty Rs.25 for every withdrawal resulting in balance falling below 15,000

(ii) *Times dual deposit*

This deposit is a fixed deposit which provides free savings account. It provides dual convenience to the customer in the form of high liquidity of a savings account and high return of a fixed deposit. The dual deposit account holder can overdraw 90 per cent of his deposit with an ATM card round the clock or with a cheque while the original amount continue to earn a high rate of interest. The convenience provided by the bank to dual deposit holders are:

- It provides an automatic overdraft limit upto 90% of your deposit amount.
- It provides an automatic linked Saving account with no minimum balance requirement .
- There is just 2 % extra interest on the overdraft amount only for the exact period of overdraft.
- There is no limit on minimum withdrawal at a time.
- It provides Cheque Book facility.
- It provides all the benefits of a term deposit with the operational convenience of a saving account.
- There is periodical interest payment or reinvestment with compounding option.

(iii) *Times savings account*

With Times Savings Account the customer get a nation wide access to his account from any of the Times bank branch. He also gets a facility of immediate transfer of funds through the ATM. All savings account holders are given a free ATM card and a free personalised cheque book. The savings account holder has to maintain a monthly average balance of Rs.5000 with the bank Rs.25 is charged as penalty for non maintenance of monthly average balance.

The unique features of the ATM facility of this bank are as follows:

(i) *Times Access ATM*

Times access ATM gives the customer instant access to the entire Times bank network round the clock. Using ATM the customer can transfer his funds to any of the times bank branch via., satellite. On command the ATM will give the customer the list of last 10 transaction and his present bank balance. The customer can also request for a new cheque book or leave instruction for a monthly statement to be sent home. Every customer who has a savings account is given an ATM card.

(ii) Times Access Draft

The bank ATM centre provides the customer demand draft/banker's cheque on command. The bank will even despatch the same to any specified destination of the customer's choice. The request for the access draft can be made from any branch of this bank.

Conclusion

The training at the co-operative department gave me a comprehensive practical exposure to the function of the co-operative department which was worthy to supplement theoretical knowledge gained from earlier class rooms. The institutional training in the Times bank enabled me to know the quality of service offered by a new generation bank. I could also understand the relevance of customer satisfaction in a service industry.

