

A STUDY OF CUSTOMER SERVICES IN SELECTED URBAN CO-OPERATIVE BANKS

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ABSTRACT

A co-operative society is an association for the purpose of joint trading, originating among the weak and conducted always in an unselfish spirit, on such terms that all, who are prepared who assume the duties of membership, may share in its rewards, in proportion to the degree in which they make use of their association.”(Fay C.R., 1908). The main objective of the study is to find out the customer services in selected cooperative banks. The results indicate that major revision is required by the cooperative banks for the improvement in their performance.

Keywords: Cooperative, banks, India.

INTRODUCTION:

After independence the first creative or progressive step towards co-operative movement was from Nagpur Resolution of AICC in 1959, which laid down the policy and programmes of the government in most comprehensive manner, the resolution contemplated that the village co-operative should promote the welfare of their member by introducing progressive farming methods and improved techniques of cultivation, developing animal husbandry fisheries and cottage industries. Once the planning commission was established and five year plans started working we see the growth of co-operative societies under the five year plan programs.

When we look into the period from 1960-1961 to 1981-1982 we see the increase in membership in co-operative societies rise from 352 lacks to 1,159 lacks, while the working capital rose from Rs.1,312 corers to Rs.21,000 corers. The government laid more importance on the development of rural banking sectors. Co-operatives were asked to develop rural banks. For that purpose NABARD was formed as an apex bank to monitor the co-operative banks. The government also took the initiative in replicating the Anand Pattern Model for dairy co-operative across the country.

In India it is found that the major states Maharashtra and Gujarat had developed co-operative movement in their region. Apart from the that Andhra Pradesh, Rajasthan and Karnataka have shown significance progress in the co-operative.

In Maharashtra the Co-operatives are governed by the Maharashtra Co-operative Societies Act 1960 and supported by Maharashtra Co-operative Societies Rules, 1961. Every co-operative has to register in Maharashtra State with the registrar of co-operative societies. As on 31st March 2009, there are about 2.12 lakh co-operative societies working in the State with about 523 lakh members.

The basis theme of the co-operative movement is to play a crucial role to safeguard the interests of the weak and unorganised peoples engaged in various economic and social activities. In Maharashtra, the co-operatives have spread in all major sections of socio-economic activities like production, marketing, credit and banking, processing, sales, dairying, storage, housing, farming, fishing, textiles etc.

Co-operative banking is retail and commercial banking organized on a co-operative basis. Co-operative banking institutions take deposits and lend money in most parts of the world. Co-operative banking, as discussed here, includes retail banking carried out by credit unions, mutual savings banks, building societies and co-operatives, as well as commercial banking services provided by mutual organizations (such as cooperative federations) to co-operative businesses.

The important role that co-operative bank have to play in financing the small scale and the cottage industries has been emphasized by many experts in the field from time to time. Despite the assistance to the industrialists, the small scale industrialists, even today ; find it difficult to obtain adequate and timely finance. This has been a serious obstacle in the progress and smooth running of the small scale industries. The importance of the small scale industries in the progress of nation needs hardly to be stressed. The co-operative banks are considered most suitable agency to cater to financing as well as banking needs of them. Co-operative banks are relatively more self-reliant as to their resources; they are now in need of finance to lend to small scale industries as expected.

STATEMENT OF THE PROBLEM:

Finance is the back bone of every economic activity. Among the Financing agencies, the co-operative banks occupy a key position. The co-operative banks which have made significant progress are useful not only for mobilizing urban saving for financing and helping people of small means in urban and semi- Urban areas, particularly small scale industrialists. The important role that co-operative bank have to play in financing the small scale and the cottage industries has been emphasized by many experts in the field from time to time.

The present study is an attempt to analyse the customer services in selected Urban Co-operative Banks. Further the study is expected to reveal the deficiencies if any, and enable to suggest appropriate measures for the problems.

OBJECTIVES OF THE STUDY:

The objectives of the study are as follows;

- i) To study the role of urban co-operative banks in the development of Indian economy.
- ii) To investigate the functioning of urban co-operative banks in Nasik district.
- iii) To understand the role of customers in banking.
- iv) To analyse the customers services provided by urban co-operative banks.
- v) To analyse the impact of customer services on the performance of banks
- vi) To find out the problems faced by customers.

HYPOTHESIS:

The hypothesis of the study is;

H₀ : Customers are not significantly satisfied with regards to the services provided by urban co-operative banks.

H₁ : Customers are significantly satisfied with regards to the services provided by urban co-operative banks.

The above hypothesis has been proved true by the testing of hypothesis via Chi- Square Test. It is proved that the customers are satisfied with regards to the services provided by urban co-operative banks.

The above said hypothesis was tested with the help of Chi – Square Test. The relevant variables were selected and two formulated sub-hypotheses were tested.

The first formulated hypothesis “All customers of all ages are satisfied with the services of the bank” has been found valid. The critical value of the Chi Square at 0.05 level of confidence for 6 degree of freedom was 12.59 which is less than calculated value of Chi Square i.e. 37.45 hence the null hypothesis was rejected.

The second formulated hypothesis “All male and female customers are satisfied with the services of the bank” has been found valid. The critical value of the Chi Square at 0.05 level of confidence for 3 degree of freedom was 7.82 which is less than calculated value of Chi Square i.e. 21.81 hence the null hypothesis was rejected.

It is clear that the urban co-operative banks are providing good services to the customers. The customers are satisfied with the services rendered by the banks.

RESEARCH METHODOLOGY:**Sources of Data:**

This study is an empirical research based on survey method. With a view to secure required information and the knowledge of the working of the urban cooperative banks, field visits was undertaken. The primary data was collected with the help of questionnaire.

Apart from primary data the secondary was collected with valuable information from Books, Journals, RBI Publications, magazines, Annual Reports of Banks and published & unpublished literature.

Research Design & Research Area:

In any research design the overall plan of research is given. Research design is a blue print for carrying out the research and for avoiding guidance in taking various steps for undertaking a research study. The fundamental objective of a research design is to develop a set of methods and procedures that will answer the research questions or test of research hypothesis with high degree of confidence. The research design can be of several types. Some of the important designs are : Descriptive, Correlational, Casual Comparative and Experimental.

The research design was used in the present study is Descriptive Research Design.

There are about 42 co-operative banks in Nashik District out of which 5 banks are well established and providing all the basic and important banking facilities to the customers. So these 5 banks was selected for data collection.

Sample Size & Sampling Technique:

For any research work it is not advisable to conduct the survey of whole entire universe of the study. If we conduct the entire universe of the study it may raise big outlay of time, energy and finance. So, only samples are obtained from the entire area of survey.

A sample is a finite part of a statistical population whose properties are studied to gain information about the whole. The present research will be conducted on the basis of primary & secondary data. The primary data was collected from the sample of the customers, employee & top management of cooperative banks. The sample was selected on the basis of random sample method.

Sample size is the number of people / units selected for the study. In the present study a random sample of 500 co-operative bank customers from five top co-operative banks in Nasik District, was taken adopting the procedure of proportional allocation.

Table 1.1 : Respondents

Category	No. of Respondents
Janlaxmi Co-op. Bank Ltd.	140
Nasik Merchants Co-operative Bank Ltd.	115
Malegaon Merchants Co-operative Bank Ltd.	105
Janata Co-operative Bank Ltd.	80
Rajlaxmi Urban Co-op. Bank Ltd.	60
Total	500

Analysis of Data:

In a research study when the process of data collection is completed, the next step generally involves the analysis of the data. The choice of the analytical procedures depends on several factors, including the type of research question / hypotheses that are developed and the characteristics of collected data.

The percentage distribution is the simplest form of representing findings of the research work. Therefore, important tables on the questions were prepared with its respective percentage. In order to test the validity of the hypotheses, a well known Chi – Square Test was used.

MAJOR FINDINGS:

- 1) Result of analysis shows that majority of the customers are between age group of 20 to 40.
- 2) Majority of the respondents are having qualification upto higher secondary.
- 3) Analysis shows that majority of the respondents are connected to the banks from last 5 years.
- 4) The behaviour of employees of the banks towards customers is mostly rated good.
- 5) It is a good thing that the top management of the banks are reachable to the customers for their problems.
- 6) Mostly banks have good cleanliness in their head office and all branches.
- 7) About 22% of the customers have faced the problems in the banks between 1-5 times.
- 8) The banks have good system of cleanliness in their branches.
- 9) Respondents are well satisfied with the behaviour of the employees of the banks.
- 10) The Saving Bank account holders are satisfied with the services of the banks.
- 11) Majority of the respondents are satisfied with the basic facilities in the bank.
- 12) Respondents' opinion shows that the banks are providing good basic services to them.
- 13) The result shows that in case of mistakes and errors in the entries of transactions, banks rectify the errors on priority.
- 14) All the banks are not providing internet banking facility to the customers.
- 15) Some of the banks are also accepting electricity bills, telephone bills.

SUGGESTIONS:

- 1) Banks should introduce a system to assess the customer's satisfaction. This will help to evaluate the quality of the bank.
- 2) The banks should conduct Customer Meets to facilitate member involvement, which besides helping in getting feedback from them on the quality of services being provided by the bank.
- 3) Every bank should develop its own internal control processes in the form of durable mechanisms for reducing instances of frauds, misappropriation and errors of omission and commission by the bank's employees or customers or others.
- 4) The banks should minimize and simplify the formalities to be followed by customers for getting the loans sanctioned and for its disbursal.
- 5) Internet banking facility is not available in any of the selected banks. In the era of Information Technology, banks should adopt advanced technologies to provide banking services to its customers.
- 6) In bank branched, "Help Counter" must be provided with bank personnel having positive approach.
- 7) For the facility of the customers, banks should provide flexible timing, anywhere banking and single window services must be introduced.
- 8) The services of the "Recovery Cell" should be properly utilised for avoiding delay in recovery of dues. The recover cell should avoid to recover the dues with rude manner.
- 9) Board of the banks should decide to provide banking upto 24 x 7.
- 10) They should have separate customer relationship managers to improve the customer services.
- 11) Bank employees should be trained time to time.
- 12) The banks should minimize and simplify the formalities followed by customers for getting the loans sanctioned and for its disbursal.
- 13) Customer Service audit should be implemented by these banks as per RBI guidelines.
- 14) Customer meet day should be held often to understand their perspective, grievances and suggestions.
- 15) Necessary steps may be taken to improve the reporting system for easy transfer of funds. In this context, the need for introducing Management Information System (MIS) may be explored.

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