

# Communication in Banking Services

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I am grateful to Indian Banks' Association and Consumers Association of India for giving me this unique opportunity to share some of my views on 'the communication in banking services'.

## Market share of Public Sector Banks

In the competitive environment, today, communication plays a greater role in the business. Be it a Government, or political party or commercial establishment, everybody needs to communicate to their stakeholders.

Till the liberalization in 1990s, Public Sectors were holding the near total market share of business in India. The Foreign Banks and New Generation banks which entered the fray later are highly aggressive in the past ten years. The present market share of Public Sector Banks has come down to around 72% and is estimated to touch 60% within five years.

Have the Public Sector Banks understood the paradigm shift that is happening around them to retain their leadership position and market share? Or are they still living in the dream of past glories?

Now the Banking industry has become "Anywhere, Anytime and Anyhow" Banking.

From my own personal observations and discussions with senior bankers both in public sector and new generation banks, I feel that Public Sector Banks, the shares of which being held by the Government and the general public, need to double up their strategies to retain their lead position.

## Communication strategies with customers

One of the important strategies in the business development is 'the communication' with stakeholders. Important stakeholders for the banks are customers, media, general public, statutory authorities and share holders.



Whether Public or Private Sector, their communication with statutory authorities like RBI, Government, IBA, etc. are quite immediate and transparent. Media is the carrier of information to the general public and share holders.

Do the banks communicate effectively with the stake holders like (1) Customers and (2) Media effectively?

As far as the Private Sector is concerned, they do 'excessive communication' with the customers, which may some time border into irritation also. Their communication is also "communication for convenience", that means, they will communicate, only if it is convenient for them. To the contrary, our Public Sector Banks have almost 'zero communication' with customers and Media.

When I visited the IBA site, only new generation banks are listed under 'Do not call option'. This clearly indicates that Public Sector Banks are yet to take up the task of effective customer communication both for marketing and for existing customers.

### **Media Communication**

Private Sector Banks keep a Corporate Communication Department for media communication and they also announce in their websites the contact person for the media contact. Even the field level functionaries have some authority to speak to the media within their own domain. Though they are alleged that they communicate only when they need, a contact person is available for media either from their Corporate communication department or from the PR Agency.

In the case of Public Sector Banks, there is absolutely no communication with the media. I have also verified the websites of almost all the public sector banks. None of them do have pages for Media. In some of the banks, stale Press releases are available. None of the sites has any media contact. Surprisingly, even the site of Indian Banks' Association does not have any media related pages.

Generally, Public Sector Banks are more; 'Chairmen centric' for both Media communication and internal communication. Even the senior officials of the Banks like General Managers, Dy. General Managers or Asst. General Managers do not have any authority to speak to the media, even within their domain. I know a few instances, where some of the Zonal Managers were taken to task by the Head Office of the Bank, for giving even non-controversial interview to the media about the bank's growth or schemes.

## **Need for professional approach and training for 'integrated communication'**

To my knowledge, even the Training Programmes at NIBM and RBI on Public Relations are discontinued. The PSU Banks think only Advertisement is the communication. Today, social media like blogs, podcasts, wikis, and social networking sites are increasingly becoming popular. Public Sector Banks need to develop a 'professional approach' towards integrated external and internal communication. They need to take the guidance of experts, instead of looking for traditional methods only. They need to train their Communication departments and even senior officials to adapt to the newer integrated communication strategies.

## **Profile of Customers and employees**

Presently, the average age group of many of the Public Sector Banks is more than 50, while that of new generation banks is around 25 to 30. The present employees of the Public Sector banks are unable to catch up with the technological communications. Within three to four years, most of the employees will retire in large numbers and the vacancies will be recouped with younger generation staff or the relative services will be outsourced. This will greatly reduce the average age group of employees drastically.

Similarly, the customer age group profile is also getting reduced in all the Banks. New generation customers look for better customer service, quick communication, etc. With the likely change of profile of employees and customers, the banks need to re-plan their strategies keeping in view of the developments.

## **Technology in Banks not suited for mass banking – suited for vendors!**

Every year, all the Banks individually spend hundreds of crores of rupees towards technology. Even after spending huge amounts, many of the Banks are unable to provide better customer service. When I had interaction with the senior level people, they anonymously (or I would even say unanimously!) agree that many times, Banks spend huge amount on technology without knowing the implications or needs. It is also told in privacy that tenders are floated not based on the need of the bank, but based on the specific 'vendors'. There are banks, who stipulate a minimum turnover limit of Rs.500 crores or 100 crores, to favour specific big or multinational companies. Due to various reasons, the works are also not completed.

There is no proper design of technology to suit Indian mass banking. Performance of the IT system is not able to handle huge Indian mass banking volume, due to poor design. This results in slowing down or disruption of services. Since, it is technology related, people do not understand and hence

nobody takes it up seriously. There is a lack of transparency in the technology implementation of the Banks. Many Banks are unable to print pass books, deliver DDs immediately, even after spending hundreds of crores of rupees. Because of the huge spending and requirement of large bandwidth, the transaction costs in Indian Banks vary from Rs.10/ to Rs.50/-. This is mainly due to the life cycle of the Technology.

I appeal to Central Vigilance Commission and Reserve Bank to study in depth and frame proper guidelines to streamline the technology requirement of the banks. If it is not done immediately, it may also lead to unnecessary allegations against the Bankers and may break out as a 'scam'. The huge cost of technology reflects on the customer cost, and reduction of dividend to the share holders and to the Government.

### **Re-positioning and follow up needed – not re-branding!**

Another area, wherein the Public Sector Banks have now started spending hundreds of crores is the 'Re-branding' exercise. They change the logo and spend huge amount towards stationery, painting of boards, huge advertisements, etc. Recently, few banks have gone for such massive re-branding exercise.

Public Sector Banks carry more than 100 years of expertise and skills. Public Sector Banks have to dwell on their strengths. And their strengths are many. In order to shake out the perception of the people that the bank is a old fashioned one, they need to 're-position' themselves. This re-positioning does not cost much.

Re-positioning is different from re-branding. They need to use their expertise to bring in innovation of products and services to suit the customer needs. They cannot depend on the new logos, without improving their products and services. Instead of spending such huge hundreds of crores of rupees on redesigning their logo and connected expenditure, they should have invested one-tenth of the amount towards improving their PR and Communication strategies and services. Even after spending, they need to follow up through integrated marketing communication.

Public Sectors are copying the unwanted strategies like 'change of logo' from the private sectors and MNCs, which are not suited for Indian mass banking. Unfortunately, they fail to adopt wonderful practices from them. I am just putting on caution that with the activism of Right to Information Act and Public Interest Litigations, such practices may lead to unwanted criticisms and allegations.

All the unwanted huge costs on technology and re-branding are adding only the cost to the customers, without any benefit.

## **Private Sector and Public Sector – Public Trust**

Notwithstanding the deficiencies and lack of communication strategies, generally Public Sector banks are enjoying more trust from the general public. A Common man perceives that the PSU Bank touches his life. They have institutionalized the Trust. This trust helps a lot at the time of crisis. When Indian Bank was in crisis and when CII submitted a report in 2000 to the Government recommending the closure of Indian Bank, the entire media and common men stood with Indian Bank. Then only Indian Bank realised, how much of respect they enjoyed from public, though their PR and Communication was very low.

Today, we see ICICI Bank is facing the crisis. Though, Finance Minister and RBI have come out openly for their rescue, the public confidence is yet to be exhibited. Though the transaction between ICICI Bank and Lehman Brothers was only a business deal in the normal circumstances without any motive, the trust level is yet to be improved. But in the case of Indian Bank, there were lot of allegations against officials and CBI enquiry, etc. Still, people reposed their faith and trust.

PSU Banks enjoy the greatest advantage of public credibility and trust. But in the competitive environment and in the paradigm shift of the profile of employees and customers, I cannot predict, how long such trust can be enjoyed without communication strategies. It is time for them to re-look their communication strategies to retain the trust and build on that.

## **Private Sector and Public Sector – Access to higher level**

If a customer finds some problem with a Private Sector Bank, he has very limited channels for redressal. If he needs to take up with higher level, only limited opportunities are available. Their websites also do not have details about the contact of the Senior Management officials. But, notwithstanding the deficiency in communication strategies, in public sector banks, customers have an easy access to higher level officials for redressal of grievances, even upto Chairman level.

In the interest of the Nation, Public Sectors need to retain the leadership position and give tough competition to private sector, to avoid exploitation of customers. This could be possible only when Public Sector Banks re-galvanise their strategies.

## **What are the benefits to the customers?**

Based on the discussions above, if the communication is professionalised, and if the cost of technology and re-branding is optimized, the banks can pass on the benefit to the customers in the following way:

- § Providing customers with transparent communication;
  - § Reducing cost of services like DD Charges substantially;
  - § Increasing the rate of interest on deposits, particularly for senior citizens and pensioners;
  - § Providing customer services and redressing the grievances faster..
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