

# SERVICE MARKETING REPORT

ON



**পূবালী ব্যাংক লিমিটেড**  
**PUBALI BANK LIMITED**

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**Subject: Submission of internship report.**

Dear Sir,

It is my great honor to submit the report of my Internship Program at Pubali Bank Limited, Mohakhali Corporate Branch. In addition, it is a great pleasure that I have been able to submit the internship report on “Service Marketing” of Pubali Bank Ltd.” in due time.

The whole experience of this internship program enabled me to get an insight into the real life situation. I have tried my best with my knowledge to make a full pledge report by analyzing all the requirements you have asked for. Besides this, there may be shortcomings. I would be grateful if you consider those from excusable manner.

I would like to express my sincere gratitude to you for your guidance and suggestions in preparing the report. I will be happy to provide any further explanation regarding this research report if necessary.

Sincerely yours,

Sumayia Hassan

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## 1. Introduction

The prosperity of a country depends on its economic activities. Like any other sphere of modern socio-economic activities. Banking is a powerful medium of bringing about socio-economic changes of a developing country. Without adequate banking facility agriculture, commerce and industry cannot flourish. A suitable developed banking system can provide the necessary boost for the economic growth of the country. Because banking system is linked with the whole economy.

Pubali Bank Limited (PBL) is a private commercial bank. It is also contributing to the growth of our country's economy. It is a progressive commercial bank in private sector. It creates new opportunities for its clients. It tries giving quality services and maintains harmonious banker-client relationship. It contributes towards formation of national capital, growth of savings and investment in trade, commerce and industrial sector.

But in order to stay competitive in the industry it is essential for any company to perform well in the market. This is possible only if there are proper service is given by the bank to their customers.

According to W. Edwards Deming, an American engineer, statistician, professor, author, lecturer, and management consultant, *“Profit in business comes from repeat customers, customers that boast about your project or service, and that bring friends with them.”*

This report is dealing with the Service Performance of Pubali Bank Ltd. An observation of service quality had been done to understand the service quality level of the bank. The objective of this report was to determine how well Pubali Bank Ltd is to identify the service quality and understand customer satisfaction level of the bank. The result of the survey has been then analyzed to determine the most important aspects of service activities and discover various drivers of overall satisfaction. Various important issues of service marketing have been being presented in light of the findings of the survey.

## 2. Pubali Bank Ltd. The Historical Background

The Bank was incorporated in the year 1959 under the name and style of The Eastern Mercantile Bank Limited under Bank Companies Act 1913. After liberation of the country in 1971, the Bank was nationalized as per policy of the Government of the People's Republic of Bangladesh under the Bangladesh Bank (Nationalization) Order 1972 (PO No. 26 of 1972) and was renamed as Pubali Bank. Subsequently the Bank was denationalized in the year 1983 as a private bank and was again incorporated in Bangladesh under the name and style of Pubali Bank Limited in that year. The Government of the People's Republic of Bangladesh transferred the entire undertaking of Pubali Bank to Pubali Bank Limited, which took over the same as a going concern. Since then Pubali Bank Limited has been rendering all sorts of Commercial Banking services as the largest bank in private sector through its branch network all over the country.

## 3. Brief description of the three most important department of the bank

### 3.1 General Banking Department

Deposit is one of the most important sides in banking. Bank is nothing but a middleman between lenders (deposit unit) and borrowers (loan unit). To provide loan, a bank needs a huge amount of money from the depositors. General banking is the side where banks offer different alternatives to the clients to deposit and remit their money. To encourage the clients, banks offer different deposit schemes to their clients. Most of these offerings are quite similar between different banks, but the customer service provided by them and facilities may not be the same. Every branch of every bank has to maintain the General Banking department. It takes care of lot of important banking activities, mainly involved with collecting deposits from customers. General banking department is mostly expected to maximize the number of customers in a bank. It is the introductory department of a bank as customers first come and become client of the bank mostly starting with account opening. Pubali Bank Limited, principal Branch has all the required sections of General Banking. The main four sections of General Banking are as follows:

- **Account opening:** When you deposit a certain amount of money and open a savings deposit account with a bank for regular transaction (to withdraw or deposit cash or cheque) of a certain amount with the bank.

- **Payment Order:** It is a medium of making payment to third party for different purposes. For example, a student can make a payment order for his university fees in favor of the university through this service. The payment service holder may not be an account holder of the particular bank for this service.
- **Clearing House:** A bankers' establishment (set by Bangladesh Bank) where member banks and their customers can transact cheques for various personal or business purposes. For example, an account holder of Pubali Bank (PBL), also an account holder of Dutch Bangla Bank (DBBL), can deposit a PBL cheque on counter of DBBL, and with the help of clearing house; money gets transferred from PBL to DBBL account of the account holder.
- **Remittance:** A special type of service for Non-Resident Bangladeshi's to pay money from abroad to their family members in Bangladesh. Pubali Bank has various remittance service for their clients like Western Union Money Transfer, Probhu and Placid.
- **Other Deposit Schemes:**

Some of the most popular deposit schemes of Pubali Bank are as follows:

Fixed Deposit (FDR)

Target Based Small Deposits

Monthly Profit Based Small Deposits

Special Notice Deposit (SND)

Dwigun Shanchaya Prokolpo (Double your money scheme)

Pubali Pension Scheme

### **3.2 Loans & Advance Department**

The job of the loan department of Pubali Bank Ltd. is to give loans to different corporate houses, to small and medium enterprise (SME) and other individuals based on different financing scheme which the bank has. There are mainly two types of loans:

#### **Mainly two types of Loan:**

1. Funded
2. Non-Funded



Types of Funded Loans:	Types of Non-Funded Loans:
Consumer Loan Scheme (CLS)	L/C (Import & Export Letter of Credit)
Lease Finance	BG (Bank Guarantee)
House Building Loan	LATR (Loan Against Trust Receipt)
Demand Loan	PC (Packing Credit)
Overdraft	EDF (Export Development Fund)
Cash Credit	
SME (Small Medium Enterprise ) Financing	

**Table: 1.1**

The funded loans are mostly dealt by the Loans and Advance department of the branch, and the non-funded loans are mostly dealt by the Foreign-Exchange Department of the branch.

### ***3.3 Foreign Exchange Department***

In any international trade the buyers and sellers are usually different countries. None of them know each other nor about their business integrity and creditworthiness. Various regulations prevailing in their respective countries about foreign trade are also unknown to them. Thus, the buyer wants to be assured of goods, and the seller wants to be assured of payment. In such a situation commercial Banks assure these things simultaneously by opening letter of credit or other non-funded facilities provided by any Authorized Dealer branch, under Bangladesh Bank, to allow them to conduct business with ease and guaranteeing payment to sellers and goods to buyers.

Unlike other banks in Bangladesh, Pubali Bank also offers various non-funded financed activities for ease of international business like L/C, BG, LATR, EDF as mentioned earlier in table 1.1.

#### ***Functions of foreign exchange:***

- Letter of Credit (L/C) is opened here. There are two type of L/C, which is
- Master L/C- Master L/C is two types-
  1. Import L/C- to import any goods, the client has to open a foreign or local import L/C. Bank charges some commission for opening L/C.
  2. Export L/C- Bank received some Foreign L/C for exporting goods in favor of client. Bank collect money for the client.
- Back to Back L/C- To cover a master L/C (Export), some time Back to Back L/C is needed.
 

Two types-

  1. Local- Collect goods from inland.

## 2. Foreign- Collect goods from foreign country.

- Foreign Pay Order
- Prepare statement and report for head office and Bangladesh Bank.
- Exchange foreign currency Payment and collection of L/C money in favor of Client

### 3.4 Others:

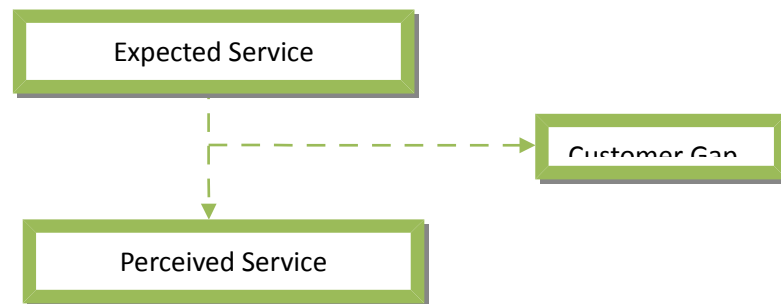
Major Divisions in Head Office of the bank at a glance:

- ✓ Board Division and MD's Secretariats
- ✓ Human Resource Division
- ✓ Establishment Division
- ✓ Law Division
- ✓ International Division
- ✓ Credit Division
- ✓ Credit Administration, Monitoring and Recovery Division
- ✓ Consumer Credit Division
- ✓ Audit Division
- ✓ Central Accounts Division
- ✓ Information Technology Division
- ✓ Lease Finance Division
- ✓ Internal Control and Compliance Division
- ✓ General Service and Development Division
- ✓ Research and Development Division
- ✓ Islamic Banking Wing
- ✓ Card Division

## 4.The GAPS Model of Service Quality:

Customer gap is the difference between customer's expectation and perception. It has been seen that there are mainly four types of gap between the customer and service provider due to which customer expectation is usually not met properly by many service providers. The four gaps are:

1. The Listening Gap
2. The Service Design and Standards Gap
3. The Service Performance Gap
4. The Communication Gap



**Figure: 1.1 the Customer Gap**

### 4.1 The Listening Gap:

The listening gap usually occurs when the service provider fails to understand customer's expectation from their service. In a bank like Pubali, it is very important to conduct marketing research. Many times management of large bank fails to understand what customer expectation is, due to inadequate research or surveys conducted by them. There must be ways to listen to customer complaints through adequate use of market research tools and techniques in order to improve the service quality for the bank's value added customers.

Lack of upward communication is another problem. It is extremely important that the customers of Pubali Bank interact with employees and vice-versa, to get feedback on what customers want. In turn the employees of the bank need to highlight these problems or issues to the managers. All the 425 branch of the bank needs to focus on effective communication between consumers, employees and managers to provide them with appropriate service.

One major problem of Pubali Bank is they do not have proper market segmentation. In one way it could be said that the bank over the years have been following mass marketing strategy attracting the mass people of Bangladesh. But segmentation, targeting and positioning would have created a competitive edge for the bank where they already have so many competitors fighting for market share in the banking industry of the country. Differentiating their products based on corporate clients and general customers, providing value could have provided a

competitive advantage by providing quality customer service and reducing gap of customer expectation from them.

#### **Scale to measure the service gaps of Pubali Bank:**

*On a scale of 05 (five), where 01= poor, 02 = average, 03 = neutral, 04 = good, 05 = excellent.*

On a **scale** of 05, it can be said that the listening gap of Pubali Bank is **02** (two). Somewhere the bank is failing to understand what the customer's expect from them hence they need to dig into the problems and try to improve themselves in terms of providing quality service.

#### **4.2 The Service Design and Standard Gap:**

The service design of Pubali bank is quite poor. There are various types of new products and software being developed for the welfare of the customers, but unfortunately the service delivery procedure is not that very effective. For example the Remittance service of Pubali Bank, the service delivery process is quite unclear due to which customers become confused, they move to other banks to get the service which is a huge loss for the bank because Social Islami Bank only based on its remittance service has been able to earn profits over the years and has been able to create a competitive edge within the banking industry based on remittance services for their customers.

Though the management and the bank tries a lot, but still there is a lack of customer driven service standard in terms of service delivery procedure. The IT (information technology) department of the bank always tries to develop software's which will help improve the service for the customers. There has always been an effort by Pubali Bank's top management to improve on the quality of service for its customer as they value customers a lot, but the main objection in terms of service delivery comes in the implementation and during actual service delivery by the employees.

One other major problems of Pubali Bank are inappropriate physical evidence and servicescape for their customers. Employees of the bank, including in-charge of different department as well as managers of different managers do not have their own cell numbers, e-mail addresses as well as business cards unlike other banks of Bangladesh, which plays a very important role in banks. These not only add to the branding of the bank but the job of a banker is to maintain relationship and retain clients. Clients can only be happy if they find designated ways to contact an official, otherwise not being able to contact them via proper channel and sometimes calling employees in personal numbers in a way are annoying, and moreover it is quite unprofessional as well.

Last but not the least, the physical environment and other physical evidence is important for any bank. The locations of Pubali Bank are not that good. Distribution or channels play a major role in marketing, and inconvenient places or locations make customers unhappy. There are not enough parking spaces outside most of the branches of the bank which many car holders who do not have drivers do not like about the bank as they cannot part their cars conveniently and come inside for banking. The physical environment and design is also not that much precise due to

which customers do not feel much comfortable and at times get confused which department is where.

On a **scale** of 05, it can be said that the service design and standard gap of Pubali Bank is **02** (two). There is a serious need for the bank to improve on its service delivery design and the service standard compared to its other competitors in the market.

#### **4.3 The Service Performance Gap:**

The recruitment policy of Pubali Bank is ineffective. They recruit employees mostly from Public Institutions and National University graduates. They also need to focus on Private University students to bring diversity within the company. There is sometimes role ambiguity due to which sometimes role conflict among employees arises. The compensation policy is inadequate, lack of proper team work, and lack of motivation among employees, which creates hamper in the service delivery process of the customers. Moreover the employee and technology fit is also quite poor. And there is not much effort seen by the bank to improve these problems.

Sometimes during the peak banking hours, the cash officers fail to manage customers with whatever they need. The customer mix of Pubali Bank is inappropriate. It is true that people from all different class and backgrounds come to this bank for banking, as it is one of the oldest and first generation banks of the country. But with segmentation and differentiation in terms of financial products and service delivery to different clients, the bank could have made a huge difference in their minds through properly service delivery at right time with the right mix of customers.

On a **scale** of 05, it can be said that the service performance gap of Pubali Bank is **03** (three). The management of the bank needs to think over about having multi diversified human resources within the bank to stay ahead of competitors.

#### **4.4 The Communication Gap:**

The bank does not have any effective marketing communication strategy programs. Neither do they have any branding strategy. It is important for old generation banks like Pubali Bank to have effective communication program to create a positive exposure for existing as well as potential customers to attract them toward the bank. Moreover the banking industry is extremely competitive with all six new banks in the market. If customers do not have right exposure and right learning about the bank, then they are filled with 49 other options. Not necessary that they will commit to stay in with this bank for long.

The bank is actually under promising about its services. A lot of people, especially the youth need to get exposed to the bank. They do not carry any stall in any kind of job fairs or career fairs. Moreover they do not have any sort of billboard or radio advertisement. In order to attract good quality graduates, have quality recruitment and move forward one step in the banking industry Pubali Bank needs to focus on these areas. The external environment and the internal

environment, both have enough potential, and if the bank wants it can bring a huge change for them to sustain in the industry.

One of the major problems of Pubali Bank is lack of proper communication or no communication at all between desk level employees and the management. In order to resolve problems related to customer service, it is extremely important that management try to identify those problems via those employees who actually provide banking services to customers. Instead of doing this, and only coming up with new technology, or new products and services, unfortunately will not help the bank overcome the problem of service gap.

So the most vital problem here is before even going for external advertisements, branding and resolving service related trouble, at first it is important that management of the bank sits with the employees and figure out where is the actual problem happening due to which the bankers are not being able to meet customer expectations.

On a **scale** of 05, it can be said that the service performance gap of Pubali Bank is **02** (two). The bank does not have enough marketing and branding strategies unlike other competitive banks in the market.

## **5. Consumer Behavior in Services:**

It is important to understand consumer behavior while purchasing a service. It can be done through the following manner:

### **5.1 Consumer Choice:**

A customer wants to buy a car but he or she does not have enough money so would prefer to take car loan from a bank.

The customer will start collecting information from friends, family and colleges regarding which bank provides car loans, how easy it is to get loans, what are the legal issues related, the risks involved in taken loans from banks, what is if the loan installment cannot be paid on time, the documents needed to take a loan, which bank provides low interest rates on loans, the service quality of bankers with their customers and all other relevant information customers will collect before opening a loan account in a bank.

After collecting information, customers will look for service alternatives. They will visit different banks, talk with the teller or customer service representative, or a conversation they might prefer having with the loan officers, their experience in the bank, the environment and the brand, a customer before taking loan will evaluate all these alternatives among various banks.

Based on the amount of information customers have regarding a bank, its reputation, and after evaluating alternative and their experience in the bank, finally the customer will take service purchase decision. So it is extremely important that Pubali has such settings that the customer gets attracted and feel eager to take loan from this bank.

## *5.2 Consumer Experience:*

Most of the customers critically evaluate the service delivery process of a company which they are part of. In a bank, it is extremely important for a loan officer or for a fixed deposit scheme officer, or for a cash officer to understand the psychology, the need and urgency of the customer whom they are delivering service. If they fail to do so, a minute taken extra (which is the wait time) can cause them to lose a good customer for other valid products/ services by the bank.

It is always very important for bankers to carry a smile on their face while delivery service to their valuable customers. Any kind of anger or disturbance presented can sometimes cause negative effect for the company. For example, while dealing with a corporate client it is always important for bankers to be courteous and be smiling, and at the same time careful with their work. In a country like Bangladesh, one complaint made by corporate client to the Board or to the Managing Director of the company can make an officers life for the time being a bit difficult. So while delivering service, even if one is not, to carry a fake or a real smile for positive consumer experience.

Sometimes, a lack of proper service delivery occurs when the roles and scripts of service delivery, or that is when the job description of employees of a bank is not clear to them. For example, a loan officer needs to be clear in his job description. Whether he is dealing consumer finance, or SME loans, or corporate clients, whom are they dealing with, how they are supposed to deal, all these roles should be pretty much clear in minds of officers in order to avoid overlapping service delivery to their clients/ customers.

It is important that customers are compatible with the service of the bank. If they are happy with the service, they will share their positive experience with other customers. Word of mouth marketing is extremely important for service organizations like banks because they bring in people of similar characteristics into a bank.

## *5.3 Postexperience Evaluation:*

It is important that the service quality of Pubali Bank satisfies their customers. If the customers of the bank are not happy with the service then they will spread a negative word of mouth about the company. They might even end up writing bad stuffs about the bank on facebook pages. This will hamper the image of the company and other customers will not further want to be part of the bank as they here negative experience from others.

The attribute of dissatisfaction may arise during any service encounter. For example, if a customer is in the bank to withdraw some money, and if it the cash officer takes time to give money on cash counter to the customer standing in front of it, the customer might feel irritated, as he had been standing in queue for long and now even the service delivery is taking time, such situations sometimes creates negative impact on minds of service takers.

As a result the customer might not feel comfortable Pubali Bank again. Due to dissatisfaction he might even close his account and switch to some other bank where he finds better service. This is natural, as customers usually forget the positive experiences, and usually remember the negative ones, ones they encounter it. So it is extremely important for banks to take care of the way service is being delivered to its valuable customers.

## 5. Customer Expectation of Services:

Customers have different level of expectation from various services.



**Figure: 1.2 Possible Levels of Customer Expectations**

From the above figure we can say that it is extremely important for Pubali Bank to try to maintain the ideal expectation or desired level of service for them. Otherwise it will become very difficult for them to retain their customers for a very long time as the market is extremely competitive.

### 6.1 The Zone of Tolerance:

Every customer has their own zone of tolerance. If the service is more than what they expected, then they will be happy or delighted about the bank's service. But if the service they receive from Pubali Bank is below their zone of tolerance then customers will be disappointed and will prefer switching to some other bank where ever service is at least within their zone of tolerance.



Different customers have their own zone of tolerance. For example, if a customer take break from office for half an hour and comes to Pubali Bank to open an FDR account, and if he has to wait in line for 15 minutes, it is quite obvious the customer will get annoyed and think that the bank has poor service. But on the other hand if a student visits Pubali Bank to open an FDR account and has to wait in line for 15 minutes, he or she might not react to it as this particular individual already came to the bank taking enough time in hand, due to which his or her perception towards Pubali Bank's service might be good. This basically depends on the length acceptable for wait times.

### **6.2 Customer Expectation of Services:**

Every customer has their own sets of expectations from services.

A customer's expectation varies from personal needs to lasting service intensifiers to personal service philosophy. For example, in case of personal need, a customer who just sold his property and wants to deposit his money, he is in need to open an FDR account of may be BDT 50 crore as it is a huge amount of money which the customer cannot carry in hand. The customer's psychological state here is tension. An appropriate FDR rate of interest, proper information related to FDR and immediate service received by FDR account opening officer of Pubali Bank will at that time make the customer happy and tension free. In case of lasting service intensifier, for example a lot of customers are usually influence by their friends, family members, or reference groups. They will go an open an account in those banks usually mentioned by reference groups due to high reliability and high expectations.

Customers who have already been working in banks will have different levels of service expectation from Pubali Bank as he will have his own service philosophies based on his past experience. For example, if a Brac Bank employee comes to Pubali Bank for some kind of work, then his expectation will be different and will be based on what he thinks while providing service to his customer at Brac Bank. It is extremely important for Pubali Bank to understand the desired level of service from its various kinds of customers and cater their needs accordingly.

### **6.3 Issues Involving Customer Service Expectation:**

It is important that Pubali Banks makes realistic promises and accurate promises to its customers. For example, while creating an FDR account, the officer should make it clear to the account holder about the service charges that will be charged from the account. If the amount charged at the end of month is accurate as promised by the officer then the customer becomes happy, but if the charges are high or any hidden charges debited from the account, then this becomes a point of dissatisfaction point for the account holder. Based on marketing research and other techniques the bank can find out whether the customers are happy with their service or not. It is also important to educate the customers on other products and services of the bank so they also get an interest toward other deposit or loan products and in the future use them if the customers think they are necessary for them. This can be done through advertisements, which the bank usually does not do.

#### 6.4 Customer Service Delight:

In the banking industry it is important to delight customers as the market is extremely competitive. Though Pubali Bank does not have any such strategy to delight its customers, but still for example if they try to have depositor of the year, and send that depositor a kind of gift, then not only this particular customer will be delighted with this unusual service or surprise from the bank, but others around will also be motivated and will try to deposit more money into the bank.

### 6. Customer Perceptions of Service:

Customer satisfaction and customer perception of a service are two different concepts, for example, customer perception about a bank will develop, before taking the actual service from the bank, only when he will compare it with other banks FDR interest rates, service charges, employee behavior with customers and the overall environment of the bank, where as customer satisfaction is when customer already has taken the service from that particular bank. On the other hand cumulative perceptions occur at different times of service encounters. For example, during one service encounter by a customer if the bank employees behavior is bad then the customer will have a negative perception about the service. If on the other hand if a customer experiences a positive service from one good employee of the bank then he will have positive perception about the bank, which is very micro level, the transaction level of a banking service. Based on service encounter over the period of time from the bank, a consumer will have a cumulative service perception about the bank.

#### 7.1 Determinants of Customer Satisfaction:

Some of the determinants of customer satisfaction are:

**Product & Service Feature:** Service feature for Pubali Bank could be the various deposit schemes, rate of interest, and time period of deposit, monthly deposit amounts and others. If the customers are convenient with what they get at the end of the maturity of a product, then they will be satisfied with the service of the bank.

**Consumer Emotions:** Pubali Bank is one of the oldest banks of Bangladesh. Old consumers may feel a strong attachment with the bank, due to which they are loyal toward the bank and hence till now continuing to take its service and they feel happy being associated with it which reflects their level of satisfaction.

**Attributes for Service Success or Failure:** While opening an L/C Account, if Pubali bank is being able to provide their clients with an appropriate dollar rate after a month when letter of credit (L/C) payment will be made, the client will be happy if it earns more than the market rate of dollar as this gain will be clients satisfaction.

**Perception of Equity or Fairness:** If, for example, the foreign exchange clients of Pubali bank think they are getting a good rate for dollars against their international transactions, then they will feel that the bank compared to other banks, are treating them fairly just the way they are treating their other commercial clients as well, which will reflect customer satisfaction for Pubali Bank.

**Other Consumers, Family Members, and Coworkers:** For example, if a customer is happy with Pubali Bank's service, he will spread positive word of mouth about the bank to his friends, family and coworkers, as he perceives the service of the bank to be positive and good. So, satisfying customer at every point becomes vital for the bank.

### **7.2 Service Quality Dimensions:**

**Reliability:** If Pubali Bank provides its customers with the accurate information on the additional service charges that will be deducted from their deposits or loans, and the said information is true and always correct, then the customers will always be able to be reliable on the bank like many of them has been over so many years.

**Responsiveness:** Pubali Bank's employees always has the willingness to help their customers and they always try to provide them with prompt services due to which they have been as bank able to survive in the market for such a long period of time.

**Assurance:** Most of the employees of the bank have sound knowledge on what they do, they are most of the time courteous with clients, due to which they have the ability to inspire trust and confidence from their customers.

**Empathy:** One major problem of the Bank is, many a times it has been seen that caring, and individualized attention is sometimes missing in case of general customers. The banks need to improve on such aspects because bottom of the pyramid customers are also extremely important in service marketing.

**Tangibles:** the bank needs to seriously improve on the tangible aspects. A banks aesthetic beauty now days have become vital in terms of competition. Moreover some written documents, papers and stuffs like visiting card, account opening forms, KYC also needs to be improved as consumers also judges a company based on such documents.

### **7.3 E-Service Quality:**

Along with the actual physical service provided by Pubali Banks employees to its customers, it is extremely important that their e-service is also very good. The bank is the largest online bank of the country. With the introduction of online banking, it has made it very much possible for people from all across the country experience e-banking easily. The attempt to improve the internet banking and online banking has always been among the top priorities of the IT (Information Technology) Division of the bank.

#### 7.4 Service Encounters:

The different service encounters that face during a service process plays a vital role in shaping customer perception towards a service. Some of the service encounters are as follows:

**Recovery:** If there is any service failure, then it depends on the dealing office of the bank, how he or she reacts in this situation. If the banker can handle the customer carefully, then the customer becomes happy about it. For example, while making foreign bill payment order, the dealing officer's service makes the commercial clients happy.

**Adaptability:** How the banks employees respond to a customer's need and requests, also depend on the dealing officer available at that time. For example, a customer needs to withdraw BDT 6,00,000/- from his account, but his transaction profile (TP) limit is BDT 3,00,000/- per month. If the customer has sufficient fund in his account with supporting documents, then based on this the way cash officer helps the customer in this crisis time makes the customer happy ones received help from the officer.

**Spontaneity and Coping:** An employee's spontaneity during a service and handling problem customers also affect the way customers encounter service in the bank. For example, a client wants to en-cash his FDR account, but is very rude. It depends on dealing officer how politely and how fast he deals with the customer at that point and make sure the customer does not get irritated or angry during the entire FDR account closing process.

### 7. Listening To Customers Through Research:

One of the most important and significant ways to improve customer service is through marketing research. It allows the company to listen to customers, that is what customers actually think about their service and the company as a whole. But before conducting research it is important to have a research objective. Pubali bank can understand what customers think about them via conducting research.

*Research Objectives:* For example the research objective of the bank can be "to assess gaps between customer expectation and perception."

#### 8.1 Criteria for an Effective Service Research Program:

The bank can go for both qualitative as well as quantitative research program in order to have an effective research program. For example, employees of the bank can observe their consumer behavior. In which time they are relaxed, with what services they are unhappy. The employees can ask questions to clients randomly that is interview consumers on different aspects of the bank's service. The bank can also go for quantitative research method. Develop a hypothesis, based on the objective of the research. Find the dependent and the independent variables. Develop a questionnaire relevant to the research objective. Conduct the survey on different branches of the bank with a selected sample size. Then run the data and calculate and find out the

factors disappointing the consumers while taking a service, and factors making them happy while taking a service.

The research can include the levels of customer expectation from Pubali Bank. It is important before conducting a research whether the cost behind the research will bring back sufficient benefit for the bank or not. The statistical validity that is the correlation between the dependent and independent variable is important in a research. Which services, FDR or payment order, is more important to the consumer and how they would want it to make better for their benefit is also important to be considered while conducting a research. One of the most important measures to be considered while research is to try to measure the brand loyalty of consumers toward the bank, and their behavioral intentions. These two aspects are vital to understand whether the customer is loyal and whether it has the tendency to switch to other banks after having the required service, or is here to stick to the bank for a long period of time and continue to be business partners with the bank.

### 8.2 Elements in an Effective Service Marketing Research Program:

For simplicity, let us consider deposit product, FDR, as an example.

Research objective: To assess gaps between customer expectation and perception.

Hypothesis: Whether the FDR related services is satisfactory or not?

*Null hypothesis:* Whether the employee providing FDR service is good

*Alternative hypothesis:* whether the employee providing FDR service is not good

### CONCEPTUAL MODEL

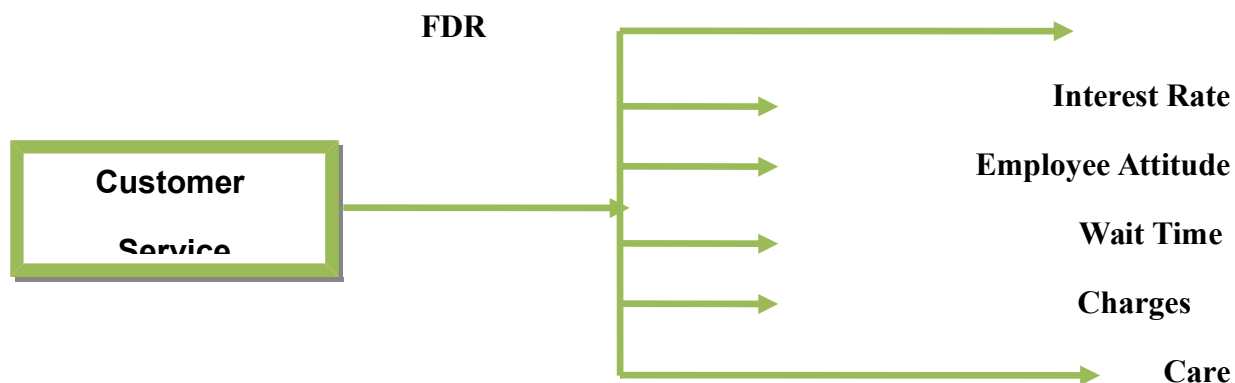


Figure: 1.3 Market Research Conceptual Model

The bank can conduct elementary level research, the requirement research that is analyze the requirements of FDR relevant services of other banks, compare them with their own bank and try to improve on it. For example, make interest transfers easily available to customers in their accounts when required by them either in cash or via cheque. Whether reducing the wait time of receiving interest will make the customer happy. Or any additional service could make them happy.

It is important to maintain good relationship with the customers. For example, during Eid every year greeting cards are sent to the top depositors of the bank. This is one aspect to measure customer satisfaction regarding service. It is important to visit customers regularly, interact with them, and maintain relationship. By doing so feedback regarding service can be received from clients, specially the corporate clients.

Process checkpoint evaluation is also important. It is important to collect information from the clients regarding their expectation from the bank's service. Understand their problems; recommend them with alternative solutions for financing. For example, in case of loans if an overdraft loan cannot solve their problem, their problem then they can be suggested to take either a term loan or may be a temporary overdraft loan, based on the type of their problem as well as their requirements.

### **8.3 Analyzing & Interpreting Research Findings:**

After completing the marketing research conducted in the bank, it is important to analyze and interpret its findings. From the research it can be found out what is the expectation of customers from Pubali Bank. Their actual perception on the bank's overall service and the gaps between customer expectation and perception, for example, in case of FDR service, what they actually want and what they are actually getting from the bank. If they have to wait for longer times to encash their FDR, what is the wait time, how would they find it convenient to reduce the wait time to make service simpler that is to measure the customer's zone of tolerance from the service.

### **8.4 Upward Communication:**

At the end of the research it is important that the top management listens to customer's voice either from employees or from the customers directly. Ones the outcomes of the research are received by the banks' top management, and then only with the help of their support it will be possible for Pubali Bank to improve their services for their customers. Employee suggestions also plays a vital role in improving the service quality of the bank because they are at the dest providing instant service to customers so employees sometimes know very well what is important for their customers for their satisfaction.

## **8. Building Customer Relationship:**

Bank is a service entity. Building strong customer relationship is extremely important for service oriented companies to beat competition and survive in the long run in the industry. Hence here comes the concept of relationship marketing, building relationship with clients over the period of time.

Initially the client is a stranger. He or she does not have any kind of interaction with Pubali Bank. At this stage it is important for the bank to advertise about itself so that consumers unaware of the bank, or who do not have any connection with the bank has exposure toward it. Once the customers are exposed towards Pubali Bank, they might get attracted and hence it will be easy for the bank to acquire some of its competitor's customers.

Once consumers are exposed towards the bank; they come to its counter and encounter one or two services. Slowly over the time, for example they have opened a savings bank (SB) account in Pubali Bank; they transact over the year and eventually become friends with many employees and build a good relationship with them.

As over the time the SB customer over the years become friends, slowly their trust grows toward the bank due to service and once they are satisfied, for example, that same individual plans to do business. In that case this customer would prefer to open an overdraft (OD) account with Pubali Bank, and would prefer to avail the credit facilities of the bank. Hence now the customer also becomes the business partner of the bank.

So basically the goal of relationship marketing is to retain a long term relationship with its clients who are profitable for the bank to sustain in the long run.

### **9.1 Benefits for Customers and Bank:**

Building long term relationship is not only beneficial for the bank; it is beneficial for the customer as well.

Customers of Pubali Bank benefit by getting value from the bank. The interest rates on credit and the letter of credit margin are quite low compared with that of other banks in the market. This gives them a motive to stick with the bank for long term. Moreover, over the years customers have grown a confidence on Pubali Bank because this bank is almost hundred percent compliance bank. It tries to strictly follow the rules and regulations of Bangladesh Bank, due to which many big corporate houses of Bangladesh have been banking with Pubali bank since years as they can rely on the bank.

The corporate clients are aware of other banks of Bangladesh, still they prefer maintaining relationship with Pubali Bank not only because it is a compliance bank, or may be the interest rates are low, but also unlike other banks the service charges like excise duty and levy are also comparatively low than other banks. The bank keeps a minimum profit margin (the spread) and always is in an attempt to make its customers happy with value added services. Moreover it is

one of the oldest banks of the country with minimum fraud and forgery, so customers trust on this bank has been there since generations.

Pubali Bank has very strong word of mouth marketing by its customers. In case of any complex situation like opening an L/C account sometimes it is easier to deal with the bank than many other competitors in the market because L/C is a non funded loan and most of the times other banks do not trust customers, but Pubali Bank always tries to help even small business to conduct business without any obstacle by trusting them.

### 9.2 Customer Lifetime Value:

It is important for banks to estimate customer lifetime value because losing customers results huge loss for any organization. And according to Pereto law, 80% of profit comes from only 20% of customers, so it is important for firms to identify those 20% customers and build strong relationship with them by providing value in order to have higher returns on investments from them. Linking customer relationship value to firm's value is also important customer loyalty towards a firm determines the mind share a company has captured in minds of people, and the growth of customers determines a company's current and future base for growth in the industry.

### 9.3 Customer Profitability Segments:

First generation banks like Pubali Bank have a huge customer base. It is always not possible to meet all kind of customer expectations. So it is necessary for such banks to classify their customers based on profitability earned. Segmentation of customers can be done based on the following model:

#### Profitability Tier- The Customer Pyramid:



Figure: 1.4 The Customer Pyramid



1. The **platinum tier** describes the banks most profitable clients, mostly the corporate clients typically those who are heavy users of credit and foreign exchange related facilities. They are not very much interest rate sensitive and are ready to invest more provided better service according to their requirements.
2. The **gold tier** is different from the platinum level because here the customers, corporate clients as well as some wealthy proprietors or individuals of the society, are bit interest rate sensitive. They may be heavy users of credit, foreign trade or other facilities of the bank but would prefer lower rates of interest in order to avoid risks in their own businesses.
3. The **iron level** customers are the average customer, mostly individuals who provide a large volume of transactions, deposits and loans to the bank, but they are unfortunately not very loyal or may be not very much profitable customers in case of business perspective.
4. The **lead level** customers are those customers who cost additional costs to the bank. These customers are those who do not regularly transact with the bank after opening an account, and may be after few months their account becomes dormant. Hence the bank has to spend extra on reviewing their old transactions, and updating their KYC (know your customers) if they wish to continue with the bank by giving them calls and reminding them about their accounts. These customers are mainly problem customers who are never satisfied with the banks services and are likely to spread a negative word of mouth about the bank.

#### *9.4 The Customer's View of Profitability Tiers:*

Though it is profitable for banks to segment its customer and identify the ones who bring in profits for the bank, this is inappropriate from a customer's point of view. Customer is king, he or she has every right to get equal treatment regardless of his or hers interactions with the bank. Unequal services may dissatisfy customers as they are not aware for what they are being treated differently in comparison with many other customers. Their dissatisfaction may lead to a loss of customer base in the bank.

Moreover, if a student operates a savings account in a bank, obviously his transactions will be very minimal. If the student is not being treated well then in the long run when this student becomes a service holder may not prefer continuing his transactions with the bank due to his past experience. So he might prefer switching to some other bank where he will get equal treatment like other valuable customers. So it is always important to keep in mind before segmenting customer's according to the pyramid that there are future potential customers which the bank might lose in case they are not treated them due to the tier of pyramid in which they tend to fall.

#### *9.5 Relationship Development Strategies:*

The most important strategy to build strong customer relationship is to have a very strong basic service. If the basic service of the bank is poor, then regardless of customer segmentation, and

other value added services, customers will not want to stick with the bank as their main service is poor.

But it is not easy to switch from a bank's service, mainly due to two switching barriers:

1. **Customer Inertia:** Some consumers, regardless of whatever service they get from Pubali bank will not prefer to switch. They think that ok, if an account is there then let it continue to be there. This is because their perceived effort for switching an account from one bank to some other bank is not worthy. So due to this philosophy they tend to stick to the existing bank and think like some other bank accounts in other banks they can also continue with an account in Pubali Bank as it has been there since years.
2. **Switching Costs:** In many instances, some customers develop loyalty towards a bank regardless of its service. For instance, a customer might prefer staying with Pubali Bank as it has been operating an account for years with the bank. Moreover a customer also considers the switching costs, both monetary and non-monetary, while switching a bank account from one bank to the other. For example, it has been operating an account with Pubali Bank for years; due to this the customer has built a strong relation with managers and officials of the bank. Due to these familiarity and trustworthiness many customers get privilege even over interest rates and other additional facilities due to which they do not prefer switching from the bank as they consider the switching cost to be quite high for them.

Therefore it is important for the bank to consider the above criteria of why a customer does not switch the bank, try to retain them by providing good service so that due to them even other banks customers would at certain point want to take service from Pubali Bank.

### **9.6 Relationship Bonds:**

Some customers maintain relationship with the bank just because they have to maintain a relationship may be just to operate an account or so. The bank can engage in activities that will encourage customers to remain in the relationship because they want to with the help of different levels which helps maintain a bond or connection with the bank.

The different levels and bonds are as follows:

**Level 1- Financial Bonds:** This level is mainly associated with financial incentives. For example, if a regular customer gets the desired rate of interest on any of the deposit scheme then the competitors, then the customer is most likely to stick with Pubali Bank due to his interest earnings.

**Level 2- Social Bonds:** If an officer of Pubali Bank takes few minutes in understanding a client's problem, why he or she is for example applying for a personal loan, then there is a relationship built between the client and the officer. Hence a social bond is created between the officer and the client due to which client will want to stick to the bank.

**Level 3- Customization Bond:** Though it is not possible to provide customized service in banking industry, still providing credit facilities to school teachers or house hold loans for customers who cannot afford to purchase may be a microwave oven, or education loans with preferable loan interest rates can help retain customers in the bank.

**Level 4- Structural Bonds:** An example of structural bond for Pubali Bank could be making salary payments of those corporate clients who already have loans in the bank. Payment of corporate client's salary means having those may employee's deposit account in the bank, which ultimately makes the customer more productive via technology. Technology here can be the online banking facilities of Pubali Bank.

### **9.7 Relationship Challenges:**

It is always important to target the right customer segment. For example, it is very important to understand which customers or company a bank can allow opening an L/C account. If a non-funded L/C account is allowed to open to a wrong client, there will be possibilities of fraud and forgeries due to which the bank needs to be very careful in identifying and targeting the right customer before availing those customer credit facilities. There are many customers who are not profitable in the long run for a bank. For example, a client who takes loan but does not pay loan installments regularly, has a bad loan recovery record according to Bangladesh Bank credit ratings, ones a loan availed to the wrong customer will hamper the profitability of the bank.

It sometimes becomes difficult in maintaining challenging customers. Customers who have complaints regarding every aspect of banking, customers who become defaulters, customers who create problems at cash counters either while depositing or taking cash money. Dysfunctional customers sometimes make service delivery difficult as they do not co-operate with the bank officials. Hence maintaining relationship with such customers becomes a challenge for banks in the long run.

### **9.8 Ending Business Relationships:**

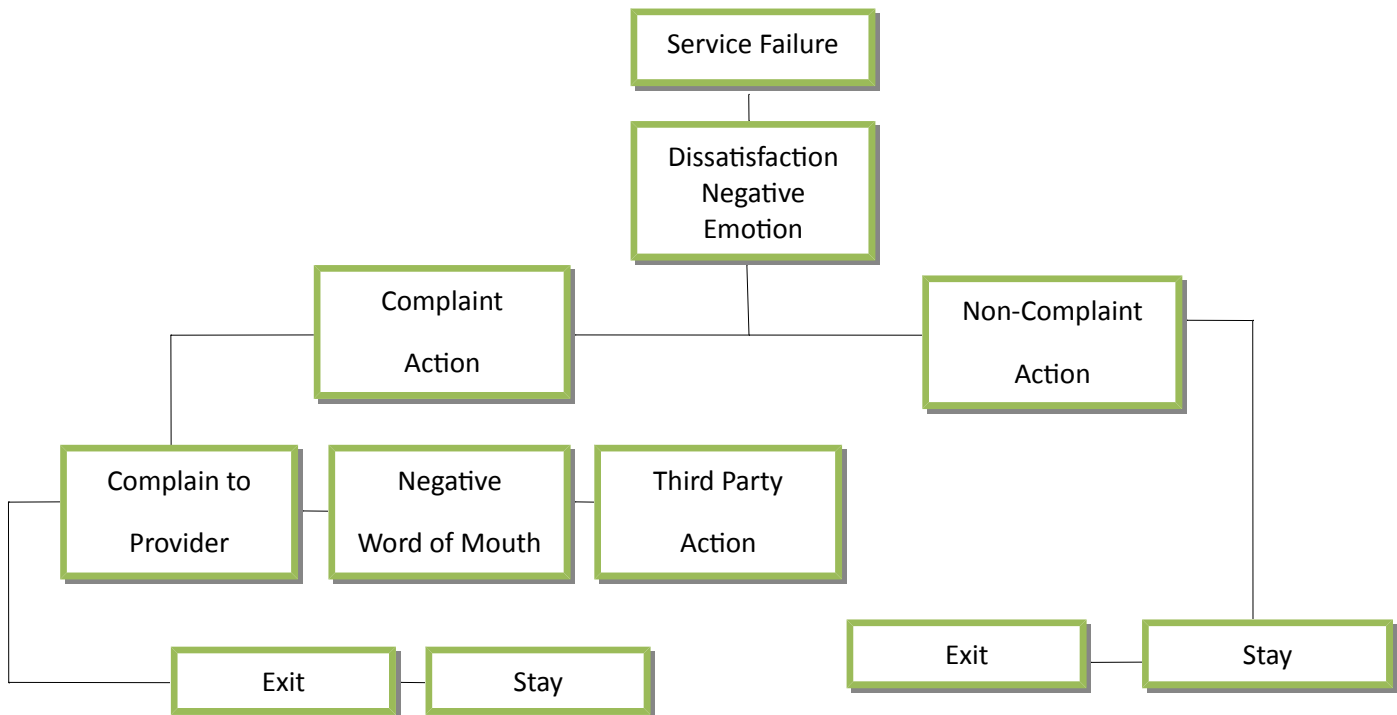
There are various reasons behind end of a business relationship. Some end up in positive manner some end up in negative manner. For example a loan client who has paid all its installments regularly on time over the period of business tenure, when time for settlement or adjustment of such loan accounts comes both client as well as bankers are happy as both parties have been able to maintain a healthy relationship and conduct the business beautifully over the years. On the other hand some end of business relationships is very disappointing. For example when a loan client does not pay its loan installment regularly, becomes a defaulter, and many times they are due to various reasons dragged into court. In such situation closure of a business relationship is quite an unhealthy and ugly experience both for the bankers as well as the customers themselves.

## 9. Service Recovery:

Service failure usually happens when a service is below a customer's expectation. Service recovery is the action taken by the company in response to this failure. If Pubali Bank fails to satisfy its customers, then through service recovery they can make them happy. Usually after service recovery consumers become more brand loyal and spread positive word of mouth ones they are satisfied with steps taken for service recovery. There are some challenges of service failure:

- ✓ **First** of all a service failure is a service failure and sometimes it is hard to fix mistakes. Moreover re-fixing service failure is quite an expensive process.
- ✓ **Second**, there are many customers who do not complain when service fails, so it becomes hard for companies to find and handle such customers.
- ✓ **Third**, it is not always necessary that service recovery will always satisfy a customer. There could be a negative impact; the customer may be highly dissatisfied that they might not prefer returning back to the company.

### 10.1 Customer Response to Service Failure:



**Figure: 1.5 Customer Responses to Service Failure**

The chart above clearly indicates how customers respond to service failure. Some customer instantly complains on the spot while service failure encounter. Some customers do not complain but they later on express their dissatisfaction with friends and family thus spreading negative word of mouth about the bank. There are different types of complainers:

- ✓ **Passive:** These customers neither take action nor do they complain to anyone about service failure as they do not consider complains worth their time.
- ✓ **Voicers:** These customers complain to service providers but they do not complain to others and do not spread negative word of mouth about the service.
- ✓ **Irates:** These consumers do not complain either to service provider or to any third party. Rather they become so angry on service providers that they rather prefer switching to competitor banks.
- ✓ **Activists:** These consumers not only complain to service providers but also complain to third parties as well; because they think complaining will bring in potential positive consequences hence they prefer complaining to everyone.

### 10.2 Customers' Recovery Expectation:

Customers want the company to understand what went wrong behind a service failure. They want the firm to be accountable to them and to others by understanding the problems and solve it. Many customers prefer a fair treatment after service failure. They want justice, for example in Pubali Bank sometimes customers think the cash officer did not behave well with them, at that point they expect the manager or some other senior officer to come and treat them well in form of service compensation as they think they did not deserve to be mistreated by a cash officer!. Some customers are preferred not going into any kind of trouble. For example, in case of any problem with FDR interest rates, they want easy solutions to their problems. So they will simply complain to the branch manager so that their complaints are addressed fast with ease. Last but not the least, some customers prefer interactional fairness. The customers want the bank officers to attend them courteously and solve their problems with care and honesty.

Ultimately, how a service failure is handled by the bank will and customers' reaction on service recovery effort will influence a customer's decision whether to switch to some other bank or stick with Puabli Bank in the future. The nature of customer relationship with the bank also influences their staying or switching decisions. Finally, the decision whether to stick with the bank or switch may not be an immediate decision by the customer; it will take some time following a series of events and some more service encounters with the bank. So handling customers during service failure is extremely challenging for Pubali Bank as the market is highly competitive.

### 10.3 Service Recovery Strategies:

One of the ways to handle service failures is to do it right for the first time. Providing customers with their expectations make them happy. In order to be accurate while providing service, total quality management is important for Pubali Bank. Every employee of the bank at every single desk needs to be trained in such a manner that there is no service gap while providing service to the customers. For example, the front desk, the cash section, the clearing house needs to be synchronized in such a manner that whenever customers come to deposit cheques related to such matters immediate and prompt service is given to them so that they are happy.

Pubali Bank needs to encourage more and more customer complaints. If they do so they will understand their flaws in providing the right service to their clients as a result they will be able to improve on customer service, at the same time consumers will be happy when they will notice that the bank is giving an effort to understand their demands and act accordingly. Act quickly while delivering service. Provide adequate explanations to customers not only in case of service failure, but also make them understand for example the deposit schemes in which they are willing to invest their money on.

Treating all nature and category of customers is extremely central for any service providing firm. Consumers perceive such firms in a positive manner. Give consumers service guarantee. Guarantee not only in words but also in action. For example, Pubali Bank can always guarantee its customers safe and reliable banking unlike many other banks where fraud and forgery is a vital issue. The bank's guarantee to its customers is not only meaningful, it is easy to understand, at the same time easy to evoke into both existing and other potential customers for the bank.

## **10. Service Innovation & Design:**

As banking sector service is largely tangible, it becomes quite challenging to design and innovate the exact service and deliver it to the customer's appropriately. The process of service, describing and communicating it itself is a challenge. The first risk is oversimplification. For example, Pubali Bank provides service to mass market is simple; rather giving a specific message to the consumers about their competitive advantage would rather help the bank differentiate its service from its competitors. The second risk is incompleteness, a consumer can say Pubali Bank has very good loan service but that person will not be able to describe how good the officers of the bank are in providing service. Third risk is subjectivity, one person in a certain situation will describe the bank's service in one way and someone else will interpret in other situation in another way. The final risk of service is biased interpretation, for example, the manager of a branch might interpret the service of one front desk employee in one manner whereas that same employee's interpretation of service may be different when it comes to a customer's perspective. Keeping these situations in mind, it becomes difficult for service companies like banks to design service according to consumer's expectation and convenience.

### **11.1 Service Innovations:**

Pubali Bank may improve or innovate its service toward consumers in the following ways:

- ✓ **Major or Radical Innovation:** For example, Pubali Bank may come with an innovative idea which is not offered by any other bank in Bangladesh.
- ✓ **Start up Business:** For example, Pubali Bank can start offering credit cards to its customers, an existing service which is already offered by other banks to have more business.
- ✓ **New Service for Currently Served Market:** For example, Pubali Bank can do facebook financial advice help to its already existing consumers.

- ✓ **Service Line Extension:** For example, Pubali Bank can come up with Education Loan for students like Mutual Trust Bank to extend its service line.
- ✓ **Style Changes:** For example, the bank can change its logo, or rebrand it, can redesign its website as consumers like change and hence will be attracted to their service.

Service innovation and changes in marketing is important for the bank to attract new customers and retain the existing ones as the banking sector of Bangladesh is extremely competitive. Moreover consumers also at a certain point get bored with monotonous way of marketing, so a little bit change for consumers can overall bring about huge change for the business itself, which is vital to sustain in the long run.

### *11.2 Stages in Service Innovation & Development:*

Service development and innovation has a few stages which need to be followed by any organization. The stages are as follows:

#### **Business Strategy Development and Review:**

Before innovating and developing a new service, it is important for Pubali Bank to review its vision, mission and its business strategy. Whether the service that they are planning to offer consumers will be supported by their online banking, ATM network, mobile banking, internet banking and other resources or not.

#### **New Service Strategy Development:**

Before introducing the new service into the market it is important to cross check whether this will support the business strategy or not. For example: Pubali Banks' strategy is to capture more market share, so whether introduction of new service by them will help them achieve their strategic objective or not by not hampering the existing customer base as well.

#### **Idea Generation:**

This is where the idea is actually produced. Idea generation can either be from internal sources, that is the bank's employees, or from external sources like the customers. Many new ideas for service innovation can be taken and considered for further development from them.

#### **Service Concept Development & Evaluation:**

Suppose the idea is generated. For example, Pubali Bank will start offering credit cards to its customers. Now here, it is important to describe the nature of service. What will be the limit for credit card to which type of customer segment? Should they differentiate credit cards based on different clients? Or offer a general credit card for all kinds of consumers? These questions need to be describes in this step.

## **Business Analysis:**

Business analysis needs to be done. For example, what will be the cost of offering credit cards to the bank, the resources needed behind to manage credit card division, the market position of credit cards in Bangladesh, and how profitable and feasible credit cards will be for the bank? These questions need to be addressed here in this step.

## **Service Prototype and Testing:**

Introducing new service is challenging. So at first it is important to provide credit cards to people who have stake in the bank, may be the employees can go for first trial, if they think the cards attached with their booth, or may be other booths like Dutch Bangla Bank's booth, or in different restaurants like Village, or shopping like UniMart or Pink city, and no problem found in using credit cards, feedback from employees after using their own credit cards can help the bank understand its flaws.

## **Test Marketing:**

Here after testing credit card use pattern by employees, the bank can offer free credit card trials to some of its valuable and loyal consumers who they know will give them accurate feedback on their new offering. By doing so the bank can observe the new product and service by employees process in action before it is actually launched in the market.

## **Commercialization:**

Ones Pubali Bank gets positive feedback from its employees and valuable loyal consumers on their credit card, if the feedback from them is positive, then they can go for actual marketing of their new product into the market.

### **11.3 Service Blueprinting:**

Service blueprinting is the mapping down of service delivery process to customers. The flow chart on how the service delivery process will be.

For example, credit card service of Pubali Bank:

- Credit card, a line extension for loan department
- Target customers for credit cards offered
- Number of employees needed in head office to deal with this new division
- Number of employees needed to handle card division in different branch offices
- The process of taking a card (delivery by the bank, taken by consumer)
- Card handled to the consumer
- The process of activating that card
- The card holder's usage pattern
- Excess limit used or not?
- Card payment regularly done by user or not?
- Where do consumers complain in case of any problem using card?



- Call center help during service disturbances
- Outsource call centre employees or not?
- How customer complaints will be handled?
- Skills needed in employees
- Future training for employees

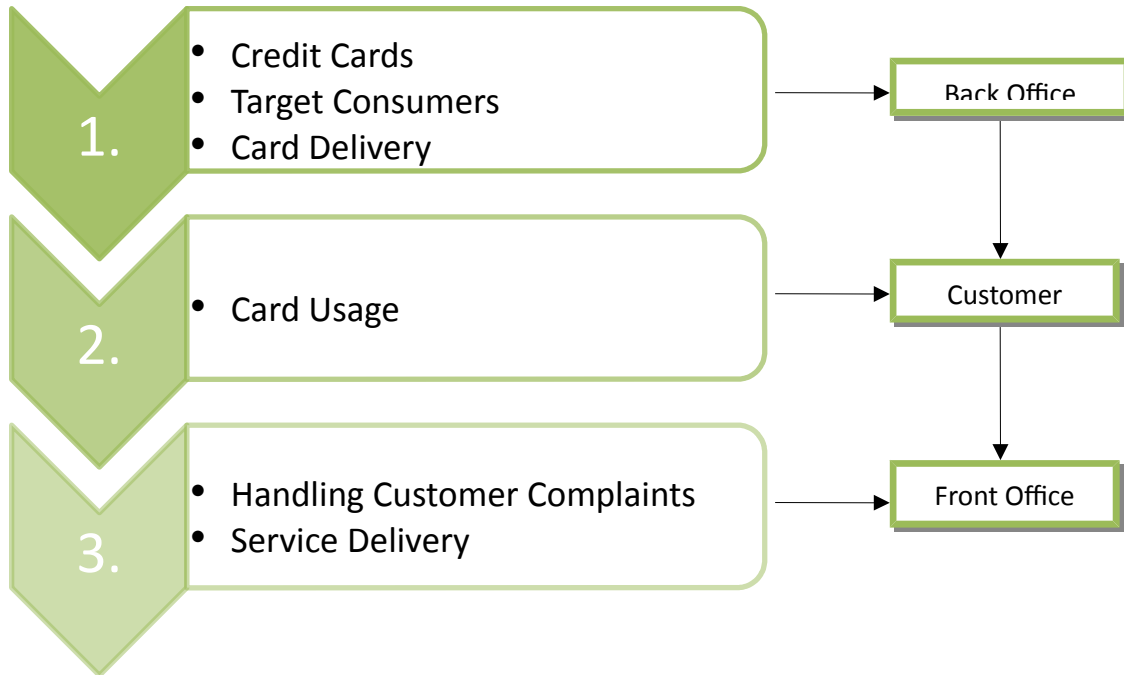
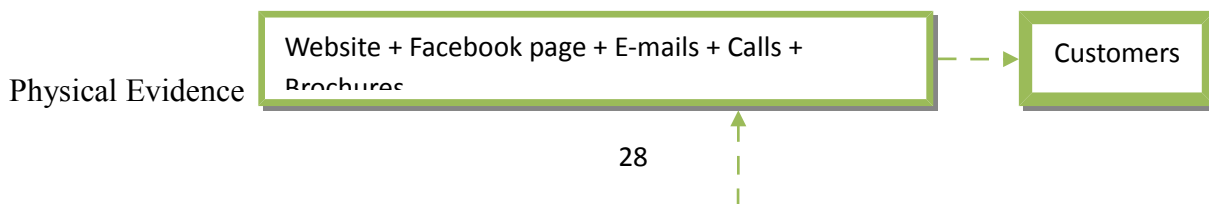
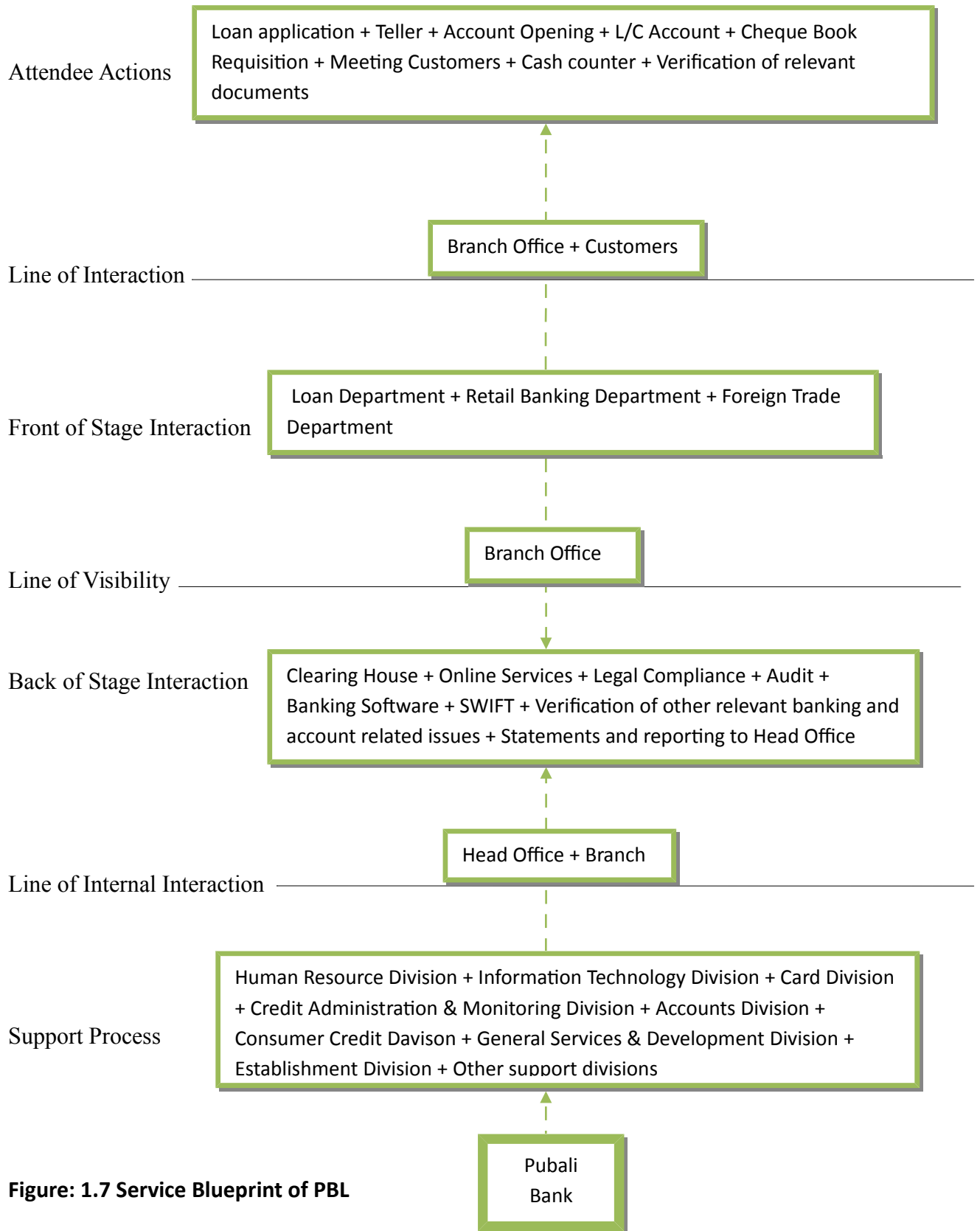


Figure: 1.6 Service Blue Print

From the very beginning of the service till the end, from back office job to customer help desk, from current resource need to future resource needed for further service enhancement, every detail is needed to be penned in a service blueprint as this is the layout and the process through which service encounter will take place and every employee needs to understand and know it very well for appropriate service delivery to its consumers.

**11.4 Service Blue Print of Pubali Bank Limited, Mohakhali Corporate Branch:**





**Figure: 1.7 Service Blueprint of PBL**

## 11. Integrated Services Marketing Communication:

Providing consumers with the right service communication has become a challenge now days. Today's consumers receive communication messages from variety of sources like e-mails, they are exposed to various communications like magazines, newspapers, billboards, television adds, consumers are exposed of promotional activities via different sources. So providing them with the right communication at right point is essential for service marketers. Integrated marketing mix is essential for service marketers to create a brand identity about their product or service. At the same time it is important to keep in mind that the IMC mix does not overpromise about the service because the promise made to consumers and the actual service delivered, if there is a gap then this will create dissatisfaction among consumers of the service.

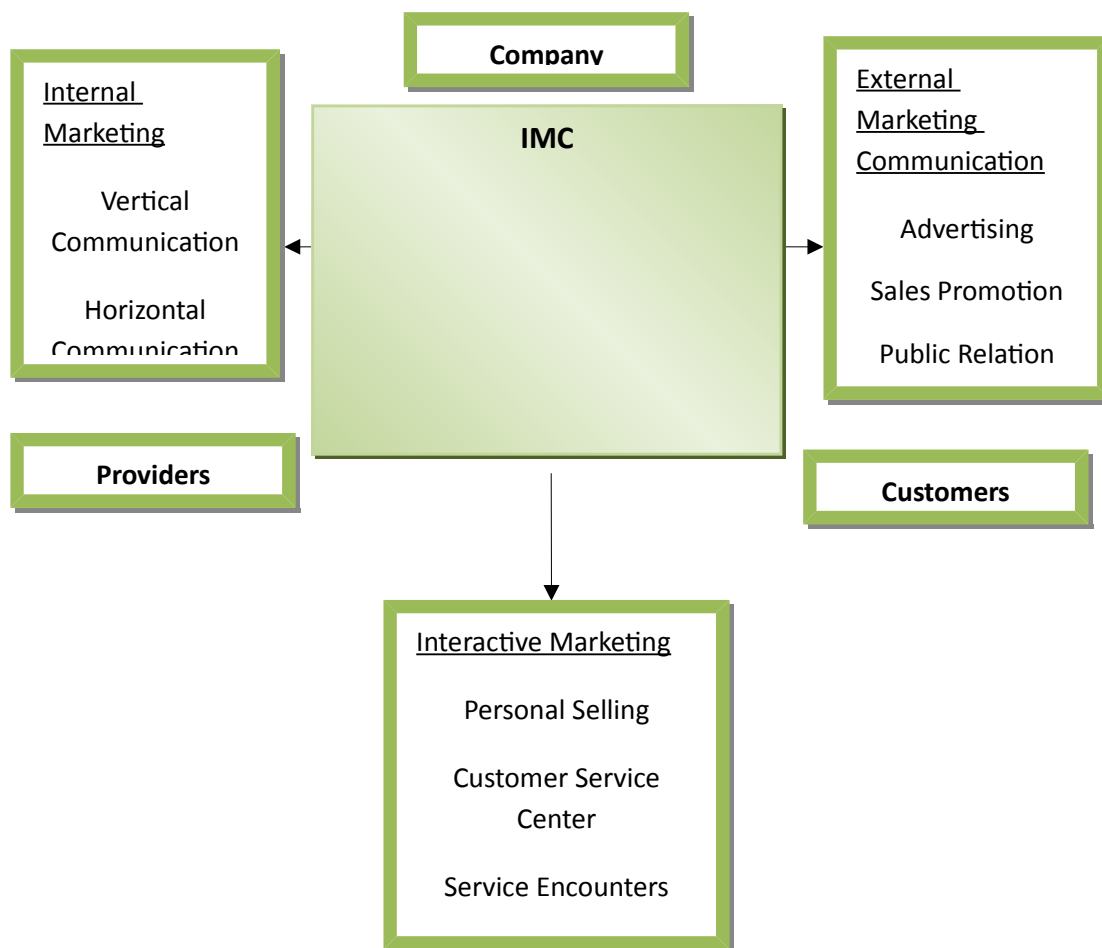


Figure: 1.8 Communications and Service Marketing Triangle

## 12.1 Key Service Communication Challenges:

### ***Service Intangibility:***

Services are intangible, and are based on performances rather than tangibility like products; this intangibility makes service communication a challenge. Service has incorporeal existence. The deposits schemes or loan products of a bank for example are not made up of physical matter due to which it becomes difficult to demonstrate such products unlike the tangible products like cell phone or refrigerators. Financial security of a double deposit scheme of any bank does not have abstractness like a Samsung LED TV, service of banks like Pubali Bank are described more generally sometimes making it difficult to differentiate from others.

Service is not searchable. For example, someone may ask his or her friends about how good the service of Pubali Bank is, he or she can serve the internet and find out the bank in terms of profitability holds the third position among all the banks of Bangladesh, but as banking service is a performance, it cannot be previewed or inspected like a refrigerator or before purchasing a t-shirt until and unless actual service encounter takes place. Moreover financial services of a bank are usually quite complex in nature; it is usually not that easy for consumers until and unless exposed to the service to understand what it actually is due to mental impalpability of customers.

### ***Management of Service Promise:***

One serious problem faced by service providers is keeping up promises made in the communication. For example if the employees of Pubali Bank overpromises about their service, or if advertisements made by the bank over positions itself about its service in mind of customers, but in reality during service delivery if it fails to keep the promise made by them then customers will be unhappy and disappointed with the bank's performance and perceive the bank's performance not up to the mark.

### ***Management of Customer Expectation:***

Managing customer expectation is the responsibility of both marketing and operations department. Operations department in a bank means the entire service itself which is operating for the consumers. The marketing of for example of Pubali Bank should be in a manner such that the team of employees can meet up to the expectation of what is communicated to the consumers. There is no point is raising consumer expectation level as this will result in adverse affect for the bank.

### ***Customer Education:***

It is important to educate the customers about the service they are taking. For financial institutions like bank this is important as financial products are complex. For example, a customer comes to Pubali Bank, who is not so educated. He does not understand whether a one year FDR will be profitable or a target based small deposit (TBSD) is going to be better for him as he does not know what to do with his money. So it is the responsibility if the banker to make

him understand the scheme more beneficial for him. This is vital because a consumer also plays an important role in service delivery process. Once the consumers get to know that Pubali bank is a bank which does not make fake promises unlike other banks and keeps up to the promises it has made through proper service delivery, then consumers become happy and prefer to stick with Pubali Bank for long.

### ***Internal Marketing Communication:***

The internal departments within a bank need to be integrated in order to have effective service provision. The service has to be delivered according to the promise made through communication to deliver value by internal departments. For example: a very important loan needs to be disbursed, but the client does the payment through cheque via clearing house of any particular branch of Pubali Bank. In this case the integrated effort of both the loan department of the branch and the clearing section put together, the effort given by officers to the client to help disburse loan on time, will make the clients happy. So the clients will have a perception that yes the bank tries to keep up to the promise it has made to them.

### **12.2 The IMC Model of Pubali Bank:**

#### **Internal Communication:**

1. **Vertical Communication:** Not that much effective communication between the employees and management needs to improve for better customer service.
2. **Horizontal Communication:** Effort is given but the effort between cross departments is not that very effective, and not that very much customer centric, attempts need to be taken to improve for better customer service.

#### **External Marketing Communications:**

1. **Advertising:** Only news paper advertisements, no billboards or other mediums of communication used that very effectively.
2. **Sales Promotion:** Not much effort given by the Bank in the area of sales promotions in terms of loan and deposit products.
3. **Public Relations:** Very limited but done through newspapers during any new event like ATM booth inauguration or The Annual General Meeting 2014 held recently this year during March.
4. **Direct Marketing:** This is done mostly by any officer when needed, but no specific department is there for direct marketing activities.

#### **Interactive Marketing:**

1. **Personal Selling:** It is practiced very much in the bank, but only at corporate level, to retain and or attract new clients usually by officers above senior officer and above designation.
2. **Customer Service Center:** Pubali Bank unfortunately does not have any customer service centre.

3. **Service Encounters:** Service encounter happens at every point, for example, in cash section, while interacting with officials during account (FDR encash or renew) related issues, pay order, L/C, loan and any other banking activities.
4. **Servicescape:** The physical environment of the bank needs to be improved. Employees need to be trained on customer service. The entire system needs from printers to e-mail services needs to be more customer centric.

### 12.3 Five Categories of Strategies to Match Service Promises with Delivery:

The goal is to deliver service that is greater than or equal to promises made, by the following strategies:

#### *Address Service Intangibility:*

Service intangibility can be addressed through advertisements and other communication strategies like:

- **Use Narratives to Demonstrate the Service Experience:** For example, an advertisement may be developed by Pubali Bank where the consumer will have a realistic and positive experience which will make consumers understand the service better to understand.
- **Present Vivid Information:** For example the bank can go for a vivid advertisement, the first generation and one of the finest banks in Bangladesh.
- **Use Interactive Imagery:** The bank can use some kind of symbol or its logo to create an image in the minds of customers.
- **Focus on Tangibles:** The bank can use its tangible attributes like ATM booths all over the country to increase effectiveness of service.
- **Use Brand Icons to Make the Service Tangible:** Another way to make service tangible is to use brand icons like how McDonalds uses its clown as an icon.
- **Use Association, Physical Representation, Documentation, and Visualization:** Using people or place, buildings or equipments, or highlighting service benefits of the bank to address service intangibility.
- **Feature Service Employees in Communication:** Using employees who serve consumers for example, a cash officer used in advertisements by the bank can be a good way to address intangibility.
- **Use Buzz or Viral Marketing:** Make sure the service provided is so good that consumers spread positive word of mouth marketing about the bank.
- **Leverage Social Media:** For example, if Pubali Bank's consumers use facebook page to talk about the bank's service, this will be a positive sign for the bank.
- **Aim Messages to Influencers:** For example, some special clients of Pubali Bank can promote about the bank to others to attract more customers for the bank.
- **Feature Satisfied Customers in the Communication:** Sometimes a satisfied customer talking about how good the service of the bank is can help address intangibility.

#### *Manage Service Promises:*

- **Create a Strong Service Brand:** For example, Pubali Bank is one of the oldest and finest banks in the country. It has created a strong position hence it is a brand due to which it becomes easier for consumers perception and risk reduces as they already know about the company.
- **Coordinate External Communications:** The entire integrated communication mix needs to be coordinated in same way to have a relevant perception about the bank in mind of the consumers and also to address service intangibility.

#### *Manage Customer Expectation:*

- **Make Realistic Promises:** Pubali Bank has to make promises such that their employees can meet up to the promise made, which is meeting customer expectation.
- **Offer Service Guarantee:** For example, the bank can give guarantee over its financial security for its valuable clients that the bank will always take care of their financials in the correct manner.
- **Offer Choices:** For instance, if the bank offers various loan or deposit scheme to thie customers, it will be easier to meet customer expectation.
- **Create Tiered Value Service Offerings:** For example, if a person has an FDR of BDT 50 crore he will get higher rate of interest, something like this based on the amount of deposit kept consumers can be classified and given service for customer satisfaction.
- **Communicate the Criteria and Levels of Service Effectiveness:** Pubali Bank can teach its customers the bank ratings like investment grade or high yielding ratings so that customers can judge which bank is actually good and go for it. This will increase consumer reliability and trust on the bank.

#### *Manage Customer Education:*

- **Prepare Customers for the Service Process:** For example, a customer making foreign bills payment for the first time in a bank as his first business venture, make that customer aware of the foreign trade processes here.
- **Confirm Performances to Standards and Expectation:** Customers should provide feedback on whether they like the service or not, and what are their expectations from the bankers and the bank, this will help the bank improve service for them.
- **Clarify Expectations after the Sale:** It is important to clarify customer expectation, For example, what amount they will be able to earn from Pubali Bank's target based small deposit (TBSD) after two years, so that consumers are clear on what return they will be getting from their investments.
- **Teach Customers to Avoid Peak Demand Periods and Seek Slow Demand Periods:** It is natural that service is good during off peak period, so if the bankers can try to manage and bring customers in off peak period instead of peak period for example to avoid lines, then they will encounter good quality service.

#### *Manage Internal Marketing Communication*

- **Create Effective Vertical Communication:** Both upward and downward communication needs to be effective for delivering good service that is from employees to managers and vice versa.
- **Create Effective Horizontal Communication:** Communication across the departments of a branch like retail banking, loan and foreign trade needs to be effective to deliver quality service.
- Educate employees about quality service, create cross functional teams, and make sure back office support is always there to deliver quality service to consumers.

## **12. Way Forward in Delivering Best Quality Service:**

The bank can offer quality customer service in the following way:

### **Respond as quickly as possible:**

One of the biggest factors in good customer service is speed, especially when a client is requesting something that's time sensitive. A customer is happy when his request is met on time. For example, while providing remittance the customer will be happy on seeing how efficiently and how fast the money has been delivered on his hand. He would be least bothered about the back office job required by the bank like signatures to be taken in the vouchers from managers. Most of the customers, specially who get remittance from abroad are not that knowledgeable and do not most of the time have patience or want to understand behind the scene situation. For him, the customer, how quickly and with ease he receives the money, the service of the bank and behavior of the officials is more important. Hence, it is necessary to respond quickly and as possible to customer demands in order to make them happy.

### **Know your customers:**

Great interactions begin with knowing your customers wants and needs. Customers love personalization. Get to know your customers, remember their names and previous conversations. If needed, make a note of what was discussed previously so you can refer to it the next time you meet. Specially in service companies like banks, customers feel pleased when officials greet them with a smile, offer them tea or coffee, ask them about how things are going, keep them busy in conversation and at the same time process their service. This not only makes customers happy, but at the same time they become friendlier with the officials, share their problems, hence as a result they get better solutions from bankers, if it is financial problem and thus a healthy relation is built between the banker and the client.

### **Fix your mistakes:**

Not taking responsibility of your mistakes is a sure fire way to getting a bad reputation. Transparency is important in business and customer service is no different. Always strive for a high quality output as it shows you have a high level of standards. If any mistake done, accept it and try to fix it as early as possible. Consumers tend to remember the negative incidents more



than the positive ones. One mistake done can at times turn out to be huge cost for the bank and can sometimes ruin good relationships with customers as well.

### **Go the extra mile:**

Going the extra mile will not only result in an indebted and happy customer, it can also go a long way in terms of keeping yourself on their radar for future business. For example, small things like Eid greetings make consumer happy. Many consumers prefer personalization, so may be a birthday greeting or a special offer on their wedding anniversary by the bank can make consumers delighted which helps maintain long term relationship with consumers by the bank.

### **Think long term- a customer is for life:**

Think long term when dealing with customers. By keeping customers happy, they will be loyal and through word of mouth, will do the marketing for you. This is where most of the bankers go wrong. Unfortunately there are some officials in the bank who are myopic. They do not understand the long run consequences of disappointing a customer. Sometimes few officers discriminate among consumers by thinking one is just a regular customer so ignore, another is a corporate client so treat them better. But unfortunately these officers fail to understand the fact that every single individual, every single customer is important. They all need to be treated equally and with proper respect. Only then the organization will be able to earn reputation in the market as a good quality service institution. Because according to author, Pete Blackshaw, a satisfied customer tells at least three friends, whereas an angry customer tells 3,000! Therefore, it is extremely important for every official, from top to bottom of the hierarchy to think long term- as a customer is for life.

## **13. Summary:**

Pubali Bank Limited is one of the oldest and largest banks in Bangladesh. It has made its mark in every corner, from urban to even remote rural areas of the country, where other banks are yet to reach. With the help of online banking, the largest network in the country, EFTN (Electronic Fund Transfer Network), and mobile banking, it has made banking much easier for the mass people of the country. Due to this the bank is quite popular among the mass. Pubali Bank Limited achieved the award “Bangladesh Business Award 2009” as the best Financial Institution in Bangladesh, in the year 2009. The Industry, a financial weekly, has given the medal of “Best Rated Bank – 2010” to Pubali Bank Limited for its strong standing towards Capital Adequacy, Income, Loan Recovery and Corporate Social Services in the year 2010. And last but not the least, Mr. Helal Ahmed Chowdhury, Managing Director of Pubali Bank Limited, has been honoured as the “Best Banker 2011” by the top financial weekly, the Artha Kantha in the year 2011.

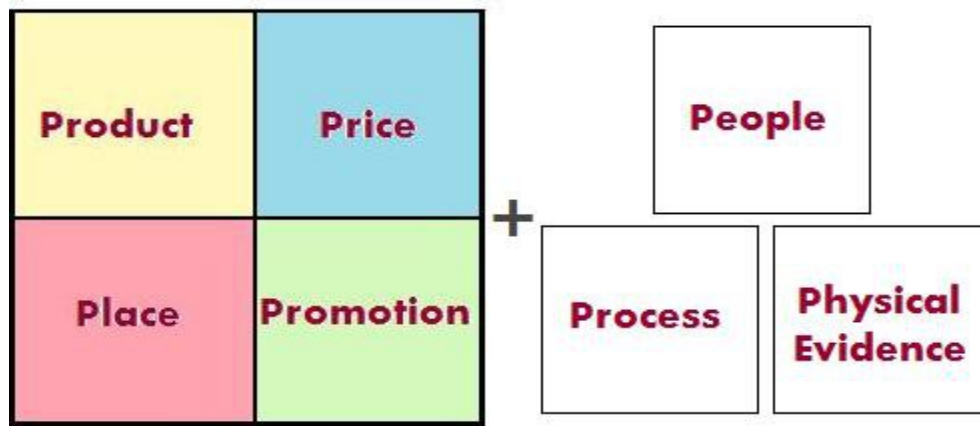
Three years consequently the bank has been honored for providing finest financial service in the banking industry. Today, three years down the road in 2014, still the bank is striving hard to deliver best quality customer service to their clients. Indeed ups and downs come, but due to its

quality service, reliability and transparency, it has been able to create trust among the mass people of Bangladesh. But this is not enough. The bank has a golden future. Its biggest strength is their employees. The bank needs to modernize and customize its services to beat some other top level competitor in the country.

Banking is a service-oriented marketing. Its business profit depends on its service quality. That's why the authority always should be aware about their service quality. To deliver quality service top management of this branch should try to mitigate the gap between customer's expectation and employee's perception and customer's convenience should give priority. Administrative cost of this branch is on the medium side, which has a major impact on profitability. Te manager should bring down the administrative cost and take all effective steps, strategy and action plan to reduce the cost at the desired level.

A focus on the seven p's of service marketing should give an overall picture of the bank at a glance:

14.1 The 4 P's + 3 P's:



**Figure: 1.9 The 7 P's of Service Marketing**

**Product:**

Financial Products like deposits and loan

**Price:**

Market competitive rate of interest on different offerings

**Place:**

Pubali Bank's branches are situated on 429 different locations of Bangladesh. Good reach towards the customers.

**Promotion:**

No proper market segmentation, targeting and positioning, following mass marketing strategy

Lack of proper branding

Need to focus more on advertisements to have high exposure among people, especially the youth who are the future of Bangladesh

Need to have more customized service

Need to have proper retention communication strategies in innovative ways to keep the customers with the bank

### **People:**

Good amount of human resource from various backgrounds of Bangladesh

Employees need more customer centric training and development as it is quite inadequate

Compensation, remuneration and human resources policies need to be improved for rewarding and motivating employees

### **Process:**

The over service delivery if rated on a scale of 5 (excellent) would be 2 (average), which needs to be focused on

The branch interiors, the physical layout, the employees service delivery needs to have a focus on

### **Physical Evidence:**

Lack of proper physical evidence like ambience, branch layout, corporate branding like signs, symbols, after sales services (the continuous service carried on by a banker to its value added client ones he or she is a service holder of the bank), interior design, locations, furnishing, employee dress, brochures, webpage, business cards, all needs to have a focus on for improvement.

## **14. Comments:**

A bank is an economic institution whose main aim is to earn profit through exchange of money and credit instruments. It is a service oriented as well as profit oriented organization. To

perform those two functions simultaneously, the bank divides its operations mainly in three parts- General Banking, Loans and Advance, and Foreign Exchange Division. Banks also invest their money into different financial securities and different types of project to diversify the risk and in return earn more profit.

The Banking sector in any country plays an important role in economic activities. Bangladesh is no exception of that. As because it's financial development and economic development are closely related, that's why the private commercial banks are playing significant role in this regard. This report focused and analyzed on the Service performance Pubali Bank Limited, Mohakhali Corporate Branch.

Based on three months of observation, it can be recommended that:

- ✓ The bank can offer credit card facilities to their consumers
- ✓ The bank can have a separate call centre and customer service centre to handle customer related problems
- ✓ The bank can customize its service for different regions, especially Sylhet and Chittagong Zone
- ✓ The bank can provide loans on their various deposit schemes
- ✓ The bank can provide Education loan for undergraduate students
- ✓ The bank can open more booths to complement its largest branch network
- ✓ The decoration, design and branch locations needs to be improved
- ✓ Most important, the bank needs to work more on marketing and branding to create a new image in the minds of their consumers

Moreover, the officers of the bank are competent. Even though many of them simply know the working procedure of what they are doing but do not know the philosophy behind doing those. Most of the employees are experienced bankers, but many of them are not familiar with computer and banking software's. The bank needs to conduct more customer driven training than technical training to improve their services. The bank needs to always monitor the service of competitors and try to strive to be up to the level in the market. To provide quality service to consumers, it is necessary to have a trained team in the organization. As human resource is the core of a bank, Pubali bank needs to recruit more fresh, bright and energetic graduates from business schools to bring in more efficiency in the workplace and improve service quality of the bank.

Last but not the least, competing in a service industry is an extremely challenging task. There are **4** state owned banks, **31** private commercial banks, **8** Islamic commercial banks, **5** specialized banks, **9** Foreign commercial banks, and **30** non-banking financial institutions currently operating in Bangladesh. There is intense competition. The customers have every right to choose between the banks which they want. Wherever they will get better service, or lower interest rates (service and rate of interest are the two most vital factors in banking sector), customer will go there. Recently in Bangladesh economy liquid money is more due to which Bangladesh Bank orders are to reduce interest rates, due to which banks are competing

with rates, and customers wherever, especially when it comes to deposit products prefer banks with convenient rate of interest. Though Pubali Bank has always provided its customers with reasonable interest rates, and a sense of security and reliability, still the bank needs to focus on its service side and try to improve on it for further sustainably.

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## **Appendix-1**

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## *Appendix-2*

### Glossary:

Borrower: A person who takes loan from a bank

**Funded Finance:** A principal amount paid to the borrower for either long term or short term business purposes

**Non-funded finance:** A type of finance where loan is given to the borrower based on future outstanding or amount the borrower will pay after the work is done or payment made by buyer to the borrower

**Letter of Credit (L/C):** A commitment made by the bank to the exporter on behalf of importer that the payment will be made to exporter by the importer when certain documentary conditions will be fulfilled by the importer

**Bank Guarantee (BG):** It is a promise made by a bank on behalf of the borrower from third party, that if the borrower becomes a defaulter, bank will cover the losses

**Lease Finance:** Type of finance made for lease of land or equipment

**House Building Loan:** Loan given for construction of usually homes and buildings

**Consumer Finance:** Loan given for car, household durable like Television and others

**Small Medium Enterprise Financing (SME):** Loan given to medium size or cottage companies to continue with their business

**Demand Loan:** Loan given on various demand like load against FDR and other general loans

**Overdraft:** A type of loan, usually given to corporate houses, a particular amount is given for clients various business purposes

**Cash Credit:** Loan given against collateral (a kind of security to bank like land) by the borrower

**Packing Credit (PC):** A type of loan given by bank to the exporter for purchase of good or manufacturing or packing of goods prior to shipment

**Loan Against Trust Receipt (LATR):** a type of loan given to the buyer for settlement of goods brought via L/C

**Export Development Funded (EDF):** Loan given to promote non-traditional manufactured items export business of Bangladesh

**SWIFT:** Society for Worldwide Interbank Financial Telecommunication Code. An internationally recognized code for banks around the world usually used for foreign exchange transaction communication globally

**Deposit Schemes:** Various types of deposit products of a bank to encourage customers for savings. Interest rates assigned to these schemes increases customers principal amount.

