

# PRIVATIZATION OF BANKS AND ITS IMPACT ON CUSTOMERS

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## ABSTRACT

In the operation of a bank, there is unique relationship between banks and customers. Banks are borrower from customers at one place (pulling savings) and banks are lenders to customers at second place (Providing Loans advances and credits). This borrowers and lenders relation is very important and need confidence on each other. The success of commercial banks totally depends on satisfaction of customers, if customers are satisfied they will use the products and services of the banks and banks can generate revenue/profit for the owners. In this article I have analyzed the impact of bank privatization on customers.

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## INTRODUCTION

The financial sector witnessed significant changes in terms of introduction of new services, expansion in existing services and changes in the regulatory framework. During the last few years, the banking sector expanded its menu of services aggressively by introducing new products. In addition to that, intense competition both among domestic and foreign banks, rapid speed of innovations and introduction of new financial instruments, changing consumer's demands and desire for product augmentation have changed the way a bank conducts business

and services its customers. (Akhtar 2002)

In the area of consumer financing, the banks are now competing with each other aggressively in contrast with an almost absence of these activities in the past. Banks have also been revamping their existing services of deposit taking and lending by introducing new instruments/schemes tailored according to the business needs of customers. Encouragingly, these changes are being made to specifically target the small and the medium size savers or borrowers. Consequently, lending to the small and medium enterprises, which had been a neglected area in the past, has now re-emerged as a strong potential investment avenue. Under mention were the problems facing by customers due to inefficient banking system in Pakistan. (Hussain.2003)

## CUSTOMER'S PROBLEMS

1. Customers need to keep some cash in homes for emergency, because of working hours of banks in Pakistan. People having money in their accounts were unable to withdraw from bank after 12 o'clock of afternoon. This was one of the most important drawbacks of banking services and was caused the low rate of mobilization of savings.
2. The second important problem of banking sector in Pakistan was no safe products and services for fast transfer of money. Carrying huge amount in shape of cash had become the base for looting burglary etc.
3. No proper facilities for submission of utility bills at the end and start of months. Making of long queue to wait for own term was another problem facing by customers, and problem of law and order for local authorities.
4. Information's about products and services were not for all. The small deposit holders were not aware to get benefits from bank products and services.
5. Loans, advances and credits were only for big fish on the basis of their political backgrounds or something else, but not for all customers.
6. No use of modern technology in banking sector was another cause of un-satisfaction of customers.