

**A Cross-Country Study of Bank Failure Resolution***Meera Sharma*

The purpose of this research paper is to analyze the powers given by countries to their regulators to carry out resolution of failed banks. The paper uses a World Bank database of bank regulation across 148 countries. The data is used to build indices of regulatory powers for failed bank resolution. The indices represent the powers given to regulators to intervene, restructure, restrict and liquidate failed banks. The immunity granted to regulators for actions taken to resolve failed banks is also measured through an index. Independent variables representing the occurrence of a systemic or non-systemic crisis; levels of creditors' rights and law and order; per capita GNP and growth in GDP; and the level of bank deposits to GDP are used in a cross sectional regression to isolate determinants of regulatory powers of bank resolution. The analysis finds that countries with weak creditors' rights and those that have undergone systemic or non-systemic crises are more likely to grant powers of extra judicial liquidation to regulators. This is more likely to happen in countries with lower levels of GNP per capita. Countries that have undergone systemic crises are also more likely to grant judicial immunity to actions taken by their regulators. The results of the paper have important implications for design of bank resolution mechanisms. The results suggest that countries that have suffered a systemic crisis and with sub-optimum levels of creditors' rights find value in providing their regulators with powers to liquidate failed banks. Such countries also find value in immunizing their regulators against legal action questioning their decisions.

**Saving Approaches of Self-Help Group Members : A Study with Reference to Manipur***S Dilan Singh*

Saving opportunities and support for the poor has increased with the introduction of Self-Help Group (SHG). The financial education imparted to the members of the SHG has reduced dependence on financial institution and has also given a positive impact on the saving strategies. The paper intends to study the saving approaches of the poor SHG members of Manipur. The study adopts judgemental sampling for collection of data covering 8 districts of Manipur. Using Principal Component Analysis technique is applied to analyse the data collected. The resultant component shows that SHG members do perform various types of saving strategies for self-reliance and reducing dependency. The inference drawn will highlight the financial education path.

**Brief Articles, Notes and Comments****Measuring Service Quality (SERVQUAL) in Banks***G Bharathi Kamath*

Satisfaction of the customer depends on the quality of service, therefore, measuring customer satisfaction helps the banks to understand the customer's needs, and change the strategies of the bank accordingly. The objective of the paper is to determine the crucial factors which affect the customer satisfaction in banks. The methodology used is survey model using structured questionnaire to measure Service Quality (SERVQUAL). The data is collected from 243 bank customers in Mangalore city. The SERVQUAL is measured on five different dimensions of tangibility, reliability,

responsiveness, assurance and empathy. The analysis of data shows that SERVQUAL scores for all 22 items under the said five dimensions bear negative signs. It means that expectations are greater than performance, this indicates that perceived quality is less than satisfactory and a service quality gap materializes. The largest discrepancy between expectations and perceptions of customers was in terms of the "empathy" dimension. With regards to the quality improvement, the most important dimension to which highest rating assigned is reliability. This dimension is followed by responsiveness and assurance respectively. The results suggest that a slight change in the orientation of bank's policies can make a huge difference in the level of customer satisfaction.

### **Commercial Banks and Financial Inclusion in the North-Eastern States : A Review of Recent Trends**

*Tara S Nair*

The post-independence history of banking and financial services in the north-eastern region of India is largely chequered. Inadequate banking infrastructure and sub-optimal performance of banks have been considered as lingering problems that prevent the development of a healthy financial service sector in the region. With the initiation of special economic initiatives by the government and the launch of financial inclusion project by the banking system, it is expected that some of the constraints to the flow of financial services within the region are loosened up. This paper attempts to review the major trends in the services of scheduled commercial banks in the north-eastern states over the decade 1997-2007 in the overall context of financial inclusion. The pertinent question is whether the drive for inclusion has made any perceptible gains to an otherwise lagging region in terms of improved share in the banking resources. The paper analyses broad patterns in the growth and spread of microfinance in the region with a view to understand issues associated with the quasi-formal arrangements of financial delivery like self-help group linkage and intermediation through microfinance institutions.

### **Book Review**

#### **Rural Microfinance and Microenterprise : Informal Revolution**

*Amitabh Bhatnagar (ed)*

New Delhi, Concept Publishing Company, 2008, xix + 434 pp, Rs.1000

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