CHAPTER - 6

FINDINGS
FINDINGS

• With the advent of the process of liberalization in the early ‘nineties, the demands on banks’ resources and capabilities increased as banks had to match the challenges of being financial service providers in a globalized, competitive environment. This posed a dual challenge for the banking industry. The first challenge was to manage the growing needs of their existing customer segments and business locations for better and more efficient services, and the second was, how to expand the reach of their services and business beyond the traditional services and locations, which had large socio-economic implications because large parts of the population did not have access to even basic banking services. At this juncture, banks in India were looking at huge potential in business growth as well as several constraints, such as inadequacy of infrastructure and human resources, geographical, topographical and distance limitations, communication inefficiencies, cost implications and delivery, as well as the processing capability to manage more business information and larger accounts. Increased use of information technology emerged as the key to meeting these challenges.

• CBS implementation has made customer account maintenance seamless and enhanced data storage and retrieval capabilities tremendously. It has also enhanced the banks’ capacity to develop and market new products, as technology has increased information availability and the capacity for analysis and communication manifold.

• Customer Relationship Management (CRM) and data warehousing will drive the next wave of technology in banks.

• There are two areas in which the Indian banking industry will be severely challenged to find a solution over the next decade. First pertains to the rising expectation from banks to find an economically viable solution for financial exclusion. The second pertains to human resources challenge in
the Public Sector. While the first challenge demands unusual innovation and experimentation, the second threatens to cripple the ability of the largest segment of the banking industry from being able to innovate and stay competitive.

- The Public Sector Banks will enter the next decade with the same expectations as their private sector peers but with a severe disadvantage in human resources. The HR challenge of Public Sector Banks has reached a tipping point. Due to a legacy of several decades, the Public Sector Banks will witness unprecedented loss of skills and competencies in form of retiring senior and middle management executives over the next few years. That coupled with the need for large scale re–skilling, attracting and retaining fresh talent, controlling the growing employee costs, and introduction of performance discipline are significant challenges. The private sector banks, even excluding their outsourced staff, are among the top employers today with comparable employee strength to the Public Sector Banks.

- The aging profile of Public Sector manpower cannot match that of the Private Sector in product segments that require aggressive selling or significant technology dexterity.

- India's banking industry these days finds itself on a treadmill where it has to keep pace with the country's rapid growth by servicing a customer base with global options. A report by consulting firm McKinsey & Co. finds that while Indian banks fare well by global standards on a few counts, including increasing shareholder value, they will have to do much more to stay competitive.

To expedite the process of financial inclusion, public sector banks need to open at least 250 new accounts in each branch every year, as recommended by the Rangarajan Committee in its report. In its final report, Finance minister P Chidambaram, headed by the chairman of Prime Minister’s Economic Advisory Council C Rangarajan, suggested that each branch PSU banks should open 250 new accounts every year. This implies that 12.5 million
accounts would be opened each year, given the current strength of 50,000 branches in the country.

Regulatory, structural and technological factors are significantly changing the banking environment throughout the world. One factor that is spurring the growth of the service economy in India is the liberalization that has been ushered in by the government in the banking sector. The financial sector reform in India was designed to infuse “greater competitive vitality in the system”. In other words, financial liberalization has led to intense competitive pressures and retail banks are consequently directing their strategies towards increasing customer satisfaction and loyalty through improved service quality. Retail banks are pursuing this strategy, in part, because of the difficulty in differentiating based on the service offering.

- The homogeneity of services offered and competition within the banking industry have put added pressure on banks to achieve competitive differentiation, which has led to an emphasis on service quality. Banks use service quality as a means of gaining competitive advantage.

- An industry review of Indian banking sector calls for the banks to strive hard to attract and retain its customers by introducing new products, enhancing the quality of customer service and marketing a variety of products through diversified channels targeted at specific customer groups. It thus becomes clear that long term customer relationship determines the profitability of banks and public sector banks are no exception to it. CRM is not a one step process especially in banking sector and if the customer expectations towards long term relationship with banks are properly defined, a well operating CRM system would go a long way in effective management of customer needs and satisfaction. It would also prove to be a powerful tool in saving a great deal of time and money and hence ensure profitability to banks.

- The Public Sector perceives a higher imminent threat from squeezing margins and believes that there is a need to scale up and expand globally. The Private Sector, on the other hand, believes that the margins are
reasonably secured and feels a relatively lesser need for international presence and scale

While studying employees satisfaction i.e. how they feel being a part of public sector bank the following has been found:

- Tenure of job does not have any association with the employees satisfaction i.e. no matter from how long employees are associated with bank, they are satisfied.

- Majority of the employees work in operations and finance department.

- Majority of the employees think that a change is required in their respective department to improve the working conditions.

- In the research it was found that as per employees statement the environment of Punjab National Bank is participative while that of SBI is somewhat self-centred type.

- Majority of the employees think that their work is according to their qualification and they are satisfied with the top management.

- Mostly all the employees are satisfied with the working hours of the bank.

- Some employees think that they do not get appropriate appreciation when the desired work is completed.

- The employees of both the banks are completely satisfied with the medical facility being provided by their respective banks.

- When employees were asked that which factor motivates them most then majority of them responded for the recognition factor and promotion factor.
Some employees are not satisfied with the salary but again that proportion is less.

Overall assessment leads to interpret that majority of employees are satisfied with the bank. The employees which are somewhat dissatisfied cited the following reasons like:
   a) Awaiting promotion from so many years
   b) Monotonous job
   c) Geographic Location

Majority of the employees want to continue their association with the bank.

While studying customer preferences towards Public and Private Sector Banks i.e. which bank they prefer the following was found in the research:

- A major number of respondents have their account in Public Sector Bank.

- Income plays a very important role in choosing the bank.

- Problems faced by the respondents are more in Public Sector Banks.

- The most possessed account in the bank is savings bank account.

- Mostly respondents agree that minimum account limit is not high.

- Respondents in Private Bank complained that there are some hidden charges.

- The most preferred bank in Public Sector is SBI followed by PNB.

- The most preferred bank in Private Sector is HDFC followed by ICICI.
• As the majority of respondents have their account in Public Sector Banks they cited trust as the main factor due to which they have account in the bank. They think their money is safe. And those in Private Sector Bank cited fast and quick service as the reason.

Also location plays an important role in selecting the bank like among Public Sector Banks, Punjab & Sind Bank is least preferred because of its location.

• Respondents want a change in the behaviour of employees in Public Sector Banks.

• The case in which respondents have account in both the banks they feel more satisfied with Private Sector Bank due to reasons like: quick service, friendly behaviour of staff, extended working hours and better approach to customer relationship management.

• The most liked bank service at respective bank is ATM services in both the banks. Customer and information query service is ranked excellent in Private Sector Bank.

• Recession does not altered the preference in majority for their respective banks.

• The major problem faced by the respondents in the Public Sector Bank is wastage of time.

• Majority of the customers do not want to shift from their existing bank.