PROFILE OF BANKS
4. Profile of CRM of banks

4.1 PUNJAB NATIONAL BANK

Established in 1895 at Lahore, undivided India, Punjab National Bank (PNB) has the distinction of being the first Indian bank to have been started solely with Indian capital. The bank was nationalized in July 1969 along with 13 other banks. From its modest beginning, the bank has grown in size and stature to become a front-line banking institution in India at present. A professionally managed bank with a successful track record of over 110 years. Largest branch network in India - 4525 Offices including 432 Extension Counters spread throughout the country. Strategic business area covers the large Indo-Gangetic belt and the metropolitan centers. Ranked as 248th biggest bank in the world by Bankers Almanac, London. Strong correspondent banking relationships with more than 217 international banks of the world. More than 50 renowned international banks maintain their Rupee Accounts with PNB.

With its presence virtually in all the important centres of the country, Punjab National Bank offers a wide variety of banking services which include corporate and personal banking, industrial finance, agricultural finance, financing of trade and international banking. Among the clients of the Bank are Indian conglomerates, medium and small industrial units, exporters, non-resident Indians and multinational companies. The large presence and vast resource base have helped the Bank to build strong links with trade and industry. Bank has Rupee Drawing Arrangements with 15 exchange companies in the Gulf and one in Singapore. Bank is a member of the SWIFT and over 150 branches of the bank are connected through its computer-based terminal at Mumbai. With its state-of-art dealing rooms and well-trained dealers, the bank offers efficient forex dealing operations in India. Keeping in tune with changing times and to provide its customers more efficient and speedy service, the Bank has taken major initiative in the field of computerization. All the Branches of the Bank have been computerized. The Bank has also launched aggressively the concept of “Any Time, Any Where Banking” through the introduction of Centralized Banking Solution (CBS) and over 2409 offices have already been brought under its ambit.

PNB also offers Internet Banking services in the country for Corporates as well as individuals. Internet Banking services are available through all Branches of the Bank networked under CBS. Providing 24 hours, 365 days banking right from the PC of the user, Internet Banking offers world class banking facilities like anytime, anywhere access to account, complete details of transactions, and statement of account, online information of deposits, loans overdraft account etc. PNB has recently introduced Online Payment Facility for railway reservation through IRCTC Payment Gateway Project and Online Utility Bill Payment Services which allows Internet Banking.
account holders to pay their telephone, mobile, electricity, insurance and other bills anytime from anywhere from their desktop.

Another step taken by PNB in meeting the changing aspirations of its clientele is the launch of its Debit card, which is also an ATM card. It enables the card holder to buy goods and services at over 99270 merchant establishments across the country. Besides, the card can be used to withdraw cash at more than 25000 ATMs, where the 'Maestro' logo is displayed, apart from the PNB's over 1094 ATMs and tie up arrangements with other Banks. PNB has chosen BancMate from Natural Technologies to run its branch banking operations on Microsoft® Windows Server™ 2003 and Microsoft SQL Server™ 2000. Its benefits are:

4.1.2 Benefits

- Bilingual software improves customer relationships.
- Easy to implement and troubleshoot.
- User friendly, cuts training time.

4.1.3 Analysis

A SWOT analysis was performed and it produced the following results:

4.1.4 Strengths:

- The bank personnel would be able to readily embrace the use of IT.
- An existing pool of qualified knowledge-based personnel would contribute largely to the IT initiatives.
- The financial position of the bank was very sound. There would not be any constraint of funds to facilitate IT initiatives.
- The bank wasn't bound to too much legacy systems and equipment.

4.1.5 Weaknesses:

- Different Unix OS flavors in different branches.
- Different standalone financial applications on PCs at different branches.
- Lack of interoperability due to disparity in systems.
- Limited expertise on the software packages currently deployed. This increased dependence on vendors.
- Systems audits were pending.
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- Most branches did not have a proper LAN in place.
- There was almost no WAN connectivity.

4.1.6 Bank and IT

Before deploying the core banking architecture, PNB used servers which were NT-based, from IBM, and from other vendors. Sun's Fire servers, Solaris OS, and Oracle's RDBMS are now in use. Cisco has tied up with PNB to evolve the network design and implement a nationwide network backbone to connect all its offices. Cisco assists the bank in understanding and implementing the various technologies associated with the project. The converged network infrastructure allows PNB to standardize the applications and software needed to provide the banking services. The network infrastructure will have a three-tier architecture. The network hub will be in its data center. The various branches would be connected to the data center using new-world routing and switching technologies. The bank has followed RBI's storage requirement guidelines. Provisions have been made to store transaction data for around 10 years. In some cases, data is stored permanently. Around 164 Sun enterprise class servers are used in a DAS architecture. The total capacity is of multiple TBs. The Sun hardware uses an in-built storage management tool. 101 branches of the bank are on a WAN. The bank plans to put 500-odd branches on the WAN this year, and in three years the WAN will have 2000-odd branches. The bank tried a number of connectivity options. 802.11b wireless connectivity was installed in five branches to begin with. The bank then explored the option of leased lines and used connectivity from MTNL and BSNL. It also used Bharti's leased line between Mumbai and Delhi. The bank now uses Reliance Infocomm's fiber optic backbone along with the leased lines in locations where the optic fiber does not reach. However, the use of Reliance Infocomm's infrastructure may be temporary. PNB has appointed HCL Com-net to carry out 24x7 monitoring of the countrywide network. There's a live link between HCL Comnet's NOC and PNB's IT head office. The network is monitored remotely and can also be viewed at the bank's IT facility, where a separate monitoring system is used for the Base24 Switch. Reliance has set up a NOC at PNB's premise to monitor its optic fiber network.
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4.2 ICICI BANK

ICICI Bank was originally promoted in 1994 by ICICI Limited, an Indian financial institution, and was its wholly-owned subsidiary. ICICI’s shareholding in ICICI Bank was reduced to 46% through a public offering of shares in India in fiscal 1998, an equity offering in the form of ADRs listed on the NYSE in fiscal 2000, ICICI Bank’s acquisition of Bank of Madura Limited in an all-stock amalgamation in fiscal 2001, and secondary market sales by ICICI to institutional investors in fiscal 2001 and fiscal 2002. ICICI was formed in 1955 at the initiative of the World Bank, the Government of India and representatives of Indian industry. The principal objective was to create a development financial institution for providing medium-term and long-term project financing to Indian businesses. In the 1990s, ICICI transformed its business from a development financial institution offering only project finance to a diversified financial services group offering a wide variety of products and services, both directly and through a number of subsidiaries and affiliates like ICICI Bank. In 1999, ICICI become the first Indian company and the first bank or financial institution from non-Japan Asia to be listed on the NYSE.

In October 2001, the Boards of Directors of ICICI and ICICI Bank approved the merger of ICICI and two of its wholly-owned retail finance subsidiaries, ICICI Personal Financial Services Limited and ICICI Capital Services Limited, with ICICI Bank. ICICI Group offers a wide range of banking products and financial services to corporate and retail customers through a variety of delivery channels and through its specialized group companies, subsidiaries and affiliates in the areas of personal banking, investment banking, life and general insurance, venture capital and asset management. With a strong customer focus, the ICICI Group Companies have maintained and enhanced their leadership position in their respective sectors. The Bank currently has subsidiaries in the United Kingdom, Russia and Canada, branches in Singapore, Bahrain, Hong Kong, Sri Lanka and Dubai International Finance Centre and representative offices in the United States, United Arab Emirates, China, South Africa, Bangladesh, Thailand, Malaysia and Indonesia. ICICI emerges as the major source of foreign currency loans to Indian industry. Besides funding from the World Bank and other multi-lateral agencies, ICICI was also among the first Indian companies to raise funds from international markets. It was the first of its kind in
India. ICICI Bank launched Private Banking. 1100-seat Call Centre set up in Hyderabad. ICICI Bank Home Shoppe, the first-ever permanent aggregation and display of housing projects in the county, launched in Pune. ATM-on-Wheels, India’s first mobile ATM, launched in Mumbai.

4.2.1 Bank on date Towards Sustainable Development

As India’s fastest growing financial services conglomerate, with deep moorings in the Indian economy for over five decades, ICICI Group of companies have endeavored to contribute to address the challenges posed to the community in multiple ways.

4.2.1.1) ICICI Foundation for Inclusive Growth: The ICICI Group of companies have facilitated the creation of the ICICI Foundation for Inclusive Growth to provide a focus on inclusive and sustainable economic growth, balancing environmental and societal concerns. Its chosen focus areas are access to markets, building basic human capacity (primary education and health) and promoting sustainability (environment and resource centre for NGOs/CSOs).

4.2.1.2) ICICI Group’s financial inclusion initiatives: ICICI Group’s financial inclusion initiatives include microfinance initiatives, introduction of biometric cards, models like Business Correspondents, micro insurance and micro systematic investment plans.

4.2.1.3) Disha Counseling: Disha Financial Counseling services are free to all in areas like financial education, credit counseling and debt management.

4.2.1.4) Technology Finance Group: TFG’s programmes are designed to assist industry and institutions to undertake collaborative R&D and technology development projects.

4.2.1.5) Read to Lead campaign: ICICI Bank has pledged to educate 1,00,000 children through the ‘Read to Lead initiative. Because education today means a better life tomorrow.
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4.2 SWOT ANALYSIS OF ICICI BANKS

4.2.2.1 Strengths

1) Brand name: Earned a reputation for extending quality services.

2) Huge network: ICICI Bank has the highest number of linked branches in the country. The bank operates through a network of 450 Branches and over 1800 ATM’s across India.

3) Diversified portfolio: ICICI Bank has an umbrella of products to offer their customer like retail banking, insurance, Demat services, Personal loans.

4) Aggressive Marketing: ICICI Bank is known for its aggressive marketing of its products. Recent endorsement of its product by Amitabh Bachchan proves the same.

5) Technology: ICICI bank’s technology platform has been acknowledged globally as one of the best in terms of robustness, flexibility and cost efficiency.

6) Salary accounts: ICICI is having an edge over other banks in case of Salary accounts because of huge network

4.2.2.2 Weaknesses

1) Poor customer service: Though most of the companies are satisfied with the products offered by ICICI bank, the poor customer support/service is creating a lot of dissatisfaction among the customers.

2) Little presence outside India: ICICI Bank is having little presence outside India, because of which companies prefer MNC Bank

3) High transaction costs: ICICI Bank charges high cost for its transactions. Customers are using only those facilities of ICICI Bank which are provided at cheaper rates (Salary Account) and for other services they are going to nationalize banks and MNC’s (Foreign exchange).

4) Focus mainly on high end customers: The bank targets only the top bracket of clients and does not cater to the needs of small customers. Due to this reason the bank may sometimes lose good clients.
4. Profile of CRM of banks

4.2.3 Opportunities

1) Increasing individual incomes in India.

2) New Companies: Sectors like IT and ITES are on a boom in Indian market context, with new companies mushrooming in the market.

3) Banking sectors that are planned by Indian government increase the possibility of lots of new services in banking.

4.2.4 Threats

1) Advent of MNC banks: Large numbers of MNC are mushrooming in the Indian market due to the friendly policies adopted by the government.

2) Ever improving nationalized banks: With PSU banks like SBI going all out to compete with the private banks and government banks and government giving them a free hand to do increases competition from nationalized banks as well.

4.3 HDFC Bank

HISTORY

HDFC Bank was incorporated in August 1994, and, currently has a nationwide network of 754 Branches and 1906 ATM's in 327 Indian towns and cities. It is the second largest lender in the private sector banking space. The Bank has a very strong balance sheet with one of the lowest NPAs (as a % of Net Advances) in the industry at 0.43%. It also has the one of the best Net Interest Margins in the industry at 4.5% in FY07.

The Housing Development Finance Corporation Limited (HDFC) was amongst the first to receive an 'in principle' approval from the Reserve Bank of India (RBI) to set up a bank in the private sector, as part of the RBI's liberalization of the Indian Banking Industry in 1994. The bank was incorporated in August 1994 in the name of 'HDFC Bank Limited', with its registered office in Mumbai, India. HDFC Bank commenced operations as a Scheduled Commercial Bank in January 1995. HDFC is India's premier housing finance company and enjoys an impeccable track record in India as well as in international markets. HDFC has developed significant expertise in retail mortgage loans to different market segments and also has a large corporate client base for its housing related credit facilities. With its experience in the financial markets, a strong market
reputation, large shareholder base and unique consumer franchise, HDFC was ideally positioned to promote a bank in the Indian environment.

HDFC Bank's mission is to be a World-Class Indian Bank. The objective is to build sound Customer franchises across distinct businesses so as to be the preferred provider of banking services for target retail and wholesale customer segments, and to achieve healthy growth in profitability, consistent with the bank's risk appetite. The bank is committed to maintain the highest level of ethical standards, professional integrity, corporate governance and regulatory Compliance. HDFC Bank's business philosophy is based on four core values - Operational Excellence, Customer Focus, Product Leadership and People. The authorized capital of HDFC Bank is Rs.450 crore (Rs.4.5 billion). The paid-up capital is Rs.311.9 crore (Rs.3.1 billion). The HDFC Group holds 22.1% of the bank's equity and about 19.4% of the equity is held by the ADS Depository (in respect of the bank's American Depository Shares (ADS) Issue). Roughly 31.3% of the equity is held by Foreign Institutional Investors (FIIs) and the bank has about 190,000 shareholders. The shares are listed on the The Stock Exchange, Mumbai and the National Stock Exchange. Recognizing the hard work that goes into establishing a successful SME and its demanding nature and the need to keep pace with the growing requests that come in, which may lead to purchasing new, or updating existing plant and equipment, or employing new staff to cope with the demands arising out of business expansion and to enter new territories and markets, HDFC Bank has assembled products, services, resources and expert advice to help ensure that SME business excels. HDFC Bank solutions are designed to meet the varying needs of SMEs. The following services are provided by the HDFC Bank;

### 4.3.1 Funded Services

Funded Services from HDFC Bank meet the day-to-day working needs of a small and a medium business enterprise. From working capital finance to credit substitutes; from export credit to construction equipment loan - HDFC caters to virtually every business requirement of an SME.

- Working Capital Finance
- Commercial Vehicle finance
- Construction Equipment Loan
- Short Term Finance
- Bill Discounting
- Credit Substitutes
- Export Credit
- Structured Cash Flow Financing
- Real Estate Initiatives
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4.3.2 Non-Funded Services

Under Non-Funded services HDFC Bank offers solutions that act as a catalyst to flourish the business. The following Non-Funded services are provided by HDFC Bank:

- Business Accounts
- HDFC Bank Trade
- Letters of Credit Guarantees
- Collection of Documents
- Cash Management Services
- Forex Desk Money Market Desk
- Derivatives Desk
- Services to Employee Trusts
- Services to Cash Surplus
- Corporate Tax Collection
- Bankers to Rights/Public Issue

4.3.3 Specialized Services

Under the specialized services of Bank SMEs can also avail customized control of their value chain through the Internet banking platform of HDFC.

- Precious Metals Channel Financing

4.3.4 Value Added Services

There is a plethora of services that HDFC offers under value added services. The following are the highlights of this service:

- Real Time Gross Settlement
- Corporate Salary Accounts
- Reimbursement Account
- Merchant Services
- Depository Services
- Custody Services
- Power Plus Business Card
4. Profile of CRM of banks

4.3.5 Internet Banking

Internet banking is a revolutionary service under the banking sector and HDFC Bank is at top in providing this service. It provides state-of-the-art payment gateway services to industries and companies in order to ease out transaction processing. This in turn enhances the credibility of business and makes banking extremely cost-efficient.

BOARD OF DIRECTORS

Mr. Jagdish Capoor Mr. Aditya Puri Mr. Keki M. Mistry Mr. Vineet Jain Mrs. Renu Karnad Mr. Arvind Pande Mr. Ashim Samanta Mr. C M Vasudev Mr. Gautam Divan Dr. Pandit Palande Mr. Paresh Sukthankar

4.3.6 HDFC SWOT- Analysis

4.3.6.1 Strengths

1. HDFC is the strongest player on Indian mortgages over the long term. The management of the bank is termed to be one of the best in the country.
2. HDFC has differentiated itself from peers with its diversifies network and revamped distribution strategy.
3. HDFC has been highly proactive in passing on the cost and benefit to customers.

Besides the core business, HDFC’s insurance, AMC, banking, BPO, and real estate private equity businesses are also growing at a rapid pace and the estimated value of its investments / Subsidiaries explains ~30% of HDFC’s market capitalization.

4.3.6.2 Weaknesses

1. High dependence on individual loans.
2. Major stake held by American financial groups which are under stress due to economic slowdown.

4.3.6.3 Opportunities

1) Fast growing insurance business in the country
2) Untapped rural markets.
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4.3.6.4 Threats

1) Loss of market share to commercial banks.
2) Higher than expected increase in funding cost.
3) Risk of fraud and NPA accretion due to increase in interest rates and fall in property prices is inherent to the mortgage business.

4.4 SBI

The Bank is actively involved since 1973 in non-profit activity called Community Services Banking. All branches and administrative offices throughout the country sponsor and participate in large number of welfare activities and social causes. Their business is more than banking because they touch the lives of people anywhere in many ways. Their commitment to nation-building is complete & comprehensive.

4.4.1 SBI KEY POINTS

- India’s largest Commercial Banking Group, consisting of SBI and 21 Subsidiaries, 6 Joint Ventures and 7 Associates
- Rated AAA by Crisol (a Standard and Poor company) indicating highest safety
- Maintaining a CAR of ~12% consistently
- Complying with BASEL II guidelines as of March 31, 2008
- Independent Risk Governance structure & integrated risk management of credit, market and operational risks
- High levels of corporate governance – Board driven decision making
- Strong internal and external audit systems – Audit committee of the Board consists of highly qualified and independent directors
- New initiatives in Pension Fund, Infrastructure Fund, Point of Sale and General Insurance in partnership with large international players
- Strong record of corporate social responsibility (CSR) activities
- Rights issue of ~US$ 4bn in March 2008 fully subscribed
4. Profile of CRM of banks

4.4.2 SBI SWOT -Objective of SBI: Purposeful banking sub serving the growing and diversified financial needs of planned economic development of the country.

SWOT Analysis:

4.4.2.1 Strengths

1) Brand Name: SBI Bank has earned a reputation in the market over the period of time (Being the oldest bank in India tracing history back to 1806)


3) Wide Distribution Network

4) Diversified Portfolio: SBI Bank has all the products under its belt, which help it to extend the relationship with existing customer's Bank has umbrella of products to offer their customers, if once customer has relationship with the bank. Some products, which SBI Bank is offering are: Retail Banking, Business Merchant Establishment Services (EDC machine), Personal loans and Car loans, Insurance, Housing loans

5) Government Owned: Government owns 60% stake in SBI. This gives SBI an edge over private banks in terms of customer security.

6) Low Transition Costs: SBI offers very low transition costs which attracts small customers.

4.4.2.2 Weaknesses:

1) The existing hierarchical management structure of the bank, although strength in some respects, is a barrier to change.

2) Though SBI cards are the 2nd largest player in the credit card industry, it has the highest non performing assets (NPAs) in the industry, which stand out to be at 16.28% (Dec 2007).

3) Modernisation: SBI lags with respect to private players in terms of modernisation of its processes, infrastructure, centralisation, etc.
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4.4.2.3 Opportunities:

1) Merger of associate banks with SBI: Merger of all the associate banks (like SBH, SBM, etc) into SBI will create a mega bank which streamlines operations and unlocks value.

2) Increasing trade and business relations and a large number of expatriate populations offers a great opportunity to expand on foreign soil.

4.4.2.4 Threats:

1) Advent of MNC banks: Large numbers of MNC banks are mushrooming in the Indian market due to the friendly policies adopted by the government. This can increase the level of competition and prove a potential threat for the market share of SBI bank.

2) Consumer expectations have increased many folds in last few years and the bank has not been responsive enough to meet them on time.

3) Private banks have started venturing into the rural and semi-urban sector, which used to be the bastion of the State Bank and other PSU banks

4) Employee Strike: There was an employee strike in the year 2006 which disrupted SBI’s activities. This can be repeated in the future.