Chapter 3

State Bank of India and Information Technology: An Interface
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STATE BANK OF INDIA AND INFORMATION TECHNOLOGY: AN INTERFACE

3.1 Introduction

In the previous chapter, e-banking in India was discussed in detail. Various e-banking products available in India, meaning and concept of e-banking was explained, advantages of e-banking was discussed, advantages to customers and to the bank were highlighted. Various e-banking services available in India and various facilities enjoyed by the customer by using these services was also discussed. In the end of chapter, various issues in e-banking was discussed along with the strategic measures that are needed. The present chapter to presents a detailed discussion about the history of one of oldest banks in India i.e. State Bank of India. Transformation of SBI from 1955 to till date will be discussed. Along with that, core banking solution and how it’s implementation in SBI has been talked about.

3.2 State Bank of India (SBI): History

Roots of State Bank of India can be found from the first decade of 19th century with the establishment of Bank of Calcutta in Calcutta on June 2nd, 1806. Three years later, this bank was renamed as Bank of
Bengal on January 2nd, 1809. British India established this bank as their first ever joint stock bank under the sponsorship of Government of Bengal. Subsequently Bank of Bombay and Bank of Madras were also established on July 1st, 1840 and July 1st, 1843 followed by Bank of Bengal. Modern banking scenario in India was dominated by these three banks until they were later merged to form the Imperial Bank of India on January 27, 1921. The Presidency Banks Act, which came into operation on May 1st, 1876, brought the three presidency banks under a common statute and the banks involved themselves in the financing of practically every trading, manufacturing and mining activity in the subcontinent. These three banks have the exclusive right to issue paper currency notes till the Paper Currency Act was passed in 1861. This right was abolished as Government of India got the sole power of issuing currency from March 1st, 1862.

The Presidency Banks of Bengal, Bombay and Madras with their 70 branches were merged on 27th January, 1921 to form the Imperial Bank of India (Gupta R.P, 1994). The main purpose of Imperial bank is to do commercial banking, bankers' to banks, and banker to the government. But this creation was preceded by years of deliberations on the need for a 'State Bank of India'. What eventually emerged was a 'half-way house' combining the functions of a commercial bank and a
quasi-central bank (www.sbi.co.in, 2012). The birth of Reserve Bank of India in 1935 as the central bank to the government reduced the central role of Imperial Bank. The birth of Reserve Bank simultaneously saw important amendments being made to the constitution of Imperial Bank, converting it into a purely commercial bank. When India attained freedom, Imperial Bank had a capital base (including reserves) of Rs.11.85 crores, deposits and advances of Rs.275.14 crores and Rs.72.94 crores respectively and a network of 172 branches and more than 200 sub offices extending all over the country (www.sbi.co.in, 2012).

The launch of first five year plan was an important turning point emerged for State Bank of India with primary focus on development of rural sector. Till the first five year plan, the commercial banks of the country, including the Imperial Bank of India, restricted their products and services to the urban sector. Therefore, in order to reduce this limitation and serve the economy as a whole and rural sector in particular, the All India Rural Credit Survey Committee recommended the formation of a state-partnered and state-sponsored bank by taking over the Imperial Bank of India, and incorporated with it, the former state-owned or state-associate banks (www.statebankofindia.com, 2012).
In May 1955, an act was passed and on July 1st, 1955 State Bank of India was created. More than 25% of the available resources by the Indian banking system was directly controlled by this newly established bank namely State bank of India. Later in 1959, State Bank of India (subsidiary bank) act was passed, which enables this bank to take over eight former state associated banks as its subsidiaries. Later these subsidiaries were named as State Bank of India associate banks. Thus, it can be said that State Bank of India was born with a special purpose assisted by 480 offices that includes branches, sub-offices and three local offices that were inherited by Imperial Bank. This bank caters to the needs of customers by banking purposefully instead of restricting the service to mere repositories of the community’s saving and lending to the creditworthy parties. The seven banking subsidiaries before merger and absorption are:

1. State Bank of Bikaner and Jaipur (SBBJ)
2. State Bank of Hyderabad (SBH)
3. State Bank of Indore (SBIR)
4. State Bank of Mysore (SBM)
5. State Bank of Patiala (SBP)
6. State Bank of Saurashtra (SBS)
7. State Bank of Travancore (SBT)
In 2008, State Bank of Saurashtra was merged with State Bank of India. Then in 2009, State Bank of India’s board approved the absorption of State Bank of Indore (www.Wikipedia.org, 2012), reducing the number of associates to only five. State Bank of India at present has following five Associate Banks:

1. State Bank of Bikaner and Jaipur (SBBJ) with State Bank holding of 75.07%.
2. State Bank of Hyderabad (SBH) with State Bank holding of 100%.
3. State Bank of Mysore (SBM) with State Bank holding of 92.33%.
4. State Bank of Patiala (SBP) with State Bank holding of 100%.
5. State Bank of Travancore (SBT) with State Bank holding of 75.01%.

SBI, a bank with 60% government stake, was India’s largest commercial bank and the 43rd largest bank in the world with a market capitalization of over $36.5 billion in 2011 (Lal, R. and Tahilyani, R. 2011).

3.3 State Bank of India: Transformation From 1955 to 2013

Some of the important events that took place in the history of State Bank of India:
On September 1955, State Bank of India (Subsidiary Bank) act was passed and in October 1955, State Bank of Hyderabad became the first subsidiary of State Bank of India. In 1960, State Bank of Jaipur, State Bank of Bikaner, State Bank of Indore, State Bank of Travancore, State Bank of Mysore, State Bank of Patiala and State Bank of Saurashtra became subsidiaries to State Bank of India. In October 1963, a branch of SBI in London city became banker to Indian High Commission. Earlier, this was done by the office of Reserve Bank of India.

Bank of Behar Ltd. was merged with State Bank of India in November 1969. To meet the needs of corporate sector, a merchant banking division was set up in the central office in the year 1972.

During the year 1977, State Bank of India introduced the perennial Pension Plan Scheme through which customers can claim monthly pensions with certain conditions. Further, in order to meet the social and cultural needs of villages, the State Bank of India launched an integrated rural development programme aimed at housing and social activities apart from credit needs of agriculturist and agricultural needs and village industries. The Non-Resident Investment Cell was setup in the year 1982, which streamlined the working operations of the non-resident investment sections at important centres. In the year 1983, State Bank of India took the initiative of providing self-employment
opportunities for the educated unemployed youths. These youths were encouraged to undertake self-employment ventures in industries, service and business.

The Bank of Cochin Ltd. with 108 branches was merged with State Bank of India in the year 1985. In addition to that, a data bank was setup of sick units available to be taken over by healthy units. In the same year, all the share of Imperial Bank of India was vested in Reserve Bank of India. State Bank of India was registered with an authorised capital of Rupees 20 Crores. Every person who owned the share of Imperial Bank of India on June 30th, 1955 was paid by Reserve Bank of India.

State Bank of India in the year 1987, had sponsored 30 Regional Rural Banks that covered backwards and unbanked district in the country. During the year 1988, State Bank of India initiated UPTECH, an Industrial Technology Group to direct and guide programs that aimed at facilitating up-gradation in technology. Further, three pilot programs schemes were launched to develop entrepreneurship among women under the name “Stree Shakti” in the district of Chennai, Calcutta and Hyderabad. On 20th September, bank inaugurated “SBINET”, an integrated communication project that aimed at improving customer service, operation efficiency and administrative
convenience. With this network bank can handle voice, fax data and manages through the trunk routes and exchanges in important centres.

In the same year, the bank sponsored 30 Regional Rural Banks (RRB’s) covering 66 divisions in the country. In addition to that, 76 branches were opened that raised the total tally of branches to 2306.

In the year 1990, State Bank of India introduced agricultural credit cards known as SBI Green Card to give farmers more liquidity and flexibility in procuring agricultural inputs. This pilot scheme was introduced in 125 intensive centre branches. During the year 1992, bank sponsored 30 RRB’s with a network of 3189 offices that covers 102 backward and unbanked districts of the country. Moreover, during the same period NRI branches were opened that were equipped with latest technology at Mumbai and Delhi to cater to the special needs of NRI residents. Representative office at Tashkent as part of its overseas expansion was established in 1993.

In 1997, State Bank of India became the first public sector bank to introduce optical disc facilities for data storage. During the year 1998, on January 27, bank started its foray into the payment cards business in a joint venture agreement with General Electrical Capital Corporation (GE Capital) . During the same year, State Bank of India signed an agreement with Visa International for cards in the country. State Bank
of India tied up with its associates to market its cards. SBI tied up with State Bank of Patiala and State Bank of Mysore to help market its credit cards in the year 1999. Value added services were also introduced by SBI to its customers like credit cards can be used at ATM’s as an ATM card. During the year 2000, State Bank of India Bank had focused upon the expansion of ATM network in the twin cities of Hyderabad and Secunderabad. Further, the bank cleared the setting up of separate subsidiary for information technology. SBI tied up with State Bank of Mysore to launch co-branded credit cards to expand its card holder base. In the same year, SBI launched an international credit card only for doctors, first of its kind in the country. During the year 2001, State Bank of India expanded its network of ATM’s in North East, in Bangalore and in Mumbai. In addition to that, HCL Com Net was assigned the task to provide it ATM teller inter-connectivity during the same year. On July 3, SBI launched SBI International Card and SBI Global Card for global travellers. These cards would be accepted at over 20 million Visa outlets all over the world and one lakh outlets in the country. Huge investment of Rupees 800 crores was invested in technology up-gradation program and appointed KPMG, a consultant in computer technology, to provide inter-connectivity to computerised branches and also to the ATM’s all over the country, enabling its customers to indulge in any kind of transaction from anywhere. During
the year 2002, State Bank of India introduced the up-gradation plan with KPMG help. Two new credit card schemes were launched namely SBI Advantage Card to banks fixed deposits customers and SBI International Cards for its home loan customers. In a big step, moving towards becoming a market leader, State Bank of India introduced a new card, SBI cash plus its Maestro Debit card. This card allows its customers to access their account from ATM’s and merchant establishment. Two new cards were launched by SBI namely SBI Bangalore Card and Hyderabad Card. For providing network solutions, MRO-TEK had secured orders from SBI to connect more than 800 branches all over the country. State Bank of India tied up with two private banks for sharing ATM networks namely ICICI bank and HDFC bank. In 2004, SBI initiated a concept of drive-in ATM in Hyderabad city. ATM sharing agreements with UTI and Andhra bank was agreed upon by SBI. A new prepaid card was introduced by SBI namely, Vishwa Yatra foreign travel card, which offers the traveller a convenient and secure way to carry cash. During the same year SBI launched fully computerised branch at Karunagappally in Kollam district. First mobile ATM for increasing banking convenience of its customers was launched. A new scheme specially for credit card users was launched namely ‘Instant card’ which customers can use within few hours of filling their application form.
In year 2005, SBI and all its 8 subsidiaries have entered into agreement with Bharat Petroleum Corporation Ltd (BPCL) for enhancing the usage of card at fuel stations. During the same year, SBI enters into agreement with Punjab National Bank (PNB) and Corporation Bank for ATM sharing. In the year 2007, number of debit card users of State Bank of India crossed over 70 million comprising of SBI Cash Plus, SBI Gold Debit and SBI Yuva Card. SBI added the concept of chip and PIN- based with Platinum Debit card. SBI also entered into pact with Unique Identification Authority of India (UIDAI) during the same year. It became the first bank to take up registration work for UIDAI project. During the year 2012, State Bank of India launched virtual debit card to check online fraud and to promote more and more e-commerce transactions.

3.4 Core Banking Solution in State Bank of India

Core Banking Solutions is a new term that is frequently heard in banking industry. The evolution of technology especially internet and information technology has led to new way of doing day to day business in banking sector. Information Technology has cut down the cost and time by working simultaneously on various issues thereby increasing efficiency.
Information and communication technology and information technology are merged to suit the various needs of banking sector. This amalgamation is known as Core Banking Solutions. A computer software is developed to perform the daily routine work of banking like recording of transactions, passbook maintenance, interest calculations on loans and deposits, customer records, balance of payments and withdrawal. Core banking solutions (CBS) software is installed at different branch offices of the banks and then interconnected by telephones, satellite, internet etc. CBS gives the freedom to the customer by allowing them to operate their account from any branch if the branch is connected via CBS. This has changed the way of working in banking industry. CBS is networking of branches, which enables the bank and customers to operate the account regardless of where the customer operates the account from. After the emergence of CBS, a customer is no more a customer of a branch. He is the customer of bank. Thus CBS is a step towards enhancing customer convenience through Anywhere and Anytime Banking.

3.4.1 The application areas of Core Banking Solutions (CBS)

Computer software is developed to perform day to day operation of banks like:

1. Balance of payments and withdrawal
2. Recording of transactions
3. Passbook maintenance
4. Interest calculations on loans and deposits
5. Customer records
6. ATM’s
7. Internet Banking
8. Mobile banking

3.4.2 State Bank of India’s Core Banking Solutions’ success story

Lack of reliable source of communication and lack of infrastructure facilities like power (specially in villages and small towns) had put many obstacles in implementation of computerisation of banks in India in 1970’s and 1980’s (Hunt, R. 2009). During 1990’s, when liberalisation and privatisation had taken place, the Indian economy had seen an era of rapid growth as countries’ competitive labor costs and telecommunication technology allowed India to offer commercial services at international level. The private players in banking industry were implementing modern centralised core banking systems that allowed them to introduce more advanced products that provided more convenience to customers. As a result, these banking players attracted more customers at the expense of public sector banks.
State Bank of India is the largest and oldest bank in India. Computerisation of its branches started in 1990's but the bank was still losing its market share to private and new banking players a since those banks had implemented more modern centralised core processing systems. Although the computerisation improved the accuracy and efficiency of the branches, the local implementation restricted customers' use to their local branches and inhibited the introduction of new banking products and centralisation of operations functions. With new innovative products, efficiency of competitors became more and more evident in the late 1990's as State Bank of India lost its existing customers along with the new customers. Not only this but the tech-savvy customers viewed public sector banks as technology laggards that could not even meet their new banking needs.

The implementation of new technology helped the bank to achieve strong profit gains into the early years of the new century. State Bank of India also adopted new human resource and retirement policies which helped in reducing the human resource by some 20,000, almost entirely through voluntary retirement in a country where joblessness remained a decided problem. To remain competitive with the private sector and new entrant counterparts, in 2002, SBI began the largest implementation of a centralized core system ever undertaken in
banking industry. SBI and its seven associates in 2002 needed to have the same technology that their counterparts were using, which meant moving the bank from the existing platform of doing routine work to a new platform altogether. This required training for human resource, change in their hardware and software, data cleansing etc (Choudhry, Y. 2010). State Bank of India's management recommended the strategy for a new information technology environment that includes the installation of new centralised core banking solution.

The main objectives of modernising core banking system are as follows:

1. Delivery of new product for all customers, including customers in villages.
2. Similar processes across the bank to realize operational efficiencies and improve customer service.
3. Provision of a single customer view of all accounts.
4. To merge the affiliate banks to State Bank of India.
5. Support for all SBI existing products.
6. Reduce the delivery of time for delivering a service to customer.
7. Reversal of customer attrition trend.
3.4.3 Benefits of Core banking Systems

The new core system has resulted in benefits throughout the bank for both the customers and the employees of SBI. For example, the new core banking system allowed the bank to redesign processes. It established 400 regional processing centres for all metro and urban branches that assumed functions previously performed in the individual branches. The bank recently reported that business per employee increased by 250% over the last five years (Hunt, R. 2009).

1. To meet the intense competition and changing market dynamics in an over banked environment.

2. To meet the regulations and compliance requirements like Information Technology infrastructure.

3. To meet the demands of customers who are better informed, more demanding and less loyal than ever.

4. To enhance efficiency and effectiveness.

5. Increasing customer satisfaction and convenience

6. Freeing up time for branch staff to focus on sales and marketing

7. Simplifying process for employees.

8. Enhancing bank's competitiveness in the market

9. Improved process efficiency
3.4.4 Challenges faced by State Bank of India in implementing CBS

The implementation of core banking solution was a huge task for information technology department of SBI. It was critical to understand the size and complexity of the CBS project in order to make it successful. Moreover, State bank of India had more than 200000 employees. Many of them had very little or no knowledge about information technology equipments. The challenge was to find a core system that can process around 75 million accounts daily, a number greater than any bank in the world. Lack of experience in centralised system was also an issue. Another important challenge was meeting with the unique product requirements of the bank to make extensive modification to a new core banking solution. Product included gold deposits, saving accounts with overdraft and an extra ordinary number of passbook.

CBS has allowed the State Bank of India to centralise the computer operation functions, offer new banking products to all citizens, attract more and more customers and to consolidate its affiliate banks. Furthermore, bank can now expand its range of product and service offerings and improve customer service.
3.5 Organizational Structure of State Bank of India

The Bank’s management and organizational structure is sufficiently decentralized allowing senior managers’ decision making responsibility to continuously improve.

The Central Board of Directors consist of:

1. Chairman at the top of the management.
2. Four managing directors.
3. After the managing directors, there are eleven directors. Four directors are elected under Section 19 (c) of SBI Act, one Director under Section 19(ca) of SBI Act, one director under Section 19(cb) of SBI Act, three directors under Section 19(d) of SBI Act, one Director under Section 19(e) of SBI Act, one Director under Section 19(f) of SBI Act (SBI Annual report, 2012-13).

3.6 Product and Services by State Bank of India

Various personal banking products offered to the customers by State Bank of India are:

1. State Bank of India Term Deposits
2. SBI Loan For Pensioners
3. State Bank of India Recurring Deposits
4. Loan Against Mortgage Of Property
5. State Bank of India Housing Loan
6. Loan Against Shares and Debentures
7. State Bank of India Car Loan
8. Rent Plus Scheme
9. State Bank of India Educational Loan
10. Medi-Plus Scheme

3.6.1 Other Services by State Bank of India:

1. Agriculture/Rural Banking
2. NRI Services
3. ATM Services
4. Demat Services
5. Corporate Banking
6. Internet Banking
7. Mobile Banking
8. International Banking
9. Safe Deposit Locker
10. RBI EFT
11. E-Pay
12. E-Rail
13. SBI Vishwa Yatra Foreign Travel Card
14. Broking Services
15. Gift Cheques
3.7 Real Time Gross Settlement (RTGS) and National Electronic Fund Transfer System (NEFT)

'RTGS' stands for Real Time Gross Settlement, which can be defined as the continuous (real-time) settlement of funds transfers individually on an order by order basis (without netting). Real time means fund received at time of processing the instruction instead of receiving the fund at some later time. 'Gross Settlement' means the settlement of funds transfer instructions occurs individually (on an instruction by instruction basis). Considering that the funds settlement takes place in the books of the Reserve Bank of India, the payments are final and irrevocable (www.rbi.org.in. 2012). RTGS and National Electronic Fund Transfer system (NEFT) allow individuals, companies and firms to transfer funds from one bank to another. These facilities can only be used for transferring money within the country. NEFT operates on a Deferred Net Settlement (DNS) basis and settles transactions in batches. The settlement takes place with all transactions received till a particular cut-off time. In RTGS, transactions are processed continuously, all through the business hours (www.rbi.org.in , 2012). State Bank of India offers Real Time Gross Settlement System (RTGS) and National Electronic Fund Transfer system (NEFT) which enables the customer an efficient, secure, economical and reliable
system of transfer of funds from one bank to another bank as well as from remitter’s account in a particular bank to the beneficiary’s account in another bank all over India.

3.7.1. Real Time Gross System (RTGS)

Real Time Gross System is an electronic payment system in which payment instructions between banks are processed and settled individually and continuously on a real time basis, throughout the day. Customer can transact more than the value of Rs.200000 and above (www.sbi.co.in .2012).

3.7.2. National Electronic Fund Transfer system (NEFT)

National Electronic Fund transfer System is another electronic payment system in which payment instructions between banks are processed and settled on Deferred Net Settlement (DNS) basis at fixed times during the day. There is no minimum or maximum defined fund limit for transacting value for using this facility (www.sbi.co.in .2012).

3.7.3 Important Information Required for Transfer of Funds via RTGS and NEFT

1. Amount to be remitted from one bank to another.

2. Account number of the recipient, to whom amount is to be debited.
3. Name of the beneficiary bank.

4. Name of the beneficiary customer.

5. Account number of the beneficiary customer.

6. Sender to receiver information, if any.

7. Indian financial system code (IFSC) of the receiving branch.
   (IFSC is printed on cheque leaves.)

These facilities are available at all State bank of India Core Banking branches.

3.8 SBI’s Credit Card

State Bank of India is offering its customers various credit cards. By using these credit cards, customers of SBI can enjoy cashless transaction. Some of them are discussed below:

3.8.1 SBI Gold Card

By using SBI gold card, customer can enjoy shopping in over 24 million outlets across the globe that includes 325000 outlets in India. User can use this card at any Visa/MasterCard sign outlet. This card offers flexibility of payment to the customer. Furthermore, customers can use this card at any ATM bearing the logo Visa/MasterCard and online travel tickets can also be booked. SBI Gold card is useful for
payments of various bills, taxes, fees and a lot more. Draft can be ordered and utility bills can be paid.

3.8.2 SBI Advantage Plus Card

Post Card issuance, this card provides encash facility and transfer the fund to SBI to facilitate the opening of Fixed Deposit (FD) account at the customer's name at SBI. Apart from these features this card entitles the user to enjoy all the benefits enjoyed in SBI Gold Card. This card is useful for payments of various bills, taxes, fees and a lot more. Draft can be ordered and utility bills can be paid.

3.8.3 SBI Platinum Card

Apart from the regular benefits of SBI Gold Card and SBI Advantage card, this card provides the benefit of 2.5% fuel surcharge waiver (exclusive of GST, wherever applicable, and all other charges). In addition to that, the card user earns 5x cash points on dining, departmental store and international spending.

3.9 SBI’s Debit Card

Customers can enjoy the cashless shopping with State Bank of India’s Debit card. Customers can get access to their accounts whenever and wherever they want. They use this card to purchase goods from merchants, for making payments online and for withdrawing cash.
Customers can shop from over 500000 merchant outlets in India. This debit card can be used for booking movie tickets, bill payments, travel and other online payments over internet using ‘Master secure code/Verified by Visa’. This card can be used for withdrawing cash from State Bank Group ATMs or other ATMs in India. In addition to that, customers can get instant alerts for all cash transaction/purchase transaction/online transaction made by debit card via SMS. Daily cash withdrawal limit is Rs. 40000 and for online payment limit is Rs. 50000.

3.9.1 State Bank Silver International Debit Card

Customers can use State Bank Silver International Debit Card to access their account whenever and wherever they want. Customers can use it to purchase goods at merchant establishments, for making payment online and withdraw cash in India as well as across the globe without any geographical boundary limitation. This can be used at over 500000 merchants in India and over 30 million merchants worldwide. Further this card can be used for booking movie tickets, making bill payments, travel and other online purchases and for making payments over the internet using secure ‘Master Secure Code/Verified by Visa’. This international debit card can be used for withdrawing cash from any ATM in India and from any ATM abroad (with MasterCard/ Maestro/Visa logo). Daily maximum limit for withdrawing cash is
Rs.40000 in India and 1000$ abroad. For daily online payment, maximum transaction limit is 75000 rupees in India and 1500 US$ abroad.

3.9.2 State Bank Gold International Debit Card

Customers of the State Bank Silver International Debit Card can get access to their account whenever and wherever they want. They can use it to purchase goods at merchant establishments, for making payment online and withdraw cash in India as well as across the globe without any geographical boundary limitation. This international Gold debit card can be used at over 500000 merchants in India and over 30 million merchants worldwide. Payment for movie tickets, bills, travel and other online purchase payment or any other payment over the internet can be made with this ATM card. In addition to that, this card can be used at any ATM in India or abroad at ATM’s having the logo MasterCard/Maestro/Visa. A maximum of Rs. 50000 can be withdrawn with this gold card in India and 1000$ can be withdrawn abroad daily. Daily online maximum transaction limit is 200000 rupees in India and 4000 US$ abroad. Along with these features, this card comes with an insurance (accidental death only) of Rs. 20000. This card also carries a purchase protection for damage and theft upto 90 days.
3.9.3 State Bank Platinum International Debit Card

Apart from all the benefits under SBI’s International Gold card, this card gives an additional advantage of withdrawing Rs.100000 in India daily and 2000$ abroad. Along with that, 50000 insurance cover (accidental death only) and purchase protection for theft/damage upto 90 days is also provided. Daily online maximum transaction limit is 200000 rupees in India and 4000US$ abroad.

3.9.4 SBI Yuva International Card

SBI Yuva Card is an International Debit Card on VISA platform, specially for youth of India aged between 18-30 years. Customers can enjoy the convenience of cashless shopping with SBI Yuva International Debit Card. With SBI Yuva International Debit Card, customers can access their account whenever and wherever they want. They can use this card to purchase goods at merchant establishments, for making payment online and withdraw cash in India as well as across the globe. This debit card can be used at over 500000 merchants in India and over 30 million merchants worldwide. Payment for movie tickets, bills, travel and other online purchase payment or any other payment over the internet can be made with this ATM card. In addition to that, this card can be used at any ATM in India or abroad at ATM's having the Visa logo. Daily cash withdrawal limit is of Rs. 40000 in India and 1000 US$
For online payment, daily transaction limit is 20000 rupees in India and 4000 US$ abroad. This card provides free insurance cover (accidental death only) of Rs. 200000 and carries purchase protection for theft/damage upto 90 days. Along with all these features, this Yuva card also provide 50% concession on processing charges on loans, 50% concession on Demat Account charges, 25 point basis concession in interest rates on housing, vehicle and education to the card holders who maintain salary/revenue account with SBI.

3.9.5 SBI Business Debit Card

SBI’s Business Debit Card has been specially designed keeping in mind business requirements of the Bank’s Commercial Segment customers. The Card helps the customer in regular checking and monitoring business expenses, offering customers greater control over expenses. Besides having all the features of debit card, this card also eliminates the need for travellers cheques and exchanging currency during international trips.

Business card can be classified into two categories; State Bank Pride and State Bank Premium. Daily cash withdrawal limit with State Bank Pride is Rs. 100000 and abroad it is the maximum of the foreign currency equivalent of domestic limit. For e-commerce transaction, maximum limit is Rs 200000 and abroad, a maximum of the foreign currency equivalent limit is applicable.
currency equivalent of the domestic limit. This card provides free
insurance cover (accidental death only) of Rs. 200000 and carries
purchase protection for theft/damage upto 90 days. While in case of
State Bank Pride, daily cash withdrawal limit is Rs. 200000 and abroad,
a maximum of the foreign currency equivalent of the domestic limit is
allowed. E-commerce limit provided in this card is Rs. 500000 daily and
abroad, a maximum of the foreign currency equivalent of the domestic
limit is allowed. This card provides the card holder free insurance
(accidental death only) of Rs. 500000 and also carries a purchase
protection for theft/damage upto 90 days.

3.9.6 State Bank Networked ATM Services

State Bank of India offer the customers, services of over 26,000
ATMs in India, the largest network in the country. Customers can
transact free of cost at ATM’s of State Bank’s group free of cost.

Besides all the debit cards of State bank of India, State bank ATM
accepts following cards:

1. State Bank Credit Card.

2. Cards issued by other banks displaying Maestro, Master Card,
Cirrus, VISA and VISA Electron logos.
3. All Debit/ Credit Cards issued by any bank outside India displaying Maestro, Master Card, Cirrus, VISA and VISA Electron logos.

**Features of State Bank of India’s Debit cards**

1. Debit card can be used for withdrawing cash.

2. Customer can make the payments for the purchases made by using the debit card at more than 4 lakh shops, restaurants, shopping malls, hotels, petrol pumps and many other outlets which display Maestro logo.

3. Customer can recharge pre-paid mobile phones without any charges at any State Bank ATM.

4. Payment for MTNL, Mumbai bills through State Bank ATMs can be made by the customers.

5. Customers in Bengaluru can make Payment of Electricity Bills (Bescom).

6. Payment of SBI Credit Card bills can be made by the customers.

7. SBI Life insurance premium can be paid.

8. Customers can pay fees of selected colleges

9. Customers can register SBI Mobile Banking and SMS Alerts.

10. Donation to temple trust can be made by the customers.
11. Customers can make donation to various relief funds.

12. Fund can be transferred by SBI debit card at State banks ATM’s.

13. Customers can change their PIN at State Bank ATM.

14. Customers can book their train, air or bus ticket and make the payment by this card.

15. At State Bank ATM, customer can get mini statement about their account by using their ATM cum debit card.

16. Online payment can be made to e-commerce websites.

3.10 Internet Banking

Internet banking of State bank of India enables its customers to operate their accounts from anywhere, anytime irrespective of place and time, removing the restriction imposed by the geographical boundaries. Internet banking provides the customer to carry out their banking activities from their desktop, laptops, smart phone, tablets etc subject to the availability of power and Internet.

3.10.1 Services Offered under internet banking by State Bank of India

1. Fund transfer can be made by using internet banking. Internet banking enables the customer to transfer funds within accounts in the same branch or other branches.

2. Customer can use internet banking to transfer PPF account across branches.
3. The Internet Banking application enables the customer to register demand drafts requests online. Customers can get a demand draft from any of their accounts (Savings Bank, Current Account, Cash Credit or OverDraft). Customer can opt to collect the draft in person at the branch, alternatively, customer can request the branch to courier it to their registered address.

4. Customer can make a request for opening up of a new account via internet banking.

5. With internet banking, customer can request for issue of new cheque book. Cheque book can be requested for any of the Savings, Current, Cash Credit, and Over Draft accounts. Customer can opt for cheque books with 25, 50 or 100 cheque leaves. They can either collect it from branch or request the branch to send it by post or courier. Customers can opt to get the cheque book delivered at their registered address or can be provided at an alternate address.

6. Customers can book their train, air or bus ticket and make the payment by using internet banking.

7. Internet banking customers can pay taxes via site to site integration. Customers can pay their taxes through SBI e-tax. This facility enables the customer to pay TDS, Income Tax,

8. Internet banking is simple and convenient service for viewing and paying your bills online. Customer can view and pay various bills online, directly from SBI account. They can pay telephone, electricity, insurance, credit cards and other bills from the comfort of their house or office, 24 hours a day, 365 days a year.

9. Customers can use internet banking to transfer money from State Bank account to accounts in other banks using the RTGS/NEFT service. In order to transfer the funds to an account with other bank, customer should ensure that the bank branch of the beneficiary is covered under the RTGS/NEFT payment system.

10. Payment of insurance premium, mobile phone bills and also purchase of mutual fund units by coming from the biller's website and selecting State Bank of India in the payment option by internet banking.

11. With Internet Banking customer can generate an online, downloadable account statement for any of their accounts for any date range and for any account mapped to their
username. The statement includes the transaction details, opening, closing and accumulated balance in the account. Customer can generate the online account statement for any date range or for any month and year.

12. Internet banking provides features to enquire status of online transactions. You can view and verify transaction details and the current status of transactions.

13. Customer can make the payment of donation to religious and charitable institution by using Internet Banking of SBI.

14. Internet banking enables the customer to view Demat account statement and maintain such accounts. The bank acts as their depository participant. Customer can view Demat account details and generate the following statements: statement of holding, statement of transactions, statement of billing.

15. Customers can make fee payment to selected educational institutions including IITs and NITs.

On the security front, State Bank of India’s website is ‘VerySign’ certified, which indicates that it is very safe and secure for the customers to use.
3.11 Mobile Banking

Even though if the customer is away from home or office, information about their balance in their account can be made available to them, sending money to their loved ones or payment of bills can be made anytime anywhere 24x7. This can be possible with the mobile banking provided by State Bank of India. This service is secure, simple, can be done anytime and anywhere. State Bank of India's mobile banking is known as State Bank Freedom.

Internet Banking helps the customer's to anytime access to their banks. They can check out their account details, get their bank statements, perform transactions like transferring money to other accounts and pay their bills sitting in the comfort of their homes and offices. Biggest limitation for using internet banking is "internet connection".

However the biggest limitation of Internet banking is the requirement of a personal computer (PC) or a laptop with an internet connection, Mobile banking reduces this very limitation of internet banking, as it reduces the customer requirement to only a cell phone.

Mobile banking is a very beneficial service started by State Bank of India under the name "State Bank Freedom" which as the name rightly provides, the convenience and freedom of doing transactions
and transferring money to a desirable location as and when required by
the customer at any time and from any place. It is a safe and convenient
way to access their accounts from their mobile phone.

State bank freedom can be used by the customers in three ways:

3.11.1 SBI’s Mobile Banking Service over Application/ Wireless
Application Protocol (WAP)

The mobile banking service is available on java enabled mobile
phones over SMS/ GPRS where the customer is required to download
the application on their mobile handset. The service can also be availed
via WAP on both java and non java phones with GPRS connection. The
customer can enjoy the following services that are available in the
application based service/ WAP:

a) Customer can transfer fund within the bank or to another
bank by using NEFT.

b) By using this application, customer can check the available
balance in their account and mini statement can also be
generated with it.

c) Cheque book request can be made by the customer by using
this application.
d) Mobile banking application provides Demat Enquiry Service
(Portfolio value, Request for DIS booklet, value of holdings,
statement of charges, Transaction status etc.)

e) Customer can pay bills like utility bills, credit cards, insurance
premium payments.

f) Donations can be made by the customers by using this mobile
banking application.

g) Customers can make subscriptions by this application.

h) M-Commerce activities can be made by the customers that
includes mobile top up, top up of Tatasky, BigTV, SunDirect
etc,

i) Customer can get DishTV connections and receive recharge
pins for DigitalTV/Videocon d2h

j) Merchant payment, SBI life insurance premium can be paid by
this mobile banking application.

Rules for using Mobile Banking Service over Application/WAP.

All the customers of State Bank of India can enjoy the Mobile
Banking Service having Current/ Savings Bank Account (personal
segment). The customers need to register for the services.
Maximum daily transaction limits for fund transfer/bill/merchant payment is Rs.50000 per customer with a maximum month limit of Rs.250000.

All customers of State Bank of India can avail this mobile banking service with the Bank irrespective of the service provider for their mobiles (Airtel, Reliance, Tata, Vodafone, BSNL, Uninor etc).

Customer only need to bear the cost of SMS or GPRS data usage for using this service.

3.11.2 Mobile Banking Service over SMS

Mobile banking can be enjoyed by the customers of State bank of India on all mobile phones, whether these cell phones are java/non java enabled or with/without GPRS connection. There is no need to download the application. Customers can enjoy this service by ordinary SMS.

The customer can enjoy the following services:

a) By using this application, customer can check the available balance in their account and mini statement can also be generated with it.

b) Mobile top-up recharges can be done.
c) Direct to Home (DTH) top up/ recharges can be done by the customers.

d) Mobile to Mobile fund transfer (IMPS) can be done by the customer by using this service.

e) Mobile pin (MPIN) can be changed by the customers by using this service.

Rules for using Mobile Banking Service over SMS

Customers of State bank of India having saving and current account in personal banking segment and current account in SME segments are available to enjoy this service. Transaction limit is Rs.1000 daily and in a month it is Rs.5000. All the customers can avail this service irrespective of their service provider. For using this service customer have to bear only the cost of SMS only.

3.11.3 SBI’s Mobile Banking Service over USSD (Unstructured Supplementary Service Data)

This method of Mobile Banking Service is now available for all mobile phones (java/non java) with/without GPRS connection.

Services enjoyed by the customers are as follows:

a) Balance enquiry and mini statement can be checked by the customers of SBI.
b) Mobile top up recharges can be done by the customers.

c) Customer by using this service can transfer fund from account to another account of SBI.

Rules for using Mobile Banking Service over USSD

Mobile banking service by USSD is currently available with selected mobile network providers. All the current /saving account holder in personal banking segment and only current account holders of SME segment are eligible to use this service. The service is session based and requires a response from the user within a reasonable time. The Daily Transaction limit is Rs.1000 per customer with an overall calendar monthly limit of Rs. 5000. For using this service, USSD charges have to be borne by the customers.

3.12 Conclusion

State Bank of India is one of India's oldest banks. In this chapter, details about its history, transformation of SBI, from giving competition to its private and foreign competitors and to delivering new and innovating products to its customers has been discussed. In the next chapter, analysis and interpretation of the questionnaires distributed among the employees and customers of State bank of India in Aligarh city is done in order to achieve the objectives and tests the hypotheses of the study.
3.13 References


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