PREFACE

The world of banking and finance is changing very fast. Since the last decade, the Indian banking sector has witnessed the emergence of a handful of financial conglomerates (both banks and NBFCs) with interests in everything - from banking to insurance, from housing finance to investment banking, from funds management to securities trading, etc. To be more specific, it was with the introduction of financial sector reforms in early 1990s that has brought a radical change in the sector. Post reforms era saw the emergence of new generation private sector banks and within a short span of time, these banks gained popularity as they have technology edge and better business models when compared to public sector banks. In fact, the new generation Private sector banks are able to attract more business volumes simply because they meet their customers’ requirements under one roof. The advent of these banks has laid the foundation of a new genre of financial organisations (both in the public and private sector) that are capable of satisfying the varied needs of its customers. These institutions which are offering a variety of financial services under one-roof are gradually transforming themselves from mere commercial banks to ‘Universal Banks’.

Thus, financial concerns, especially banks have transformed themselves from being a concern offering merely tradition banking services to one which is able to provide hybrid products and satisfy the varied needs of its customers. In fact, banks are transforming themselves with the focus on knowledge pertaining to customers’ needs and the disposal income in their hands. This is deemed necessary to enable themselves (i.e., commercial banks) to fit into the new emerging system, where cut-throat competition is order of the day.

Moreover, the Indian Financial Services Sector is huge; it is growing and is of critical significance to the health of the global economy. With diversification to areas of business which was not a part of the traditional banking ambit, the risk exposure of Indian banks has also increased considerably. It is worth mentioning that banks are fragile institutions which are built on trust, reputation
and dangerous leverage. In times of trouble, banks can collapse like a pack of cards. As banks sit at the heart of an economy’s payments system, failure of even one bank can send shock waves right through the economy. Therefore, banks need policing and financial conglomerates need even more of it, so as to ensure that there is no increase in systemic risk.

The research attempts to highlight the position of a commercial bank with respect to ICICI Bank — the only Indian Universal Bank in terms of services offered presently by them and also the transition process. Apart from this, through the research an attempt has been made to highlight the financial health as well as risk exposure of banks and the perception of bank managers and bank customers on ‘Universal banking’ concept.

Date: June 6, 2012
Place: Tezpur University, Tezpur

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