CHAPTER 5
PRIVATE SECTOR BANKS
SELECTED FOR STUDY

5.1 Criteria for selection
5.2 I.T. used by each Private Sector Banks
5.3 I.T. in urban/rural branches of selected banks
5.4 Comparative table of I.T. facilities
5.5 Increase in business/customers due to I.T. of selected Private Sector Banks
5.1 Criteria for selection:

Introduction:

It is evident from the discussion that there is growing disintermediation and intense competition among Indian banks for high quality as well as high volume of business. There is a growing pressure on spreads and profits of banks. Banks are competing amongst themselves so as to reach the client at his doorstep and satisfy his requirements of various financial products and services in a customized manner. In the process, clients have gained ability to arrive at a good bargain. It has become essential for banks to strike a balance between spreads and turnover without compromising on the quality assets.

In spite of their late entry, complete deregulation of interest rates, partial deregulation of exchange rates, recession ridden sluggish economy, dull capital market, violated money market and such other adverse conditions, private sector banks have recorded impressive performance. It would be of great academic interest to identify and analyze various factors that have contributed to impressive performance of private sector banks. It is also well understood that such performance cannot be incidental result of stray activities. It would therefore, be equally important to identify and analyze various innovative technologies adopted by private sector banks and their effective execution.
Criteria for selection:

In Gujarat, Anand and Baroda – both districts are well developed as compared to other districts of the state. There are some reasons behind it, like well educated population, fertile land, good industrial growth, etc... As compared to other areas people of Anand and Baroda are well aware regarding technology and current issues. Hence more reliable data was expected from them for this study from districts. It is worth to select both these districts for the study.

The above is a geographical aspect for selection. Other major criteria for selection are that public sector banks have not proper enough innovative technology. In banking field private sector banks were ahead and warmly welcomed innovative technology. Till today major public sector banks staff avoided to use innovative technology. They are used to traditional way of banking. Head office has to compel public sector bank staff to use innovative technology. On other side private sector banks have grown with innovative technology. Private sector banks have young staff and they do not have problem to implement the new technology at their work place, in fact they enjoy using it.

With the help of innovative technology bank can give fast service to the customers. Customer does not need to wait for long time for banking. Thus, in public sector bank, staff is not energetic to give quick service to the customer. Private sector bank staff’s attitude towards customers is very co-operative and encouraging. They provide guidance regarding their services by leaflets and demonstration.
Private sector banks are located in prime locations and proximity to business areas. Due to their location people feel comfortable for banking. Their ATM centers are also located in prime locations. So, people need not to go very far for transactions. From bank websites people can get the locations of banks and its ATMs. So, in other city also customer can use bank services due to innovative technology.

In private sector bank customer can get proper information regarding banking. The bank staff is ready to communicate with customers. The banking system is open, prescribed and transparent in private sector banks. So, whatever information regarding services is sent to local branch within short period of time, customers can get it and can also use that service.

Due to transparency, there is very less chances to do any fraud in private sector banks. Customers are informed from transactions. So, there is no chance to do any wrong by bank employee or any other person.

Due to innovative technology private sector banks give the variety of accounts. Saving account, current accounts, fix deposit account, recurring account- all these types of accounts are very common in banking. But due to innovative technology private sector banks provide various types of accounts to their customers like salary account, pension account, senior citizen account, NRI account, krishi account, trust account, etc... And they give variety of services to the customers according to their need.
5.2 IT used by each Private Sector Banks:

In this age of revolution of information technology there has been explosion of knowledge in almost all fields. Application of this new knowledge in various disciplines has minimized the problems of time and space and facilitated the discovery of still newer knowledge is an endless cycle. Therefore it has been felt imperative on the part of bank staff to keep themselves abreast with the latest developments in their fields and develop skills in applying criteria to assess the accuracy and validity. The development of new technology has resulted in the bank.

In this study, there are four banks- ICICI Bank, Kotak Mahindra Bank, AXIS Bank and HDFC Bank. Almost all technology is accepted and used by all these four banks. There is very minor difference between them in concern of innovative technology. But of course the attitude of bank staff differs from one another. Adoption of information technology is not only important but how bank staff use it for customer is more important. Banks provide various accounts like current account, saving account, krishi saving account, salary saving account, senior privilege account, pension account, trust account, etc... Banks also give services like cheque, demand draft, loan, etc... With the help of innovative technology banks provide value added services to the customers. The following details will describe the innovative technology used by banks.

- **ICICI Bank:**
  
  With the help of innovative technology ICICI bank provides following services to the customers.
  
  - ATM
  - Net banking
  - Phone banking
• At par cheque
• Credit card
• Debit card
• SMS alert
• Door step banking
• Demate account
• Foreign exchange
• E-payment
• Mobile alert
• Account statement through fax
• On call services
• Bill pay
• Investment services

• **Kotak Mahindra Bank:**
  Kotak Mahindra bank is using innovative technology to serve their customers through following services.
  • ATM
  • Credit card
  • Debit card
  • SMS alert
  • Net banking
  • E-payment
  • 24X7 Phone banking
  • Bill pay
  • Net card
  • Wealth statement
  • Home banking
  • VISA axes
  • SMS alert
  • At par cheque
  • Demate account
  • Mutual funds
- Portfolio Management
- E-payment
- Multi-city banking
- Business debit card
- Trade & forex services

**AXIS Bank:**

AXIS Bank is a leading bank among all private sector banks to provide good services to customers with the help of innovative technology. Following mentioned services are being provided by the AXIS Bank to the customers.

- Credit card
- Debit card
- ATM
- At par cheque
- NRI (Non Resident Indian) Service
- Foreign exchange
- Demate account
- Door step service
- SMS alert
- E-payment
- Phone Banking
- Portfolio management
- Mutual funds
- Net banking
- Online trading facility
- International visa debit card
- E-statement
- Online fund transfer
- Travel insurance
- Travel currency card
- Anywhere banking
• Internet banking
• E-Mail transaction alerts
• Portfolio investment assistance
• Locker facilities
• Wealth management service
• Financial advisory services
• Gift card
• Remittance card

• HDFC Bank:
This bank is fast growing bank in term of adoption of innovative technology and services to the customers. With the assistance of innovative technology HDFC bank is giving following services to the customers.
• Net banking
• Credit card
• ATM
• Debit card
• At par cheque
• Demate account
• SMS alert
• Door step facility
• E- payment
• Portfolio management Insurance
• E- mail statement
• Bill pay
• Door step banking
• Anywhere banking
• Cash management service
• Forex plus card
• Travelers cheque
• Forex services
• Foreign currency
• Foreign currency demand draft

All banks give almost all services to their customers. Now it depends on customer that how much they are aware and friendly regarding it. Some times staff’s attitude towards customers regarding innovative technology also affects a lot. If bank provides proper guidance and information regarding their services to customers, the use of services will increase.

5.3 I.T. in urban/rural branches of selected banks:

For the study two districts – Anand and Baroda are selected. In Anand district, Anand is the head quarter of the district and in Baroda district, Baroda is the head quarter rest of the area is rural. All selected banks of Anand and Baroda districts are using innovative technology in urban and rural areas. This innovative technology has erased the difference between rural and urban area in terms of banking. Due to innovative technology rural people can also enjoy the same banking facilities which urban people can. Due to lack of literacy rural people may keep themselves away from the use of innovative technology. All private sector banks provide all innovative technology to all their branches irrespective of criteria of area like rural and urban.
5.5 Increase in Banking/customers due to IT of selected Private Sector Banks:

Before the introduction of innovative technology in banks, they were providing very basic facilities to the customers. Customers could only use very limited services from banks like, cash deposit, cash withdrawal, loan, etc... And for cash transactions, customers had to go to bank and also had to spend lots of time in queues. All those things made people dissatisfied with banks. But due to implementation of innovative technology in banks, people are enjoying banking. This innovative technology has changed the whole scenario of banking. Now a day, banks also update themselves according to advanced technology by applying it in their day to day transactions with customers.

Each bank wants to be ahead to give new services to the customers with the help of innovative technology. If a bank provides a new service to its customers, other banks also have to give the same service to their customers. Innovative technology made banks more aware about their customers. Before the use of innovative technology banks were doing their duties just like any other government department but after the use of innovative technology, the bank staff has to perform their duties in efficient way. Now they can not give any excuses to the customers for their unprofessional attitude.

Before introduction of innovative technology in bank, people generally used only one bank account but due to innovative technology people use more and more bank accounts in different banks and take maximum services from banks. Thus, banks get more business from the same masses.
Due to innovative technology banks can give various types of services to their customers. Now banks have so many options to serve their customers better. Thus, banks are getting more business.

As compared to the past, now a day due to innovative technology bank services have become very fast. Banks takes maximum advantage of innovative technology and makes their services dynamic. Fast services attract the customers to the bank and it gains more business. Bank uses common software for all its branches. Due to it, customers get good services in least time. And because of the common software, bank staff can also perform their duties smoothly.

Information technology provides online services to the customers. Customer can get bank services from any place. Customers can access their account online also. So, they do not need to stand in queue in banks every time. And this way customers and bank staff can save their valuable time. In this saved time banks can concentrate to increase their business.

Due to online bank services, the burden of work has reduced from bank staff. Now they do not need to spend most of their time for bank’s routine services. Now staff can utilize their time for customers for variety of services. And it gives attractive results to the banks and its fruits are also enjoyed by the customers.

Because of innovative technology customer can access his account from anywhere, anytime. Bank updates its customers by e banking. But it does not mean that it is all his/her statement on passbook as well as in e mode. Some customers are not friendly with e banking
or they do not know how to use it, those customers can get their statement on paper also. Bank has accepted new technology but still it provides its same older services to the customers. So, innovative technology attracts the new mass towards banks but also it keeps older one with it. Thus, bank gets more customers.

Bank provides every detail about banking to its customers within very short time. So, customer gets every detail about his/her transaction with bank. And a customer can use it whenever it is in need.

Net banking provides its services to its customers internationally. Whether a customer is in country or abroad, he/she can use the same bank services. So, customers need not have to change his/her bank due to his presence at different places. This way a bank can get more business. Now a day due to innovative services a customer gets every bank related services from the same bank. So, a customer does not need to change his/her bank for every different service.

Innovative technology provides constant communication between bank and customers. Bank informs a customer regarding his every transaction by e-mails or SMS. Due to innovative technology bank can update every account and also can give every detail to the concerned person. And customers need not to worry about his/her bank details, whenever a transaction occurs; he gets the details about every transaction. So, he does not need to spend time in bank for statements.

Bank can communicate about its new schemes to customer by innovative technology. Now a day a bank can spread its new scheme among people very fast with the help of innovative technology. And it costs very less compared to other older ways of
communication. Bank can attack a target mass regarding its new schemes and also can get good results.

The bank branches of all banks are interconnected with each other via innovative technology. Thus, every bank branch can get every necessary detail from other banks within few minutes. So, a chance of fraud can be less. Bank can check required data at the same time if it has any doubt, so threats of fraud are less.

In this period of time you can not find a single average person who has not a bank account. Now banking is not a necessity but it’s a way of life. Now a day there are some things needed for a person to live better and a bank is one of it. A person can make his/her life easy with the help of bank. So, in this scenario there is no doubt that bank is getting more customers and business due to innovative technology.

The banking system is well geared now to render quick and hassle-free service. It has made giant strides in simplifying the systems and procedures and has taken recourse to the latest in information technology to this end.

From the customer’s point of view, access to funds has never been easier while for the borrower, paper work and documentation is minimal, thanks to automation and computerization.

Truly, banking has come of age over the past few years.