CHAPستر - VII
SUMMARY AND CONCLUSION

In this chapter, a summary of the main findings of the study is presented and at the end a few suggestions have been made.

The first chapter outlines the framework of the study, with focus on the statement of problem, objectives of the study, methodology adopted, sample taken up for the study, hypothesis framed, limitations and chapterisation of the thesis.

The second chapter includes various studies made in the field of reforms. The studies were classified into four categories viz., Financial Sector Reforms, Liberalisation, Autonomy to RBI an essential ingredient to Reforms, and Customer Services.

The third chapter explains the reforms in the banking sector. The banking system has entered a new phase with the introduction of deregulation and globalisation. Reforms are construed as policy response sought to eliminate the repression which had crept into the system. The banking sector reforms were designed to enhance the productivity and the efficiency of the economy through enhancing operational efficiency and allocative efficiency. The reforms in the financial sector were an integral part of economic reforms that have
been under way since 1991. The process of reforms in the banking sector started with the recommendations of the Chakraborty Committee Report (1985) and Narasimham Committee Report (1991) with several deregulatory measures being introduced. The second phase of reforms introduced in October 1998 stressed the need for strengthening the financial system and taking it a step closer to international standard.

The Indian Banking Sector has now entered the third phase of reforms and have noticed that reforms have paved the way for strong banking system capable of meeting the requirements of a more open and competitive economy. However, the reform period has left behind traces of virtual abdication of normal banking responsibilities by banks, relatively poor performance from public sector banks, their neglect of socially redistributive role, the persistence of large size of non-performing assets, and the entry of foreign banks. In order to reap the fruits of reforms banks should frame appropriate strategies and plans in the subsequent reforms and also implement them fully and effectively.

Therefore, an attempt is made in this thesis to study the impact of reforms on commercial banks and customers, with special reference to Chennai City.

In the fourth chapter, analysis has been made to identify the impact of Banking Sector Reforms on bank respondents. To analyse the impact among the respondents, five point Likert’s Scale has been utilised. Reforms were
classified into two category, one relating to customer services and the other relating to bank administration. The problems encountered by bankers was also analysed. Factor analysis was used to find common reforms and their implications. Impact of reforms on the male and female bank employees was also studied. The improvement in management and supervision of banks in the post reform period is also discussed.

Chapter five includes the analysis of the impact of reforms on customers. For the purpose of analysis, the new areas of services were classified into fourteen services. Customers opinions on the benefits of reforms and loans disbursed by banks have also been analysed. The problems encountered by customers were classified into three factors, declining quality, poor marketing/advertisement and lending problems. Comparative study of bankers and customers opinion on eight factors has also been studied. The differences in the opinion of customers has also been analysed with regard to demographic features.

Chapter six includes a comparative study of selected five Indian Banks and five Foreign Banks. Select profitability, liquidity and growth ratio have been compared for these banks. It also includes an analysis for establishing the difference in their performance in the pre-reform and post-reform period.
FINDINGS

1. The bank respondents gave favourable responses to all the services relating to general reforms, benefits due to deregulation, money market, relating to loans, innovative services, common services and web based services. Majority of the bank respondents considered the reforms relating to bank administration has contributed to better banking in the post-reform period.

2. The bank employees however complained of increased customer expectations and administrative problems in the post reform period.

3. Rating agency services and factoring services have received less favourable responses. Loans disbursed by bankers have been favoured as benefit in the post reform period but customer consider pre-reform phase more suitable regarding less documentation, absence of guarantor. Customers consider in general the post reform period as a better period but still expect increased efficiency and better housekeeping to follow.

4. Customers have complained about lack of marketing/advertisement of banking products and services, declining quality and problems in lending.
5. Out of the 250 bank respondents no significant difference in the opinions of male and female employees was identified towards the impact of banking sector reforms in the post reform period.

6. There is a poor relationship between the various positions held by bank respondents and the five factors of banking sector reforms i.e. money market based services, friendly services, innovative services, financial services and web based services.

7. The nature of bank has however influenced the opinions of bank respondents towards money market based services, friendly services and innovative services. But it is not effecting the bank respondents opinions towards financial services and web based reforms.

8. Employees motivation to work in the post-reform period has not been influenced by the employees age, sex, years of services, nature of bank. Similarly, money market based services have been significantly associated with the employees age, service position and marital status. However, sex, education, services in the present bank, monthly income and nature of bank have not effected their opinions on money market based services.

9. Improvements in bank supervision and management in the post reform period showed a poor relationship with the educational levels of employees but is strongly associated with the positions of bank employees. Thus as per the various levels of position (Senior, Middle, Lower level) there is a significant change in the management and supervision of banks in the post reform period.
10. Male and female bank respondents did not differ in their opinions on the various issues relating to bank administration in the post reform period. Similarly, the bankers' freedom to raise capital in the post reform period was not significantly associated with the employees' marital status, nature of bank, income, service, position, education, sex but it was significantly associated with the employees' age levels.

11. The male and female bank respondents did not significantly differ in their opinions towards the problems encountered by them in the post reform period relating to challenge vs response related problems, problems relating to changing scenario and administrative problems. However, they significantly differed in their opinions towards competition related problems.

12. The income levels of customers strongly influence the innovative services and have a poor relationship with respect to qualitative changes and convenient working hours.

13. Education levels of customers have a poor association with convenient working hours and have a strong association with innovative services and qualitative changes.
14. Age of the customers has a strong association with all the three factors i.e. innovative services, qualitative changes and convenient working hours. Age is also significantly associated with the improvement in customer satisfaction in the post reform period.

15. Educational levels of customers influences problems relating to declining quality and lack of publicity but is not much associated with lending problems.

16. Income level of customers has a significant association with lending problems and declining quality but not with lack of publicity.

17. Age of the customers also influences the problems relating to lending and publicity but it is having a poor association with the declining quality in banks.

18. The profitability trends of Indian Banks were lower compared to foreign banks for some reasons like priority sector lending, opening branches in rural areas, increasing number of defaulters etc. However during the decade 1991 to 2002, after the initiation of financial sector reforms in 1991, the Indian Banks have competed well with the foreign banks by considerably improving the business and trying to obtain profitability close to foreign banks.
SUGGESTIONS

1. Banks will have to become customer centric, enabling technology to fulfil customer needs and convenience because competition has made the customer, the biggest beneficiary in terms of quality service and efficiency. Reforms should also identify appropriate corporate strategies, depending upon the nature of their clientele.

2. Banks should be flexible enough to anticipate and prepare for regularity changes like reforms introduced from time to time.

3. The biggest lacuna in the Banking Sector is the lapses in personnel management. Banks should make changes in the structure of organisations and provide for training of their staff in order to get rid of old practices which hold them back. They should develop and reward behaviour which encourages innovation and discourage behaviour which is over conservative and complacent.

4. Competition has forced banks to offer new products by analysing their markets to gain a real understanding of their customer demands. They are framing strategies to satisfy the needs of the customers. But, all these strategies would provide the benefits only if they are properly advertised to the customers and they take steps to see that the
customers who come forward to use it are provided in full without much hardships. Banks must take steps to send regularly newsletters, circulars etc., to update the knowledge and awareness of the customers, on the recent changes due to reforms and also about additional services and benefits available in the post reform period.

5. Reforms should also give weightage to the housekeeping issues of banks, and insist that it follows a proactive and innovative mannerism towards it.

6. Banks would have to equip themselves to operate in an increasingly deregulated interest rate environment and carefully assess the pressure of demand for credit on one side and availability of funds through various sources on the other and try to balance.

7. Banking Sector Reforms has given a good start but there is a long way to go in creating an efficient banking sector suitable for better environment. Reforms must thus aim at creating an mechanism which will sustain the process which has been in motion as there is already controversies regarding the impact and durability of reforms.