CHAPTER 10
SUGGESTIONS
SUGGESTIONS

The research shows multifold development has taken place in the banking sector, in order to increase the scale of business and for the further growth and sustainability following points are suggested:

1) The research shows that there has been a tremendous increase in the number of Banks and Bank branches during a decade time period with newer products and services but the penetration level of these Banks should be increased along with customized products and services to the unbanked areas to cater the growing financial demand.

2) The Banks can deploy technologies which can continue to attract customers to more efficient service delivery channels like Voice Response Units (VRU) call centers and ATMs, and shift customers from paper transactions to on-line transactions and electronic payments. The latter change can yield significant productivity benefits for the Banks, these facilities are already in existence for Private Sector Banks and Foreign Banks but the Public Sector Banks and the Co-operative Banks needs to adapt to these newer service delivery channels which will enable these Banks to provide 24X7 Services to its customers.

3) The research show that innovations in products and processes has been a continuous process at the Banks but there exist dissatisfaction amongst the retail customers in terms of service delivery on the part of Bank employees. Training of Bank employees is mandatory as per the RBI guidelines further it can be suggested that there has to be an increase in the frequency of the training programs conducted for the Bank employees in order to increase the effectiveness of service delivery at various branch levels.

4) For the promotion of Banking facilities in the rural areas, it is observed that at rural branches can act as promoters of low volume in terms of rupee value and large number of loans which may effectively spread the credit risk to large number of customers, as the customer base is large at rural level as borrowers, it
might not be profitable for the Banks but identifying fee based services such as crop insurance, credit cards for purchase of seeds and fertilizers may help Banks to add to their other income segment.

5) The credit to deposit ratio in the rural areas are higher than in the semi urban and urban areas which means the loans and advances are more than the deposits, Banks should identify newer deposits schemes with value added services so that it is economical for the rural households.

6) Customer database is the best resource available with the Banks to tap the demographic profile of its customers, this resource can serve as a base for conducting market research which will help Banks in identifying the customer needs and will also encourage Banks to develop products and services as per the demand of the customers from various segments.

7) The Foreign Banks and the Private Sector Banks have an online feedback system for assessing the service quality but for some of the Public Sector Banks and Co-operative Banks there is no system of customer feedback at the branch level. The feedback obtained from the customers should be analyzed which can be vital source for finding out the financial needs of the customer and in evaluating the areas of service quality enhancement. The Banks should have a strong customer feedback mechanism manual as well as online; these feedbacks will enable in identifying the areas of improvement and will serve the basis of existing product modification and new product development.

8) For the continuous evaluation of the customer feedback, proper in house team should be formed who will continuously monitor the feedback received from the customers and at frequent intervals of time comparative analysis of the customer feedback should be undertaken to assess the progress level.

9) The interface between Bank and customers is the service delivery channels which can be branch, ATM or internet Banking facility, the Banks should focus on the service quality of these channels by providing training and retraining to its employees, up gradation of technology, user friendly internet facility and ATMs with multiple functions. Creating awareness and the benefits about such services to the customers should be taken at prime importance level; such awareness can
be created by hoisting exhibitions, consumer fares, tie up will shopping malls and restaurants, organizing awareness campaigns at school, colleges and corporate levels.

10) Public Sector Banks have an added advantage of having a wide network of branches and customer database, which gives them an opportunity to sell third-party products through these branches. Cross selling of products by Banks will lower the cost per customer which will enable them in cost efficiency and adding to the margin of fee based income, thus in future major thrust of the Banks should be on cross selling of products.

11) Outsourcing of certain processes like accounting and book keeping function, preparation of tax statements, payroll process, credit card processing and cheque collections etc. which will give Banks cost efficiency and will enable Banks to concentrate in its core business areas such as new product developments, training, consultancy and in process improvements.

12) The focus of New Branch Licensing Policy is to open more bank branches in the unbanked rural centers and as Public Sector and Private Sector Banks have increased their branch targets to adhere to the new branch licensing policy. In order to promote inclusive growth cluster of villages should be identified from the unbanked rural areas, Bank branches should be set up at cluster level based on the geographical spread of villages which will act as a service point for that group of villages.

13) At the rural level the ATM can be equipped with interactive multi lingual voice response facility in addition to the bio metric system which may be advantageous for the illiterate group of Bank customers.

14) At the rural front the prospects of Banking Business is going to increase, the Aadhar Card will give an indirect thrust to the profitability of Banks by having larger customer base and the recent policy decision by Government to credit the subsidy and other benefits to the Bank account will benefit the bank indirectly. In order to take advantage of the facility Banks need to educate the rural customers and also strive to inculcate Banking habit amongst the rural folk.
15) Technology-wise Foreign Banks are far ahead of Public Sector Banks even the New Private Sector Banks have a strong technology base as against the Old Private Sector Banks. Digital Banking is one of the emerging technological development undertaken by the Foreign Banks such practices can be also be imbibed by the Public and Private Sector Banks.

16) Chapter 6 proves that customers tend to use more of Internet Banking Services, ATMs facilities and Mobile Banking rather than visiting the Bank Branches this shows that customers considered these facilities to be user friendly, convenient and cost effective. The developed technology should be simple to operate, safe and readily acceptable to the customers, the Banks should also educate the customers on the adoption of new advanced technological innovations.

17) The survey on Service Quality showed that dissatisfaction about the Banking services was higher in case of the senior citizens. The Banks should set up separate counter for catering the needs of the senior citizens; the Banks can also introduce the concept of “Doorstep Banking” or “Home Banking” wherein the services will be provided at their doorstep with adequate safety measures without them visiting the Bank branches especially for these classes of customers.

18) Some of the Public Sector Banks have started with the overdraft facility for the Senior Citizens such practices should be promoted and welcomed by other Banks as Senior Citizens also constitute a major share of the customer base for Banks.

19) Some of the Private Sector Banks and Foreign Banks have started with the combo schemes wherein package of services is offered to the customers. The research shows majority of the Bank customers from the urban and semi urban areas comprise of the working class, there is a rise in the income level of these individuals which can be routed to optimum channels through proper financial planning and wealth management practices. The Banks along with the Salary or Saving Account can add these allied services which will be cost effective from the customer’s perspective and the Banks can add to the margin of their fee based income.

20) The usage of solar energy and other environment friendly green initiatives should be advocated as against the other resources where Banks have to incur high
capital expenditure initially which will be one time cost but will help the Banks in reducing the overhead expenses to a larger extent in the future years.

21) The Banks should also engage in Training and Consultancy activity which will enable them in diversifying their business and targeting greater share in the financial market. Training and consultancy can be in areas such as for creating awareness amongst the customers, financial literacy, green initiatives, technology and agriculture etc.

22) Customer Relationship Management will help the Banks in meeting the customers’ expectations, rendering personalized high quality services, increasing the productivity and efficiency by creating value to the customers.

23) The Banks need to develop a customer centric approach it needs to focus on Relationship Banking rather than Traditional Transaction Banking so that customers creates value to the organisation in terms of tangibles and intangibles. To promote Banker Customer Relationship the Bank personnel at various branch levels should be appointed for a fixed tenure which will facilitate in building confidence and trust between the customer and the officer of the Bank.

24) In the near future financial inclusion, financing needs of small and medium enterprises, customer centric approach, technology advancement and listing of Banks on stock exchanges will assume paramount importance.

25) There is a need for constant innovation in Retail Banking Sector. Innovation in the business practices pertaining to product development and service differentiation, delivery mechanism, marketing, product pricing, technological upgradation, internet and mobile Banking, risk management and asset liability management techniques will render competitive advantage to the Banks.

* * *