CHAPTER – VI

FINDINGS, RECOMMENDATIONS AND CONCLUSION
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6.0 Introduction

In chapter four and five, the results emerging out of the analysis have been presented in a sequential manner with respect to all the important components of credit information system of a particular bank. With hot winds of competition blowing across the Indian banking industry, developing a close, symbiotic relationship with customers has become highly important than ever before. Banks have to come out with innovative measures to satisfy the needs of their present customers acquire new ones and at the same time adopt procedures to win back the lost customers. This problem gets compounded as customer expectations for quality service and value added service are increasing rapidly on a continuous basis. Thanks to the development of IT and Internet, which are changing the possibilities in terms of customer contact, service and insight, today banks can aim at meeting this expectation by adopting a strategy that is commonly known as Customer Relationship Management. This chapter is incorporated here to recapitulate all the major findings of the study with supportive explanation and conclusion drawn upon from those findings.

The main objectives of the study were:

1. To ascertain information requirement of the branch level internal users (bank personnel) of information system for credit deployment and analyze their varied pattern on the basis of the personal characteristic and functional responsibilities.
2. To study the existing information system and assess its efficacy in providing adequate, qualitative, timely and relevant information to the branch and higher-level internal users and customers.

3. To identify shortcomings of the existing information system and recommend some guidelines for designing and development of a better system for credit deployment at the branch level.

In order to examine the aforesaid objectives the study set two hypotheses—

The first hypothesis was “Information requirements of the customers and internal users (managers) of credit deployment information system of a commercial bank are significantly influenced by their personal characteristics like sex, age etc and type, purposes of the credit.”

The second hypothesis was “There is no significant difference in terms of users’ satisfaction, quality of information and decision-making between the types of (computerized, manual and partially computerized) information system”.

The study had primarily used primary and secondary data for finding an answer to the objectives listed above. The banking data collected form the Local Head office of State Bank of India and the Reserve Bank website to know the IT implementation in each branches of Kamrup District and for banking details (Credit, deposit, CD ratio etc).

6.1. Main Findings:

From our analysis in the foregoing chapters, the main findings of the study are highlighted below—
➢ **From Branch Type wise Distribution of Bank Officials,** the sample showed that majority (70.7%) of bank branch type of the collected sample were from urban branches.

➢ **From Level of Computerisation,** the analysis of the information system of the particular bank, it is observed that majority (60.3%) of sample consist of computerized branches.

➢ Analysis showed that among **Total Length of Service of the Bank Officials,** a high percentage of 55.2% of bank officials' total length of services were in the range 21-30 years.

➢ From collected 116 sample form bank officials side, **Years of Services of the Bank officials in Present Position,** it showed that majority respondents (48.3%) were having their service in present position in 6-10 years.

➢ **In Mode of Holding Present Position in the Workplace,** the analysis showed that, majority bank officials holding their present position through promotion (84.5%).

6.1.1. **Findings under Socio-Economic Characteristics of the Bank Officials and Borrowers,** were as under-
We analysed **Age of the Bank officials and Borrowers**, and the study showed that majority of the bank officials (38.8%) were in the age group (46-50 years).

Out of total 58 each of the personal loan borrowers, agricultural loan borrowers and industrial loan borrowers the study reveals that majority of the borrowers were from the middle age group, i.e., in personal loan borrowers it was 46-50 years (31.0%), in agricultural loan borrowers it was 36-40 years (29.3%) and in industrial loan borrowers it was 41-45 years (39.7%).

**Gender of the Bank officials and Borrowers**, as regards with the gender structure of the respondents, the bank officials sample consists of 90.5% male and only 9.5% were female among the total 116 respondents. This indicates that still the dominance of male is predominant in the banking system in India.

From the analysis of the socio-economic characteristics of the customers/borrowers of personal loan, it is observed that the sample consists of 69.0% males and 31.0% females. Among agricultural loan borrowers, 81.0% were male and 19.0% were female. From borrowers of Industrial loan, 79.3% were male and 20.7% were female. So, we found an imbalanced gender ratio here.

**In Educational Qualification of the borrowers**, we found that among each 58 personal loan borrowers, agricultural loan borrowers, and industrial loan
borrowers, the analysis reflects that borrowers from all these three streams are mostly graduates.

➢ Going through the **Income of the Borrowers**, we found that monthly income range of the personal loan borrowers, agricultural borrowers and Industrial borrowers, majority of the respondents belong to middle income range.

### 6.1.2. Findings from Information Needs:

➢ Going through the **Information needs by bank officials through quality**, the cross tabulation and chi-square analysis employed to **identified** the information needs of bankers reveals that the banker seek information depending quality as relevance of information, accuracy of information, timeliness of information, format clarity of information, no-duplication of information, up-to-date ness of information, adequacy of information, adequacy of information and explicitness of information. Here we found from most of the tables chi-square values are not significant, i.e., it proves the **1st hypothesis and we accepted the hypothesis**.

➢ **Bank officials' information needs identification**, by means of mean and standard deviation analysis with respect of 24 items incorporates in the questionnaire, the information needs of the bank officials calculated according to the descending mean value. Information about the Nature and amount of loan with mean value 4.8707 with standard deviation .3852 had emerged as the most important information needed by the bank officials followed by Rate of
interest & repayment pattern with mean value 4.7241 and standard deviation .5371, Borrowers relationship with the bank with mean value 4.6034 and standard deviation value .5730, Economic & financial status of borrowers with mean value 4.4655 with standard deviation value .5813, Oral/supplementary query carrying mean value 4.4569 with standard deviation value .6775 etc.

6.1.3. Findings from Bank officials' information needs identification through cross Tabulation were:

➢ Bank Branch Type and Relevance of Information

Majority of the respondents from all three types of bank branches (94.8%) seek information on relevance of information as most important attributes. 92.7% of the urban branches have informed that relevance of information is considered to be the most important factor, while in Semi-urban branches all thinks that it is very important criteria and all from rural branches took relevance attribute as most important criteria. On the other hand, 7.3% respondents from urban branches informed that relevance of information is an important attribute.

➢ Bank Branch Type and Accuracy of Information

96.3% respondents took accuracy attribute as most important criteria and only remaining 3.7% selected the attributes as important criteria. From all (100.0%) from Semi-urban and rural branches ticked in the most attribute criteria. So, majority of the respondents from all three types of bank branches (97.4%) seek information on accuracy of information as most important attributes.
➤ Bank Branch Type and Timelines of Information

66 (80.5%), 6 (100.0%) and 26 (92.9%) respondents of urban branches, semi-urban and rural branches took timeliness clarity attribute as most important criteria accordingly and 16 (19.5%) and 2 (7.1%) respondents from urban and rural branches ticked in important attribute. So, majority of the respondents from all three types of bank branches (84.5%) seek information on timeliness of information as most important attributes.

➤ Bank Branch Type and Format Clarity of Information

46 (56.1%), 6 (100.0%) and 22 (78.67%) respondents of urban branches, semi-urban and rural branches took format clarity attribute as most important criteria accordingly and 36 (43.9%) and 62 (21.4%) respondents from urban and rural branches ticked in important attribute. So, majority of the respondents from all three types of bank branches (63.8%) seek information on format clarity of information as most important attributes.

➤ Bank Branch Type and No-Duplication of Information

43 (52.4%), 2 (33.3%) and 8 (28.6%) respondents of urban branches, semi-urban and rural branches took no-duplication attribute as most important criteria accordingly and 38 (46.3%), 4 (66.7%) and 20 (71.4%) respondents from urban, semi-urban and rural branches ticked in important attribute respectively. Only 1 (1.2%) respondent ticked the option neither important nor unimportant attribute from urban
branch. So, majority of the respondents from all three types of bank branches (53.48%) seek information on no-duplication of information as important attributes.

➢ Bank Branch Type and Up-to-dateness of Information

58 (69.5%), 3 (50.0%) and 18 (64.3%) respondents of urban branches, semi-urban and rural branches took up-to-date-ness attribute as most important criteria accordingly and 25 (30.5%), 3 (50.0%) and 10 (35.7%) respondents from urban, semi-urban and rural branches ticked in important attribute respectively. So, majority of the respondents from all three types of bank branches (67.2%) seek information on up-to-date-ness of information as most important attributes.

➢ Bank Branch Type and Adequacy of Information

68(82.9%), 4(66.7%) and 21(75.0%) respondents of urban branches, semi-urban and rural branches took adequacy attribute as most important criteria accordingly and 13(15.9%), 2(33.3%) and 7(25.0%) respondents from urban, semi-urban and rural branches ticked in important attribute respectively. Only 1(1.2%) respondent ticked the option neither important nor unimportant attribute from urban branch. So, majority of the respondents from all three types of bank branches (80.2%) seek information on adequacy of information as most important attributes.

➢ Bank Branch Type and No Overloading of Information

34(41.5%) respondents from urban branches and 9(32.1%) from rural branches took no-overloading attribute as most important criteria accordingly and 47(57.3%),
6 (100.0%) and 19 (67.9%) respondents from urban, semi-urban and rural branches ticked in important attribute respectively. Only 1(1.2%) respondent ticked the option neither important nor unimportant attribute from urban branch. So, majority of the respondents from all three types of bank branches (62.1%) seek information as no-overloading as important attributes.

➢ Bank Branch Type and Explicitness of Information.

49(59.8%), 3(50.0%) and 11(39.3%) respondents from urban branches, semi-urban and rural branches took explicitness attribute as most important criteria accordingly and 33(40.2%), 3(50.0%) and 17(60.7%) respondents from urban, semi-urban and rural branches ticked in important attribute respectively. So, majority of the respondents from all three types of bank branches (54.3%) seek information on explicitness of information as most important attributes.

From the above findings under 6.1.3, it is found that there was no significant difference in terms of user's satisfaction, quality of information and decision making between the types of (Computerised, manual and partially computerized) information system, which proved our 2nd Hypothesis and we accepted the hypothesis.

6.1.4. Findings from Level of Computerisation in Bank and Relevance of Information

➢ 64 (91.4 %), 28(100.0%) and 18(100.0%) respondents from computerised branches, manual and partially computerised branches took relevance attribute as most important criteria accordingly and remaining 6(8.6%) respondents from urban branches ticked in important attribute. So, majority of the respondents (94.8%) from
all three types of systems used in bank branches seek information on relevance of information as most important attributes.

➢ Level of Computerisation In Bank and Accuracy of Information

67 (95.7%), 28 (100.0%) and 18 (100.0%) respondents from computerized, manual and partially computerised branches took accuracy attribute as most important criteria accordingly and remaining 3 (4.3%) respondent from computerised branches ticked in important attribute. So, majority of the respondents (97.4%) from all three types of systems used in bank branches seek information on accuracy of information as most important attributes.

➢ Level of Computerisation In Bank and Timeliness of Information

56 (80.0 %), 26 (92.9%) and 16 (88.9%) respondents from computerised branches, manual and partially computerised branches took timeliness attribute as most important criteria accordingly and 14 (20.0%), 2 (7.1%) and 2 (11.1%) respondent from computerized, manual and partially computerised branches ticked in important attribute. So, majority of the respondents (84.5%) from all three types of systems used in bank branches seek information on timeliness of information as most important attributes.

➢ Level of Computerisation In Bank and Format Clarity of Information

38 (54.3%), 22 (78.6%) and 14 (77.8%) respondents from computerized, manual and partially computerised branches took format clarity
attribute as most important criteria accordingly and 32 (45.7%), 6 (21.4%) and 4 (22.2%) respondent from computerized, manual and partially computerised branches ticked in important attribute. So, majority of the respondents (63.8%) from all three types of systems used in bank branches seek information on format clarity of information as most important attributes.

➤ **Level of Computerisation In Bank and No-Duplication of Information**

Majority of the respondents (53.4%) from all three types of systems used in bank branches seek information on no-duplication of information as important attributes.

➤ **Level of Computerisation In Bank and Up-to-date ness of Information**

Majority of the respondents (67.2%) from all three types of systems used in bank branches seek information on up-to-date ness of information as most important attributes.

➤ **Level of Computerisation In Bank and Adequacy of Information**

Majority of the respondents (80.2%) from all three types of systems used in bank branches seek information on adequacy of information as most important attributes.

➤ **Level of Computerisation In Bank and No-Overloading of Information**

Majority of the respondents (62.1%) from all three levels of computerized systems used in bank branches seek information on no overloading of information as important attributes.
➤ Level of Computerisation in Bank and Explicitness of Information

Majority of the respondents (54.3%) from all three levels of systems used in bank branches seek information on explicitness of information as most important attributes.

6.1.5. Findings from Total Length of Services of Bank officials and Relevance of Information

➤ Majority of the respondents (94.8%) from different length of services seek information on relevance of information as most important attributes.

➤ Total Length of Services of Bank officials and Accuracy of Information

7(100.0%), 38(97.4%), 64(100.0%) and 4(66.7%) respondents from group 1-10, 11-20, 21-30 and 31-40 years selected accuracy attribute as most important criteria respectively and 1(2.6%) from group 11-20 years and 2(33.3%) from group 31-40 years ticked in important attribute. So, majority of the respondents (97.4%) from different length of services seek information on accuracy of information as most important attributes.

➤ Total Length of Services of Bank officials and Timeliness of Information

5(71.4%), 34(87.2%), 54(84.4%) and 5(83.3%) respondents from group 1-10, 11-20, 21-30 and 31-40 years selected timeliness attribute as most important criteria respectively and 2(28.6%), 5(12.8%). 10(15.6%) and 1(16.7%) from group 1-10, 11-
20, 21-30 and 31-40 years selected important criteria respectively. So, majority of the respondents (84.5%) from different length of services seek information on timeliness of information as most important attributes.

➤ Total Length of Services of Bank officials and Format Clarity of Information

2(28.6%), 25(64.1%), 44(68.8%) and 3(50.0%) respondents from group 1-10, 11-20, 21-30 and 31-40 years of total length of services selected format clarity attribute as most important criteria respectively and 5(71.4%), 14(35.9%), 20(31.3%) and 3(50.0%) from group 1-10, 11-20, 21-30 and 31-40 years selected important criteria respectively. So, majority of the respondents (63.8%) from different length of services seek information on relevance of information as most important attributes.

➤ Total Length of Services of Bank officials and No-Duplication of Information

Majority of the respondents (53.4%) from different length of services seek information on no-duplication of information as important attributes.

➤ Total Length of Services of Bank officials and Up-to-date ness of Information

6(85.7%), 24(61.5%), 42(65.6%) and 6(100.0%) respondents from group 1-10, 11-20, 21-30 and 31-40 years of total length of services selected up-to-date ness attribute as most important criteria and 1(14.3%), 15(38.5%), 22(34.4%) took interest in important attributes respectively. So, majority of the respondents (67.2%) from different length of services seek information on up-to-date ness of information as most important attributes.
Total Length of Services of Bank officials and Adequacy of Information

Majority of the respondents (80.2%) from different length of services seek information on adequacy of information as most important attributes.

Total Length of Services of Bank officials and No Overloading of Information

Here also majority of the respondents (62.1%) from different length of services seek information on no overloading of information as important attributes.

Total Length of Services of Bank officials and Explicitness of Information

Our study showed that majority of the respondents (54.3%) from different length of services seek information on explicitness of information as most important attributes.

6.1.6. Years of Services in Present Position of Bank officials and Relevance of information

Majority of the respondents (94.8%) from different years of services of the bank officials in present position seek information on relevance of information as most important attributes.

Years of Services in Present Position of Bank officials and Accuracy of Information

Majority of the respondents (97.4%) from different years of services of the bank officials in present position seek information on accuracy of information as most important attributes.
Years of Services in Present Position of Bank Officials and Timeliness of Information

 Majority of the respondents (84.5%) from different years of services of the bank officials in present position seek information on timeliness of information as most important attributes.

Years of Services in Present Position of Bank officials and Format Clarity of Information

 Majority of the respondents (80.0%) from different years of services of the bank officials in present position seek information on format clarity of information as most important attributes.

Years of Services in Present Position of Bank officials and No-Duplication of Information

 Majority of the respondents (53.4%) from different years of services of the bank officials in present position seek information on no-duplication of information as important attributes.

Years of Services in Present Position of Bank Officials and Up-to-dateness of Information

 Majority of the respondents (67.2%) from different years of services of the bank officials in present position seek information on up-to-dateness of information as most important attributes.
Years of Services in Present Position of Bank officials and Adequacy of Information

Majority of the respondents (80.0%) from different years of services of the bank officials in present position seek information on adequacy of information as most important attributes.

Years of Services in Present Position of Bank Officials and No-Overloading of Information

Majority of the respondents (62.1%) from different years of services of the bank officials in present position seek information on no overloading of information as important attributes.

Years of Services in Present Position of Bank Officials and Explicitness of Information

Majority of the respondents (54.3%) from different years of services of the bank officials in present position seek information on explicitness of information as most important attributes.

6.1.7. Findings from Age of the Bank Officials and Relevance of Information

Majority of the respondents (94.8%) from different age groups of the bank officials seek information on relevance of information as most important attributes.
Age of the Bank Officials and Accuracy of Information

Majority of the respondents (97.4%) from different age groups of the bank officials seek information on accuracy of information as most important attributes.

Age of the Bank Officials and Timeliness of Information

Majority of the respondents (84.5%) from different age groups of the bank officials seek information on timeliness of information as most important attributes.

Age of the Bank Officials and Format Clarity of Information

Majority of the respondents (63.8%) from different age groups of the bank officials seek information on format clarity of information as most important attributes.

Age of the Bank Officials and No-Duplication of Information

Majority of the respondents (53.4%) from different age groups of the bank officials seek information on no-duplication of information as important attributes.

Age of the Bank Officials and Up-to-dateness of Information

Majority of the respondents (67.2%) from different age groups of the bank officials seek information on up-to-dateness of information as most important attributes.
Age of the Bank Officials and Adequacy of Information

Majority of the respondents (80.2%) from different age groups of the bank officials seek information on adequacy of information as most important attributes.

Age of the Bank Officials and No-Overloading of Information

Majority of the respondents (62.1%) from different age groups of the bank officials seek information on no overloading of information as important attributes.

Age of the Bank Officials and Explicitness of Information

Majority of the respondents (54.3%) from different age groups of the bank officials seek information on explicitness of information as most important attributes.

6.1.8. Gender of the Bank Officials and Relevance of Information

Majority of the respondents (94.8%) from different gender groups of the bank officials seek information on relevance of information as most important attributes.

Gender of the Bank Officials and Accuracy of Information

102(97.1%) male and 11(100.0%) female took accuracy attribute as most important criteria and 3(2.9%) male respondents ticked in important attribute. So, majority of the respondents (97.4%) from different gender groups of the bank officials seek information on accuracy of information as most important attributes.
Gender of the Bank Officials and Timeliness of Information

88(83.8%) male and 10(90.9%) female took timeliness attribute as most important criteria and 17(16.2%) male and 1(9.1%) female ticked in important attribute. So, majority of the respondents (84.5%) from different gender groups of the bank officials seek information on timeliness of information as most important attributes.

Gender of the Bank Officials and Format Clarity of Information

67(63.8%) male and 7(63.6%) female took format clarity attribute as most important criteria and 38(36.2%) male and 4(36.4%) female ticked in important attribute. So, majority of the respondents (63.8%) from different gender groups of the bank officials seek information on format clarity of information as most important attributes.

Gender of the Bank Officials and No-Duplication of Information

Majority of the respondents (53.4%) from different gender groups of the bank officials seek information on no-duplication of information as important attributes.

Gender of the Bank Officials and Up-to-date ness of Information

Majority of the respondents (67.2%) from different gender groups of the bank officials seek information on up-to-date ness of information as most important attributes.
Gender of the Bank Officials and Adequacy of Information

Majority of the respondents (80.2%) from different gender groups of the bank officials seek information on adequacy of information as most important attributes.

Gender of the Bank Officials and No-Overloading of Information

Majority of the respondents (61.2%) from different gender groups of the bank officials seek information on no overloading of information as most important attributes.

Gender of the Bank Officials and Explicitness of Information

Majority of the respondents (54.3%) from different gender groups of the bank officials seek information on explicitness of information as most important attributes.

6.1.9. Mode of Holding Position of the Bank Officials and Relevance of Information

Majority of the respondents (94.8%) from different mode of holding position by the bank officials seek information on relevance of information as most important attributes.

Mode of Holding Position of the Bank Officials and Accuracy of Information

Majority of the respondents (97.4%) from different mode of holding position by the bank officials seek information on accuracy of information as most important attributes.
➢ Mode of Holding Position of the Bank Officials and Timeliness of Information

Majority of the respondents (84.5%) from different mode of holding position by the bank officials seek information on timeliness of information as most important attributes.

➢ Mode of Holding Position of the Bank Officials and Format Clarity of Information

Majority of the respondents (63.8%) from different mode of holding position by the bank officials seek information on format clarity of information as most important attributes.

➢ Mode of Holding Position of the Bank Officials and No-Duplication of Information

Majority of the respondents (53.4%) from different mode of holding position by the bank officials seek information on no-duplication of information as important attributes.

➢ Mode of Holding Position of the Bank Officials and Up-to-date ness of Information

Majority of the respondents (67.2%) from different mode of holding position by the bank officials seek information on up-to-date ness of information as most important attributes.
> **Mode of Holding Position of the Bank Officials and Adequacy of Information**

Majority of the respondents (80.2%) from different mode of holding position by the bank officials seek information on adequacy of information as most important attributes.

> **Mode of Holding Position of the Bank Officials and No-Overloading of Information**

Majority of the respondents (62.1%) from different mode of holding position by the bank officials seek information on no-overloading of information as important attributes.

> **Mode of Holding Position of the Bank Officials and Explicitness of Information**

Majority of the respondents (54.3%) from different mode of holding position by the bank officials seek information on explicitness of information as most important attributes.

**6.1.10. Findings from Need Identification among Borrowers**

Data was analysed from the borrowers to examine on what extent they need information. Tables (Table 4.71, 4.72, 4.73) were arranged according to highest weighted score of need. And highest weighted score of need was found from the personal loan borrowers side were accordingly Interest rate and Modality of calculation, Oral explanation, Repayment pattern and flexibility, Liabilities and Responsibilities, Loan scheme in general etc. Highest weighted score of need was found from the industry loan borrowers side were accordingly Loan scheme in
general, Site inspection, Ration norms, Interest rate and Modality of calculation, Performance creation, etc. Highest weighted score of need was found from the agriculture loan borrowers side were accordingly Loan scheme in general, Interest rate and Modality of calculation, Oral explanation, Repayment pattern and flexibility, Criteria for Grants/Concession/ Subsidy/Rebate etc.

6.1.11. Findings from Correlation with personal characteristics of Bank Officials and information needs

A relationship between personal characteristics and the information need were determined and it was found that relevance with accuracy and adequacy are highly related and significance at 1% level, similarly relevance and timeliness is also significantly (5% level) related with relevance. Relevance has got a negative relation with year of service in present position but was found significant at 5% level. As regards the age, it is observed as reflected in the table that it has significant relation with mode of holding position and total length of service, whereas the sex does not show any significant relationship with mode of holding position, whereas there is a negative relation with gender and total length of service which is significance and at the 5% level. Level of computerisation shows a negatively significant relation with format clarity. It also shows a significant relation with no-overloading as well as with years of service in present position, indicating that with the use of modern technology the things are becoming clear and clear. It is interesting to note that type of branch is showing a negative significant relation with format clarity, meaning that from the urban to rural area the format clarity becomes poor and poor.
6.1.11. Findings from Level of Computerisation and Overall satisfaction

I have calculated mean and standard deviation with the system and the 't' test has been applied to test the different attributes with the level of computerisation i.e., level of computerisation Vs relevance of information, level of computerisation Vs accuracy of information, level of computerisation Vs timeliness, level of computerisation Vs format clarity, level of computerisation Vs adequacy of information, level of computerisation Vs up-to-date ness and level of computerisation Vs oral explanation. System and overall satisfaction is calculated in the tables (4.8.2 and 4.8.3). **It is observed from the tables that the 't' values for above-mentioned relation are highly significant at 1% level of significance, so it can be concluded that there is a difference between use of level of computerisation and other various information variables in overall satisfaction, so it showed the reverse position of the first hypothesis.**

6.2 Recommendations:

In order to reduce the time involved in credit sanctions, it is essential that the borrowers should submit the required information in one installment and not in piece-meal. Similarly, banks have to explain their additional data requirements, if any, right at the stage of receiving the credit proposal. After receiving the proposal, the appraisal officer should complete this appraisal in one sitting only. Along with this, much of the appraisal work should be done with the help of computer for which the required software should be acquired. Further, the co-ordination between banks and financial institutions should be ensured in such a way that there is a joint appraisal and a reasonable division of work.
Similarly, there should not be many tiers in credit appraisal and decision-making. In this regard opening of SSI Branches and Industrial Finance Branches is desired. Similarly, the Board of Directors should be relieved from the responsibility of taking credit decisions, which will ensure the timely credit sanction. It should be entrusted to a committee of Executives in Head Office. Finally, delays may arise in completing formalities relating to securities to be offered by a borrower. In this regard, borrowers need to be educated on the requirements of securities right at the stage of receiving the credit proposal.

Inadequate credit decisions are made based on projected statements and other relevant information provided by the borrower. In the absent of the required statement/information, banks have to adopt a conservative approach. Hence, it is expected that projections should generally be in line with the past trend. While deviations are generally permitted, the logic followed by the borrower in preparing the projected statements should be the convincing one. In addition, there should be sufficient transparency in presentation of financial statements by the units. This will help the banks to assess the genuine funds requirements. Further, banks look for certain evidences/supporting data for considering projections. In this respect, sufficient homework is expected on the part of the borrower. Similarly, timely preparation of financial statements and their audit are also essential.

Banks are interested in assessing the financial position of the Business Group to which the borrowing unit belongs to. In this regard, the borrower should extend cooperation to the bank in providing the necessary break-up of ‘inter-corporate investment’ and other details.
The borrower is also expected to follow the correct classification of current assets and current liabilities and convince the banker on changes made, if any. Similarly, his proposed level of current assets should reflect the market conditions. Above all, the borrower has to satisfy the bank officials on his intention to seek bank finance to meet the genuine needs of working capital and reduce it over a period of time.

While the borrower is expected to provide the required information, the bank officials have to contribute a lot to ensure the ‘need-based finance’. The foremost requirement in this regard is the understanding of the borrower’s business by the banker. This refers not to financial aspects but also technical and commercial aspects of business. The banker has to be in touch with changes in the market, both domestic and international. He should also develop a good understanding of comparable units in respect of level of current assets, terms of trade, capacity utilization and profit performance. Further, the bank officials has to upgrade his knowledge of the borrower’s business by reading financial dailies and industry journals.

Besides acquiring business knowledge, appraisal skills of the bank officials have to be upgraded to assess viability of the project and credibility of the borrower. He should acquire skills for financial analysis, which expected to be done in a computerised environment. In this regard, appraisal officers need to be exposed to training from time to time. To collect qualitative data for appraisal, discussion with the borrower should be held in detail. Adequate weightage should be assigned to the assessment of a ‘person’ for which the banker has to collect information from various sources. In respect of new units, visit to
the borrower’s business premise/residence is very essential. Assessment of credibility of
the ‘person’ should be done more carefully because the end-use of bank funds depends
very much on it.

Appraisal of a proposal for working capital is teamwork. In case of hi-tech
projects, technical aspects have to be studied by a technical officer. Similarly, legal opinion
may be required from the law officer in the bank. And, credit officer has to carryout
extensive financial analysis. Thus, a team of such experts is expected to appraise the
proposal. Much depends upon the competence of the team members. And, in case of
corporate accounts, the sanctioning authority is the Board, which expects the
recommendations from the branch, controlling office and head office. The role of each
office in processing the proposal needs to be spelt out.

Consultants are engaged by the borrower to formulate a proposal. But banks find it
difficult to know the logic followed by them in preparing the projected statements.
Similarly, they lack in understanding of the bank official’s requirements. The borrower not
being involved in preparing the project proposal relies too much on a consultant who may
fail to satisfy the banker on critical points raised on projected statements. Thus,
arrangements should be made to involve the consultant more meaningfully to ensure the
‘need-based’ bank finance for working capital.

6.2.1 Some other Related Recommendations

1. Loan form should be available in local language for avoiding oral query.

2. Loan form should be in an easily understandable format
3. There should be re-examination of all credit proposal forms and modification of database needs to be restructured according to demand.

4. The bank database needs to be linked to database of different outside sources so as to enable the manager to capture relevant data from outside sources, for example linking with CMIE, RBI Website/ database, etc.

5. There is enough scope to gain synergy while processing information for the RBI because a major part of those are also relevant for branch level, which helps the bank to achieve cost effectiveness and timeliness in reporting data.

6.2.2. Some Recommendations for Better Management of Credit

1. Loan should not be sanctioned to any one in a hurry or under pressure. Every application for loan should be properly and thoroughly scrutinized so that no loan is sanctioned to any ineligible applicant.

2. Bank officials should strictly monitor the utilization of the loan by frequent visits to the borrowers so that they use the loans for the purpose for which they are sanctioned.

3. Bank officials should convincingly explain to the borrowers the importance of prompt and timely repayment of loans, which would be to their advantage.

4. Political leaders should not be allowed to interfere in the working of the bank and the sanction of loans in particular. The bank officials must be left free to grant loans only to the deserving applications and to take suitable action against the defaulters.

5. The use of information technology in banks and its branches is having a number of effects on customers. The greatest effect arises when IT used as a means of service
delivery. There is a gradual perception developing that customers suffer from techno phobia, i.e., a fear and dislike for technology. However, it is not clear whether there is any real evidence for this, but banks need to take care when they introduce IT methods for service delivery. It is imperative to be aware of the problems that can arise and to treat customer concerns sympathetically. It also needed to be ensured that the systems are easy to use. This applies to all computer systems, but it is particularly important for systems which customers are expected to use without assistance. It should never be lost sight of the fact that banks exist to provide services to their customers. Even where technology is introduced for reasons such as cost control, it should not undermine this fundamental customer service ethic (to be revised and tune it to information systems)

6.2.3. Some Recommendations to Get Benefit Through Establishing an Effective New Credit Management System in Bank

As stated in the research objectives (no-3) in chapter-III, one prime objective of the study was to identify the existing information system of the bank and to recommend for designing and development of a better system for credit deployment at the branch level. In this regard, the following lines may also be considered by the bank authority.

a. Improve Origination Activities

Analysis working in the credit management department must have the ability to integrate data from financial data providers, as well as the ability to automatically spread financials to compile a comprehensive picture of the prospective borrower. They also must be capable of generating customized forecasts of fully integrated financials to uncover any
abnormalities or unhealthy trends in the potential customer's business. Finally, the credit management functionaries have the capability to thoroughly comprehend the prospect's capital structure so that they make better decisions about which potential customers might be the most profitable in the long term.

b. Enhance Underwriting Analysis

A good credit management department will have the ability to perform unlimited scenario analyses of prospective loans and leases. People working in credit management department should able to manipulate model details using near-real-time intelligence. Finally, they will have the flexibility to account management and reporting to support customization and changes to models in order to predict multiple outcomes, based on available information and analysis.

c. More-Effective Credit Appraisal Process

By having an effective credit management department, a bank can improve the integrity of the financial models, as well as the overall credit approval process. It may result in improved financial transparency in reporting, which is the key to enhancing the integrity of financial models. When information is integrated enterprise wide, calculations. Metrics and account definitions are standardized and analysis is based on consistent financial statements.

d. More-Efficient Portfolio and Risk Management

Portfolio managers should have the ability to quickly and easily update actual information and use them for reforecast. They should also access to flexible, robust ad hoc modeling and reporting that enables them to compare previous underwriting cases against
budgets and actually. There is less duplication and manual reconciliation because information from multiple sources is integrated. Finally, the components of effective credit management shall provide the ability for analysts to comprehensively assess and manage portfolio risk.

**e. Credit Monitoring**

Credit monitoring is an important function of credit management and some of the issues in this regard are discussed in Chapter-1 in brief: Credit decisions do not get better all because more people review the proposal. It can be improved only when those who review at are knowledgeable and carry with them requisite experience in credit portfolio.

Credit department of the branch should be expertise-oriented rather than going by the scale and grade in the organization, as there are many who climbed the organization ladder without being exposed to the requisite credit management. Typically, in the bank, branch head have three-year tenure in a particular branch. They are geared for asset based lending and not comfortable with lending based on the forecast of cash flows. Even in asset based lending, appraiser is bogged down in the paper work of financial ratios rather than cash flows, which are vital in certain type of industries like, hospitality, construction, transport, hotel, etc., where there are significant fluctuations in the cash flows.

It requires a totally different mindset. Though some banks, in line with the express RBI guidelines on credit risk management, follow the committee approach for credit sanction, in reality the committee hardly meets to share the broader range of skills, expertise and knowledge.
At present, due to lack of credit appraisal skill at the field level, manned by many
generalist official spread across the branch network, there is greater duplication of work,
causing enormous and avoidable delay as the papers pass through more than a dozen senior
officials, before it is brought to the sanctioning authority. Business Process Reengineering
and Core Banking Project may come to the rescue the banks.

6.2.4. Some Recommendations to frame rules for the better Credit Management

The following paragraphs highlight the recommendations to frame rules for better
credit management in branch level:

➢ Establish who you are Dealing with: Set up a credit application form, which all
customers must fill before credit is allowed. This enables the bank officials to
ascertain who the bank is dealing with, the credit limit sought, who can access
credit, if directors guarantees are necessary and if so from whom, credit referees and
other relevant information.

➢ Approve Credit: Provide written response to a credit application promptly while
either approving credit, declining credit or requesting further information. A credit
approval letter should state the amount of credit given, credit terms, guarantors
(including guarantee forms), penalty/ default terms and any other terms and
conditions pertaining to the credit approval.

➢ Careful Examination of Bills: A Bank Officer or Credit Officer should ensure
that the bills/ invoices submitted by the customer are examined thoroughly before
allowing the customer to draw money. Prompt and accurate invoicing with
straightforward product description and terms of trade will show the bank’s customer that the banks are serious about payment terms and conditions.

➤ **Keep up-to-date Records**: One of the keys to effective credit management is to maintain accurate and up-to-date records. Information about ageing of debtors (how long they take to pay their accounts) should always be available. Follow-up of debtors trading outside their approved credit terms should be immediate in all cases (treat large and small accounts in the same manner).

➤ **Avoid Special Cases**: Making special arrangements can backfire. No company is so large or important that the bank should let them ignore bank’s terms and conditions. Remember, it may only take one exception to drain banking business of its cash. All verbal arrangements should be confirmed in writing. If the customer is a company, make sure that the banks get a personal guarantee for payment from one or more of its directors.

➤ **Read the Financial Press and Trade Journals**: Due to their day-to-day responsibilities, many small business operators neglect the “big picture” and are out of touch with changes in the marketplace or the economy. But credit officer cannot afford to ignore financial media and trade journals, which are a cost-effective way to get the feel of the market. Whereas available, subscribe to an appropriate credit reference bureau.

➤ **Start at the Top**: When attempting to settle accounts, the bank should deal directly with the decision makers. Discussions with other people on overdue accounts can be waste of time. It is usually far quicker and more effective to deal with the person
whose signature appears on the cheque. By all means send a letter, but the bank should follow it up with a personal visit.

- **Keep your Promise**: Do not threaten legal action unless the banks intend to go through with it. Issuing empty threats will probably mean the bank will wait even longer in the future.

- **Watch Trends**: Gauge how well the banks are controlling credit with some easily understood measures such as average day’s sales outstanding, results against targets, and proportion of disputed accounts. Others warning signs to watch are changes in cheque signatories or cheques coming from other than the debtor. When this happens, inquiries should be made immediately.

- **Spread the Message**: Communication is the key to preventing or resolving most problems. All bank employees should be well informed of credit control procedures and the reasons behind them. The bank’s ability to communicate internally will probably be linked to bank’s ability to control credit in the marketplace. Regular staff meetings to discuss credit will ensure this communication and improve credit management in banking.

### 6.3. Conclusion:

The present study has tried to explore the information system of the credit part of the State Bank of India. Most banks now have impressive networks that allow different branches to share information. The philosophy is very clear: to provide a whole new range of financial products and services at minimal costs, which technology makes possible. The
improved connectivity and falling costs offered by leased lines and VSATs have provided a booster to inter-branch automation.

Today banks have to look much beyond just providing a multi-channel service platform for its customers. The challenges include: customer loyalty is a big issue, with the entry of new players and multiple channels, customers have become more discerning and less ‘loyal’ to banks. They often change banks and shift accounts, which make it imperative that banks provide best levels of service to ensure customer satisfaction.

Information system has a tight relationship with the customers’ need and satisfaction. Here we observed that State Bank of India has tried to satisfy their customers. They are modifying their information system and channel of information sources according to customers’ need. State bank of India has signed MoU with Credit Information Bureau of India Ltd. (CIBIL) for maintaining credit information. Credit Bureaus maintain credit record of borrowers and make them available to banks and financial institutions in its network to assess a customer's credit history. The information maintained by a credit bureau includes a borrower’s repayment history of all loans and credit cards, including credit card outstanding amounts. The last but not least, the banks in Assam as well as in the Northeast India are miles to go for development of the region. Therefore, only by developing the information system, the whole banking services for the borrowers of the state/region as well as for the bank itself could be developed and it has or will be no alternative in the coming days.

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