Chapter 3

Financial Innovation in Indian Banking Industry:
A Theoretical Framework

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Chapter 3

Financial Innovation in Indian Banking Industry:
A Theoretical Framework

3.1 Introduction

The review of related literature on financial innovation, customer satisfaction, banking industry and performance measurement was discussed in the previous chapter. The present chapter deals with the concepts, definitions, models and theory related to the major constructs of the study, i.e. Financial Innovation, Customer Satisfaction and Financial Performance. The chapter also gives a detailed explanation of the financial innovations in the selected public and private sector banks.

3.2 Innovation

Innovation has shaped human society and daily life in every age. Impact of innovation can be seen over the centuries in such diverse areas of human endeavour as religion, social organisation, architecture, military tactics, medicine, agriculture, and the arts. Though the term innovation entered the English vocabulary in the fifteenth century, it’s probably safe to say that few people prior to the nineteenth century used it regularly. Recognising that innovation is the catalyst for economic progress and national competitiveness, government and business leaders demand innovation and periodically launch programs to encourage more of it.

Innovation is not synonymous with invention. “Invention” generally refers to the creation of a new idea, product or technique; “Innovation” refers to the introduction of something new to a system that has not used it before. “The perceived newness of the idea from the individual’s point of view determines his or her reaction to it. If the idea seems new to the individual, it is an innovation (Robertson & Tu, 2001)”. An innovation consists of certain technical knowledge about how the things can be done better than existing state of the art. The innovativeness of a new product and firm innovation capability is important for several reasons. Innovation products present opportunities for firms in terms of growth and expansions into new areas as
well as allows firms to gain competitive advantage, innovation by itself is defined as the generation, acceptance, and implementation of new ideas, processes, products or better services.

Table 3.1 demonstrates some important definitions of innovation

<table>
<thead>
<tr>
<th>Definitions of Innovation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovation means something new. Innovation is introduction of a new good, introduction of new method of production, the opening of a new market, the conquest of a new source of supply, carrying out of the new organization of any industry.</td>
</tr>
<tr>
<td>Innovation is an idea, practice or object that is perceived as new by an individual or group (or organisation).</td>
</tr>
<tr>
<td>Innovation is a new idea, which may be a recombination of old ideas, a scheme that challenges the present order, a formula or a unique approach, which is perceived as new by the individuals involved.</td>
</tr>
<tr>
<td>Innovation is a new element introduced in the network, which changes, even if momentarily, the costs of transactions between at least two actors, elements or nodes in the network.</td>
</tr>
<tr>
<td>Innovation means new ways of doing something. It may refer to incremental, radical, and revolutionary changes in</td>
</tr>
</tbody>
</table>
thinking products, processes or organizations.

| Innovation is the embodiment, combination or synthesis of knowledge in original, relevant, valued new products, processes or services. | Luecke & Katz, 2003 |

3.2.1 Financial Innovation in the Banking Industry

The banking industry is the lifeline of any economy. It is one of the important financial pillars of the financial system, which plays a vital role in the success or failure of an economy. A well-developed banking system is a prerequisite for the economic development of a modern economy. Banks are one of the oldest financial intermediaries in the financial system. The banking system is the fuel injection system which spurs economic efficiency by mobilizing savings and allocating them to high return investment. The banking system reflects the economic health of the country.

In India, banking originated at a time when indigenous bankers played a very important role in lending money and financing foreign trade and commerce. During the days of the East India Company, it was the turn of agency houses to carry on the banking business. The General Bank of India was the first joint stock bank to be established in 1786. The others were the bank of Hindustan and the Bengal Bank. In the first half of the 19th century, the East India Company established three banks- the Bank of Bengal, 1809; the Bank of Bombay, 1840; and the Bank of Madras, 1843. These three banks, also known as Presidency banks, were amalgamated in 1920 and a new bank, the Imperial Bank of India, was established in 1921 (Suresh & Paul, 2010).

In the financial services industry, innovation is viewed as “the act of creating and popularizing new financial instruments, technologies, institutions and markets, which facilitate access to information, trading and means of payment” (Solans, 2003). Financial innovation in the banking industry is referred to as the technological advancement in the financial markets (Reuben, 2012). According to Tufano (1989), financial innovation is “the act of creating and then popularizing new financial instruments as well as new financial technologies, institutions, and markets”.

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According to Lawrence (2010), financial innovation involves “the design, the development, and the implementation of innovative financial instruments and processes, and the formulation of creative solutions to problems in finance”. Beaver (2002) believes that innovation is “an essential element for economic progress of a country and competitiveness of an industry”. Sandvik & Sandvik (2003) argues that innovation “is one of the most important competitive weapons and generally seen as a firm’s core value capability”. Innovation is also considered as an effective way to improve firm’s productivity due to the resource constraint issue facing a firm (Lumpkin & Dess, 1996). According to Visco (2007), financial innovations can be grouped as new products (e.g., adjustable rate mortgages; exchange-traded index funds); new services (e.g., on-line securities trading; Internet banking); new "production" processes (e.g., electronic record keeping for securities; credit scoring); or new organizational forms (e.g., a new type of electronic exchange for trading securities; Internet-only banks). Financial innovation has not only opened up new opportunities for the sector participants but also increased new market players arising from new products in the financial market (Noyer, 2007). The developments in the financial sector have not only led to the increase in the number of financial institutions, but also the development in level of sophistication with new payment systems and asset alternatives to holding money. Associated with this rapid expansion in the banking sector is a range of financial innovations: the ATMs, debit cards, the electronic money, Cheque Truncation System (CTS), RTGS, EFT, ACH, MICR, Retail Banking, free advisory services, implementation of standing instructions of customers, payments of utility bills, fund transfers, internet banking, telephone banking, mobile banking, selling insurance products, issue of free cheque books, travellers cheques and many more value added services were introduced.

3.2.2 Models of Innovation:

This section reviews the selected models of innovations and their contributions and shortcomings. (Schumpeter, 1934) viewed innovation as the carrying out of old and new combinations, ‘employing existing resources in a different way, in doing new things with them, irrespective of whether those resources increase or not’. Innovation is also seen as the combination of invention and commercialisation which forms the foundation of firm competitiveness (Freeman, 1982; Porter, 1990). From the
organisational standpoint, innovations are defined as 'the adoption of ideas that are new to the adopting organisation' (Rogers, 1983). Moreover, the types of innovations may include technical, administrative, product, and process innovations (Damanpour, 1991; Utterback, 1994).

1. The Linear Model:

   The linear model views innovation as following a determined sequence of stages. The ideas that shaped the model were introduced as early as the seventeenth century. The Linear Model of Innovation is an early model of innovation that suggests technical change happens in a linear fashion from Invention to Innovation to Diffusion. It prioritises scientific research as the basis of innovation and plays down the role of later players in the innovation process.

2. The Diffusion Model:

   The linear model is commonly associated with the widely used innovation diffusion theory which defines diffusion as “the process by which an innovation is communicated through channels over time among members of a social system” (Rogers, 1983). This model explains how an innovation follows a particular path during diffusion, progressing in sequential stages. The model, although commonly criticised, has been widely used in different disciplines, and suggests that innovation diffusion follows a linear direction. Four major factors influence innovation diffusion under this model - innovation characteristics, communication channels, time, and social system. Moreover, the process of diffusing innovations involve two general stages, the adoption stage, involving knowledge acquisition, learning and decision-making; and the implementation stage, involving organisational changes and the support for technological deployment.

3. Teece's Model:

   David Teece identified two major factors influencing innovation in firms (Teece, 1986). Firstly, the 'appropriability regime' of a firm can protect it from competitors imitating its technologies, particularly through the provision of intellectual property (patents, copyrights, trademarks and trade secrets) and the protection of technology. Secondly, the 'complementary assets' of a firm contributes
to the creation of capabilities required in innovation which also influences the development of an integrated research organisation. These assets include a firm's unique characteristics in manufacturing, marketing, distribution, services, reputation, and brand name.

4. The People Perspective:

Individuals also influence innovation in firms, mainly because they are in a position to identify and promote the potential of technological innovations. This may include, for example, the idea generator, the gatekeeper, the champion, and consultants. The idea generator are individuals that possess a mix of specific and general skills, characterised by a depth of knowledge in a particular discipline combined with the ability to integrate a breadth of knowledge in a wide range of areas, for example in the development of new products between different functions of a firm (Iansiti, 1993).

The gatekeeper serves as a bridge between a firm and its environment, identifying external sources of information and translating them into a language the organisation could understand (Allen, 1984; Tushman & Nadler, 1986). The champion is characterised by an individual who transforms his vision or an idea generator's suggestion of a particular innovation into reality and this is usually supported by an organisation's resources and commitment (Howell and Higgins, 1990; Beath, 1991; McKenney et al., 1995). Consultants also play an important role in the transfer of technology, particularly in bridging the 'managerial gap' which is required to absorb and assimilate new technology inputs (Bessant & Rush, 1995).

5. The Profit Chain Model:

The profit chain model attempts to integrate major innovation concepts in explaining how firms can profit from innovation. The model considers a range of factors that contribute towards the generation of company profits, including the characteristics of competencies, endowments, knowledge, environment internals, and the nature of innovations (Afuah, 1998). One of the key factors in this model is knowledge, which forms the foundation for developing low cost or differentiated product innovations, and is largely influenced by a company's competencies and
endowments. The competencies of a company are similar to its skills. For example, this may include capabilities in new product design and development. The endowments of a company range from non-skill-related factors which strengthen existing competencies, such as brand names, patents, reputation, geographic location, client relations, and distribution channels. The competencies and endowments of a company are in turn reinforced by its underlying marketing and technological knowledge, which together contribute to the development of new products and services.

6. The Services Model:

   One of the common shortcomings in the previous models is that they are oriented towards product innovations, providing relatively weak analysis of innovation in services. Guile and Quinn (1988), suggest that although services have become the largest and fastest growing sector, it remained understudied, as compared to the manufacturing sector. There have been attempts to develop theories which interpret innovation processes in the service sector by the conceptualisation of ‘products’ as encompassing both manufacturing and services.

7. The Developing Country Model:

   There are also limitations to the generalisation of the previous innovation models, as they were developed in the context of advanced industrialised nations, disregarding the context of developing countries which possess unique conditions. Several studies have suggested that the process of technological development in such countries proceed along a set of stages such as the alpha-beta stages, and learning through the elementary- intermediate-advanced stages (Enos, 1962; Lall, 1980). However, technological innovations do not follow sequential stages and require further elaboration through dynamic innovation models (Fransman & King, 1984).

Table 3.2 shows the summary of selected innovation models
Table 3.2  
Summary of Selected Innovation Models

<table>
<thead>
<tr>
<th>Model</th>
<th>Key Features</th>
</tr>
</thead>
<tbody>
<tr>
<td>The linear model</td>
<td>Innovations follow a determined sequence of stages which is linear</td>
</tr>
<tr>
<td>The diffusion model</td>
<td>Innovations are communicated through channels over time among members of a social system, and also diffuse through the adoption and implementation stages.</td>
</tr>
<tr>
<td>The Teece model</td>
<td>The factors influencing innovation in firms are strategically boundary related, including their 'appropriability regimes' and 'complementary assets'.</td>
</tr>
<tr>
<td>The people perspective</td>
<td>Individuals in firms influence innovation, including the idea generator, gatekeeper, champion, leader, maestro, and Supertech.</td>
</tr>
<tr>
<td>The profit chain</td>
<td>The ability of firms to generate profit from innovations is based on its competencies, endowments, knowledge, environment internals and the nature of innovations.</td>
</tr>
<tr>
<td>The services model</td>
<td>Innovation in services follows a sequence of three stages in a reverse product cycle, including the use of technology to increase the efficiency of services, to improve the quality of services, and to transform or develop new services.</td>
</tr>
<tr>
<td>The developing country model</td>
<td>Innovation is influenced by four major factors - global technological trajectories, institutional environment, dynamic firm-learning, and technology transfer.</td>
</tr>
</tbody>
</table>

Source: (Khiaonarong, 1999)

3.2.3 Diffusion and Adoption of Innovations:

A number of characteristics of an innovation have been found to affect diffusion (Rogers, 2003):

1. Relative advantage
2. Compatibility
3. Complexity
4. Trialability
5. Observability

Relative Advantage is the degree to which an innovation is perceived to be better than the product it supersedes, or competing products. Relative advantage is typically measured in narrow economic terms, for example, cost or financial payback, but non-economic factors such as convenience, satisfaction and social prestige may be equally important. In theory: the greater the perceived advantage, the faster the rate of adoption. It is useful to distinguish between the primary and secondary attributes of an innovation. Primary attributes, such as size and cost, are invariant and inherent to a specific innovation irrespective of the adopter. Secondary attributes, such as relative advantage and compatibility, may vary from adopter to adopter, being contingent upon the perceptions and context of adopters. Incentives may be used to promote the adoption of an innovation, by increasing the perceived relative advantage of the innovation, subsidizing trials or reducing the cost of incompatibilities.

Compatibility is the degree to which an innovation is perceived to be consistent with the existing values, experience and needs of potential adopters. There are two distinct aspects of compatibility: existing skills and practices, and values and norms. The extent to which the innovation fits the existing skills, equipment, procedures and performance criteria of the potential adopter is important and relatively easy to assess. So-called ‘network externalities’ can affect the adoption process. For example, the cost of adoption and use, as distinct from the cost of purchase, may be influenced by the availability of information about the technology from other users, as well as the availability of trained skilled users, technical assistance and maintenance, and complementary innovations, both technical and organizational. However, compatibility with existing practices may be less important than how they fit with existing values and norms. Significant misalignments between an innovation and an adopting organization will require changes in the innovation or organization or both. In the most successful cases of implementation, a mutual adaptation of the innovation and organization occurs.

Complexity is “the degree to which an innovation is perceived to be difficult to understand or use”. In general, innovations that are simpler for potential users to
understand will be adopted more rapidly than those which require the adopter to develop new skills and knowledge.

**Trialability** is the degree to which an innovation can be experimented with on a limited basis. An innovation that is trialable represents less uncertainty to potential adopters and allows for learning by doing. Innovations that can be trialled will generally be adopted more quickly than those which cannot. The exception is where the undesirable consequences of an innovation appear to outweigh the desirable characteristics. In general, adopters wish to benefit from the functional effects of an innovation, but avoid any dysfunctional effects. However, where it is difficult or impossible to separate the desirable from the undesirable consequences, trialability may reduce the rate of adoption.

**Observability** is the degree to which the results of an innovation are visible to others. The easier it is for others to see the benefits of an innovation, the more likely it will be adopted. The simple epidemic model of diffusion assumes that innovations spread as potential adopters come into contact with existing users of an innovation.

### 3.2.4 Dimensions of Innovation

**a. Dimensions of Innovation Space (Tidd & Bessant, 2009)**

“The concept developed by Finnegan’s Fish Bar focused on how the product, position, process and paradigm innovation. This shows how this approach can be used to explore opportunities for innovation in business” (Reuben, 2012). Fig 3.1 shows the dimensions of innovation space.
Fig 3.1 The Four Dimensions of Innovation Space

**Product Innovation:** Products and services that organisations offer to customers.

**Process Innovation:** Changes in the ways in which these products and services are created and delivered to all customers.

**Position:** Changes in the context in which the products and services are introduced.

**Paradigm:** Changes in the underlying mental models which frame what the organization does.

b. **Dimensions of Innovation (Alison M. (2002))**

<table>
<thead>
<tr>
<th>Transformational</th>
<th>Radical</th>
<th>Architectural</th>
<th>Incremental</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product</td>
<td>Service</td>
<td>Process</td>
<td></td>
</tr>
</tbody>
</table>

*Source: Alison M. (2002)*

Fig 3.2 Dimensions of Innovation.
According to Reuben (2012), “Transformational innovations are the change innovation brings to customers, Architectural innovations are the novel reconfigurations of existing components, Radical innovations redefines the way customers think and use the product and incremental innovations are the changes or impact a new product or highly differentiated product has on customers”.

3.2.5 Products and Process Innovations in India and the USA

Tables 3.3 and 3.4 give the list of product and process innovations of commercial banks in India and the USA.

**Table 3.3**

**List of Product and Process Innovations of Commercial Banks in India**

<table>
<thead>
<tr>
<th>Product Innovations</th>
<th>Process Innovations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovative Deposit Schemes</td>
<td>Client Data Management System</td>
</tr>
<tr>
<td>Innovative Loan Schemes</td>
<td>Single Window Service Counters</td>
</tr>
<tr>
<td>Credit Cards</td>
<td>Simplified Authorisation Procedure</td>
</tr>
<tr>
<td>Debit Cards</td>
<td>Business Correspondent</td>
</tr>
<tr>
<td>Smart Cards</td>
<td>ATM</td>
</tr>
<tr>
<td>Portfolio Management Services</td>
<td>CDM</td>
</tr>
<tr>
<td>Wealth Management Services</td>
<td>Passbook Printing Machines</td>
</tr>
<tr>
<td>Bancassurance</td>
<td>Point of Sale Machines</td>
</tr>
<tr>
<td></td>
<td>Information KIOSKs</td>
</tr>
<tr>
<td></td>
<td>Phone Banking</td>
</tr>
<tr>
<td></td>
<td>Internet Banking</td>
</tr>
<tr>
<td></td>
<td>Mobile Banking</td>
</tr>
<tr>
<td></td>
<td>RTGS</td>
</tr>
<tr>
<td></td>
<td>NEFT</td>
</tr>
<tr>
<td></td>
<td>IMPS</td>
</tr>
<tr>
<td></td>
<td>CBS</td>
</tr>
</tbody>
</table>
Table 3.4
List of Product and Process Innovations of Commercial Banks in USA

<table>
<thead>
<tr>
<th>Product Innovations</th>
<th>Process Innovations</th>
</tr>
</thead>
<tbody>
<tr>
<td>ATMs (on bank premises)</td>
<td>Truncation of check handling process</td>
</tr>
<tr>
<td>ATMs linked to statewide networks</td>
<td>Automated mortgage generation</td>
</tr>
<tr>
<td>Debit cards</td>
<td>Computerized loan document generation</td>
</tr>
<tr>
<td>Credit cards</td>
<td>On-line teller terminals</td>
</tr>
<tr>
<td>NOW/Super NOW accounts</td>
<td>Derivatives (swaps, options futures/forwards)</td>
</tr>
<tr>
<td>Zero balance disbursement account</td>
<td>Lobby automation (video banking)</td>
</tr>
<tr>
<td>Sweep (asset management) account</td>
<td>Automated voice response systems</td>
</tr>
<tr>
<td>Self-directed IRA account</td>
<td>High-speed image processing of checks</td>
</tr>
<tr>
<td>Linked certificates of deposit</td>
<td>High-speed image processing of office documents</td>
</tr>
<tr>
<td>Money market deposit</td>
<td>Automated check reconciliation systems</td>
</tr>
<tr>
<td>Adjustable rate mortgage</td>
<td>Loan tracking system (retail)</td>
</tr>
<tr>
<td>Mortgage equity account</td>
<td>Risk management systems (tracking a bank’s financial exposure)</td>
</tr>
<tr>
<td>Discount brokerage services</td>
<td>Customer information file</td>
</tr>
<tr>
<td>Mutual funds</td>
<td>Treasurer work station</td>
</tr>
<tr>
<td>Direct payroll deposit</td>
<td></td>
</tr>
<tr>
<td>Lock box</td>
<td></td>
</tr>
<tr>
<td>Personal banker</td>
<td></td>
</tr>
</tbody>
</table>

Source: Damanpour & Gopalakrishnan (2001)

3.3 Customer Satisfaction

Customer satisfaction cannot be limited to short-term strategy. It is a long-term strategy for any firm. It has been increasingly popular due to its helpful attribute towards judgment of the customer preferences and choices. It simplifies the decision-maker role and helps to take any major or minor decision to cater customer. (Schnaars, 1991). “Customer satisfaction, a business term is a measure of how product and services supplied by a company meet or surpass customer expectation”
(Nippatlapalli, 2013). When the expectation of customers is matched the resultant feeling is satisfaction and when expectation does not match than the resultant feeling is dissatisfaction. Customer satisfaction can be improved by strong communication to customer. A firm should know what customer expectation is and implement their expectation to make the customer satisfied. Customer satisfaction can be experienced in a variety of situations and connected to both goods and services.

3.3.1 Definitions of Customer Satisfaction

The definition of customer satisfaction has been widely debated as organizations increasingly attempt to measure it. Some of the important definitions of customer satisfaction are shown in Table 3.5

<table>
<thead>
<tr>
<th>Definitions of Customer Satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>“While everyone knows what satisfaction means, it clearly does not mean the same thing to everyone”.</td>
</tr>
<tr>
<td>“A post choice evaluative judgement concerning a specific selection”.</td>
</tr>
<tr>
<td>&quot;Customer satisfaction is a person's feeling of pleasure or disappointment resulting from comparing products perceived performance in relation to his or her expectation&quot;.</td>
</tr>
<tr>
<td>&quot;Conceptualized as a feeling developed from an evaluation of experience&quot;.</td>
</tr>
</tbody>
</table>
3.3.2 Theories of Customer Satisfaction

The literature explains customer satisfaction in a number of frameworks and numerous theories are developed by several authors to address Customer Satisfaction. Some of the important theories of customer Satisfaction are explained below:

1. The Expectancy- Disconfirmation Paradigm (EDP)

Oliver (1997) developed the theory of EDP and it is considered as the most promising theory of customer satisfaction. This framework implies a comparison between a cognitive state prior to an event and a subsequent cognitive state, usually realized after the event is experienced. ‘Confirmation’ occurs when the outcome matches the expectation and ‘Disconfirmation’ occurs when there is a difference between outcome and expectation.

2. The Value-Precept Theory

According to this theory, satisfaction is an emotional response that is triggered by a cognitive evaluative process in which the perceptions of an object, action, or condition are compared to one’s values, needs, wants or desires (Westbrook & Reilly, 1983). The smaller the disparity between percept’s of the object on one’s values, the more favourable the evaluation, and greater the satisfaction. Conversely, the greater the value-percept disparity, the less favourable the evaluation and it will lead to dissatisfaction.

3. The Equity Theory

According to the theory, satisfaction exists when consumers perceive their output/input ratio as being fair (Swan & Oliver, 1989). The concept of Equity theory states that “the ratio of outcomes to inputs should be constant across participants in an exchange” (Oliver & DeSarbo, 1988).

4. Assimilation Theory

According to Anderson (1973), “consumers seek to avoid dissonance by adjusting perceptions about a given product to bring it more in line with expectations”. Assimilation theory is based on Festinger’s (1957) dissonance theory which posits that consumers make some kind of cognitive comparison between expectations about the product and the perceived product performance. It is a view of
consumer’s post-usage evaluation. Dissonance theory was introduced into the satisfaction literature in the form of assimilation theory.

5. The Contrast Theory

According to the contrast theory, any discrepancy of experience from expectations will be exaggerated in the direction of the discrepancy. If the firm raises expectations in his advertising, and then a customer’s experience is only slightly less than that promised, the product/service would be rejected as totally un-satisfactory. Conversely, under-promising in advertising and over-delivering will cause positive disconfirmation also to be exaggerated.

6. Adaptation-level Theory

The adaptation-level theory was originated by Helsen in 1964 and applied to customer satisfaction by Oliver. This theory is consistent with expectation and disconfirmation effects on satisfaction. Adaptation level theory posits that one perceives stimuli only in relation to an adapted standard.

7. Hypothesis Testing Theory

Deighton (1983) suggested a two-step model for satisfaction generation. According to Deighton pre-purchase information (largely advertising) plays a substantial role in creating expectations for the products customers will acquire and use. This is the first hypothesis of Deighton. Second is that the customers will tend to attempt to confirm (rather than disconfirm) their expectations.

8. The Evaluation Congruity Theory

The Evaluation Congruity Theory treats satisfaction as a function of evaluative congruity, which is a cognitive matching process in which a perception is compared to an evoked referent cognition in order to evaluate a stimulus or action.

9. The Comparison Level Theory

The Comparison Level Theory argues that there are more than one basic determinants of comparison level for a product: consumers' prior experiences with similar products, situationally produced expectations (those created through advertising and promotional efforts), and the experience of other consumers who serve as referent persons.
10. The Attribution Theory

Attribution theory addresses how cognition and emotion together influence people’s behaviour. This theory is very useful in ascertaining customer dissatisfaction and complaining behaviour.

3.3.3 Models of Customer Satisfaction

1. Customer Satisfaction Index

Banking customer satisfaction Index is an indicator connected with the philosophy of growing revenue not come from just new markets or products but rather from the ability to deliver a high quality and differentiated customer experience. The Customer Satisfaction Index (CSI) Framework is the simply a weighted score that assigns importance ratings of banking service measures to the satisfaction ratings of those measures as provided by clients on the loans of their bank. It is shown in figure 3.3.

![Customer Satisfaction Index and Service Factors](source: KPMG Advisory Service, 2014)

Figure 3.3 Customer Satisfaction Index and Service Factors

2. SERVQUAL Model:

SERVQUAL model has been widely applied in a variety of service industries including hospitality industry, hotel industry, insurance companies and
banking companies. It is mainly used to measure the service quality and customer satisfaction. Parasuraman, Zeithamal & Berry (1988) built a 22-item instrument called SERVQUAL for measuring consumer perceptions of service quality. SERVQUAL addresses many elements of service quality divided into the dimensions of tangibles, reliability, responsiveness, assurance, and empathy. SERVQUAL is based on five dimensions of service quality and they are explained in table 3.6.

Table 3.6
Dimensions of Service Quality

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tangibility</strong></td>
<td>Tangibility refers to the physical characteristics associated with the service encounter. The physical surroundings represented by objects (for example, interior design) and subjects (for example, the appearance of employees).</td>
</tr>
<tr>
<td><strong>Reliability</strong></td>
<td>Reliability means the ability of any service provider to provide services which are accurate and can be depend upon.</td>
</tr>
<tr>
<td><strong>Responsiveness</strong></td>
<td>A firm’s willingness to assist its customers by providing fast and efficient service performances; the willingness that employees exhibit to promptly and efficiently solve customer requests and problems.</td>
</tr>
<tr>
<td><strong>Assurance</strong></td>
<td>Diverse features that provide confidence to customers (such as the firm’s specific service knowledge polite and trustworthy behaviour from employees).</td>
</tr>
<tr>
<td><strong>Empathy</strong></td>
<td>The service firm’s readiness to provide each customer with personal service</td>
</tr>
</tbody>
</table>

Figure 3.4 below gives the gap model of Service Quality
3. **Kano model**

The Kano model is a theory developed by Professor Noriaki Kano and his colleagues of Tokyo Rika University. The Kano model of customer satisfaction classifies attributes based on how they are perceived by customers and their effect on customer satisfaction. The model is based on three types of attributes which are explained in Table 3.7.

**Table 3.7**

<table>
<thead>
<tr>
<th>Attributes</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic or expected attributes</td>
<td>Basic attributes without any major significance of worth mentioning</td>
</tr>
<tr>
<td>Performance or spoken attributes</td>
<td>The expressed expectations of the customer</td>
</tr>
<tr>
<td>Surprise and delight attributes</td>
<td>Which are beyond the customers’ expectations</td>
</tr>
</tbody>
</table>

Kano model measures satisfaction against customer perceptions of attribute performance; grades the customer requirements and determines the levels of satisfaction. The underlying assumption behind Kano’s method is that the customer satisfaction is not always proportional to how fully functional the product or service is...
or in other words, higher quality does not necessarily lead to higher satisfaction for all product attributes or services requirements.

**Basic Requirements Influencing Customer Satisfaction (Kano, 1984)**

1) **Must be Requirements:**
   - If these requirements are not fulfilled, the customer will be extremely dissatisfied. On the other hand, as the customer takes these requirements for granted, their fulfilment will not increase his satisfaction.

2) **One-dimensional Requirements:**
   - One dimensional requirement are usually explicitly demanded by the customer – the higher the level of fulfilment, the higher the customer’s satisfaction and vice versa.

3) **Attractive Requirements:**
   - These requirements are the product/service criteria which have the greatest influence on how satisfied a customer will be with a given product.

*Source: Kano, Seraku et al. 1996)*

*Fig. 3.5: Kano model of Customer Satisfaction*
4. **ASCI Methodology:**

The American Customer Satisfaction Index (ACSI) launched in 1994 was based on a model originally implemented in 1989 in Sweden called the ‘Swedish Customer Satisfaction Barometer (SCSB). The American Customer Satisfaction Index uses two interrelated and complementary methods to measure and analyze customer satisfaction i.e. customer interviewing and econometric modelling. The customer interviews are used as input to a multi-equation econometric model developed at the University of Michigan’s Ross School of Business.

**Table 3.8**

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Measurement</em></td>
<td>To quantify the quality of economic output based on subjective consumer input</td>
</tr>
<tr>
<td><em>Contribution</em></td>
<td>To provide a conceptual framework for understanding how service and product quality related to economic indicators</td>
</tr>
<tr>
<td><em>Forecasting</em></td>
<td>To provide an indicator of future economic variability by measuring the intangible value of the buyer-seller relationship”</td>
</tr>
</tbody>
</table>

*Source: Vavra, T.G (2007)*

The ACSI model is a cause-and-effect model with the following indices:

1) Drivers of satisfaction on the left side:
   - Customer Expectations
   - Perceived Quality
   - Perceived Value

2) Satisfaction (ACSI) in the centre
3) Outcomes of satisfaction on the right side:
5. HOTELZOT

HOTELZOT is a modified version of SERVQUAL which is used to measure the zone of tolerance in hotel service. The zone of tolerance can be defined as the extent to which customers recognize and are willing to accept heterogeneity. It is done by incorporating two levels of expectations i.e. desired and adequate. Desired expectations represent the level of hotel service that a customer hopes to receive. It blends of what a customer believes ‘can be’ and ‘should be’ offered. This differs from Parasuraman et al’s (1988) conceptualization, which referred only to what the service ‘should be’. Adequate expectations represent a lower level of expectations. They relate to what a hotel customer deems as ‘acceptable level’ of performance. Desired expectations are deemed to remain relatively stable over time, whereas adequate performance expectations might vary with time.
6. SERVPERF

SERVPERF model proposed by Cronin & Taylor (1992) is a performance-based service quality model. The perceived quality model postulates that an individual’s perception of the quality is only a function of its performance. It is an alternative to SERVQUAL model and the effectiveness of SERVQUAL model and SERVPERF model for assessing service quality is still a matter of debate. SERVQUAL is a ‘performance minus expectations’ model and SERVPERF is a ‘performance only’ model.

3.4 Performance Measurement

Measuring performance means assessing business results to determine the effectiveness of a company’s strategy and the efficiency of its operating processes and to make changes to address shortfalls and other problems. Companies take stock of their performance using different methods and criteria. However, in many organisations, performance measurement entails examining the results generated by key business activities, using specific performance metrics or measures. For each
business activity, there are numerous possible metrics. Table 3.9 shows a few examples.

Table 3.9
Specific Performance Metrics

<table>
<thead>
<tr>
<th>Business Activity</th>
<th>Possible Performance Metrics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance</td>
<td>Profit margin</td>
</tr>
<tr>
<td></td>
<td>Revenues</td>
</tr>
<tr>
<td></td>
<td>Return on Invested capital</td>
</tr>
<tr>
<td>Marketing</td>
<td>Market share</td>
</tr>
<tr>
<td></td>
<td>Customer loyalty</td>
</tr>
<tr>
<td></td>
<td>Customer profitability</td>
</tr>
<tr>
<td>Production</td>
<td>Number of units manufactured within a specific time period</td>
</tr>
<tr>
<td></td>
<td>Number of items shipped on time</td>
</tr>
<tr>
<td></td>
<td>Machine change-over time</td>
</tr>
<tr>
<td>Sales</td>
<td>Percentage of customer visits that generate sales</td>
</tr>
<tr>
<td></td>
<td>Percentage increase in sales over previous quarter or year</td>
</tr>
<tr>
<td></td>
<td>Percentage of customers retained this period</td>
</tr>
<tr>
<td>Customer Service</td>
<td>Number of customer complaints</td>
</tr>
<tr>
<td></td>
<td>Service- call response time</td>
</tr>
<tr>
<td>Purchasing</td>
<td>Vendor’s ability to provide services or materials on time</td>
</tr>
<tr>
<td></td>
<td>Defect rate of vendor’s product</td>
</tr>
<tr>
<td>Quality</td>
<td>Product yield: ratio of good products produced to total products started into production</td>
</tr>
<tr>
<td></td>
<td>Defect rate of vendor’s products</td>
</tr>
<tr>
<td>Human Resources</td>
<td>Workforce turnover</td>
</tr>
<tr>
<td></td>
<td>Employees skills</td>
</tr>
<tr>
<td></td>
<td>Employee motivation</td>
</tr>
</tbody>
</table>
3.5 Profiles of the Banks Selected

3.5.1 State Bank of India

Imperial Bank of India was taken over by the newly constituted SBI with the passing of the State Bank of India (SBI) Act in 1955. State Bank of India (Subsidiary Banks) Act was passed in 1959, enabling the State Bank of India to take over eight former State-associated banks as its subsidiaries and was later named as Associates of SBI.

The concept of banking as mere repositories of the community's savings and lenders to creditworthy parties was soon to give way to the concept of purposeful banking sub-serving the growing and diversified financial needs of planned economic development (Nippatlapalli, 2013). The State Bank of India was destined to act as the pacesetter in this respect and lead the Indian banking system into the exciting field of national development. On 1st April 2017, State Bank of Bikaner & Jaipur, State Bank of Hyderabad, State Bank of Mysore, State Bank of Patiala and State Bank of Travancore, and Bharatiya Mahila Bank were merged with State Bank of India. The present chairman of SBI is Shri Rajnish Kumar. Customer satisfaction is the main vision of SBI.

Vision

My SBI, My Customer first, My SBI: First in customer satisfaction

Mission

We will be prompt, polite and proactive with our customer’s, we will speak the language of young India. We will create products and services that help our customers achieve their goals. We will go beyond the call of duty to make our customers feel valued. We will be of service even in the remotest part of our country. We will offer excellence in services to those abroad as much as we do to those in India. We will imbibe state of the art technology to drive excellence.

Financial Innovations of SBI

SBI provides variety of products and services which will satisfy the needs of the customer. It includes investment of the surplus funds, Fund for children’s'
education and marriage. All the branches of SBI are fully computerised and have a vast network. SBI products are designed with flexibility to suit customer’s personal requirements. SBI provides 24-hour banking facility through Internet Banking and widest network of ATMs.

 Deposit Schemes

Customers can place funds in Multi Option Deposit Scheme, a term deposit which is not fixed at all and comes with a unique break-up facility which provides full liquidity as well as benefits of higher rates of returns, through savings bank account/Current account. Recurring Deposit Account helps the customers to save a little every month to meet future requirement of funds.

- Current account
- Savings bank account
- Term deposit
- Special term deposit
- Multi-option deposit scheme
- Savings plus account
- Basic banking ‘No frills account’
- Recurring deposit account
- SBI tax savings scheme, 2006

 Personal Finance

State Bank of India has a variety of schemes under Personal Finance to satisfy varying needs of the banking public. The Bank offers the following schemes with attractive rates of interest:

- Housing Loan
- Car Loan
- Personal Loans
- Loans Against Property
- Education Loan
eZ-trade@sbi

State Bank of India (SBI) introduces a State-of-the-Art broking which makes the buying and selling of shares, just a click away. With this service, the customer’s have the power of research expertise which aids them in making the right decisions, operational ease allows them to seamlessly execute their transactions, timely advice that helps them to pick the right opportunities and a customized trading experience to suit their needs and demands (Nippatlapalli, 2013).

State Bank ATM Services

State Bank offers convenience of 43,000+ ATMs in India, the largest network in the country and is continuing to expand fast. Besides all debit cards issued by State Bank of India, following cards are also accepted at State Bank ATMs.

✓ State Bank Credit Card.
✓ Cards issued by other banks displaying Maestro, Master Card, Cirrus, VISA and VISA Electron logos.
✓ All Debit/ Credit Cards issued by any bank outside India displaying Maestro, Master Card, Cirrus, VISA and VISA Electron logos.

State Bank ATM-cum-Debit Cards:

India's largest bank offers a range of debit cards to suit customer’s needs. Apart from access to ATM network, these cards can be used at merchant establishments.

ATM Access and Enhanced Convenience

✓ Using State Bank ATM-cum-Debit card, customers can transact for FREE at any of SBI’s 43,000+ ATMs in India.
✓ Customers can also transact at over 1 lakh ATMs of other banks linked to the National Financial Switch. As per RBI guidelines, customers are entitled to 5 FREE transactions (Financial and Non-Financial) in a calendar month (for Savings Bank account holders only).
✓ Customers can also use their debit card to make payments for purchases at more than 6 lakh merchant establishments’ viz. shops, restaurants, shopping malls, hotels, petrol pumps and many other outlets.
ATM Features:

'Banking' option on State Bank ATMs

✓ Cash Withdrawal- The most popular service on SBI ATMs enables customers to withdraw up to a daily limit of Rs. 40,000/- (limit on Classic Debit Card. Higher value cards permit daily withdrawal limits of up to Rs. 1 lakh per day)

✓ Fast Cash- Fast cash enables customers to withdraw preferred amounts with just a touch. The options in the denomination of 100, 200, 500, 1000, 2000, 3000, 5000, 10,000 are available.

✓ Pin Change- It helps to change password at regular intervals.

✓ Balance Enquiry- This service can be used to check the current available balance in customers account. This service is also available on the main options screen after swiping the card. Customers can also ‘Go Green' by selecting the view option as the balance is displayed on the screen else get a transaction receipt by selecting print.

✓ Mini Statement- Customers can keep track of the transactions in their account by availing this service. Mini-statement gives an insight into the last 10 transactions in the account.

'Transfer option on State Bank ATMs

✓ Card to Card Transfer - Customers can send cash in a flash from one SBI Debit Card to the other. Rs.40,000/- per day can be sent using this service and there is no limit on number of transactions. The limit of Rs.40,000/- per day will be common across the C2C and Card to Account facility. All that need is SBI debit card, in and the beneficiary's debit card number.

✓ Credit Card Payment (Visa) - This service can be used to pay the bill of any Visa credit card.

'Services' option on State Bank ATMs

✓ Credit Card Payment- Make a paperless payment of SBI credit card bill using this service.
✓ **SBI Life Premium Payment** - SBI Life insurance premium can be paid using any of SBI ATMs.

✓ **Mobile Top-up** – Customers can recharge mobile prepaid connection from any of SBIs 43000+ ATMs.

✓ **Cheque Book Request** – Customers can order cheque book at the address registered in the branch without visiting the branch or filling in any transaction slips.

✓ **Trust Donation** - Make a donation to a charity using this facility.

✓ **Bill Payment** – ATMs can be used to pay the utility bills.

‘**Mobile Registration' option on State Bank ATMs**

✓ **Mobile Banking Registration**- Customers can register/deregister the mobile banking application using SBI ATMs.

✓ **Inter-mobile Mobile Payment System** - Customers can register for the IMPS service at all our ATMs. This service allows you to transfer money to any other person with a registered IMPS number instantly.

**Term Deposit can be created using SBI ATMs, click the ‘TDR/STDR' option**

The minimum amount of Rs. 10,000/- (valid in singly owned accounts only)

**Mobile Banking App’s of SBI**

- **Anywhere Personal** - State Bank Anywhere Personal is State Bank of India’s retail internet banking application for customers using smart phones.

- **Secure OTP** - State Bank secure OTP is an OTP generation App for verifying transactions done through State bank Anywhere App.

- **Anywhere Saral** - State Bank Anywhere Saral is State Bank of India’s corporate internet banking based application for business entities.

- **Anywhere Corporate** - State Bank Anywhere Corporate is a corporate internet banking based mobile application for Khata plus, Vyapaar and Vistaar variants of SBI corporate internet banking.

**M Cash** - State Bank M Cash is a simple and quick way to claim funds sent by SBI customers through Online SBI or State Bank Anywhere.
**SMS Banking** - SMS Banking services are available on all phones. Keywords can be sent as SMS to 9223440000. Ordinary SMS charges are applicable to avail this service.

**SBI Pay** - SBI Pay can be used to make payments easier using Virtual Payment Address (VPA) Pay and collect in SBI Pay.

**99#** - State Bank of India’s **99#** unifies USSD system with highly interoperable UPI platform.

**Wallets**

- **SBI Mobicash** - Mobile wallet App is menu driven and user-friendly App
- **State Bank Buddy** - State Bank Buddy comes with several features like send money to registered and new users. It can also be used recharge and pay bills instantly.

**Utilities**

- **No Queue** - State Bank No Queue is a unique App to enable customers to book virtual queue ticket (e-token) for selected services at selected branches.
- **SBI Finder** - The customers can navigate to find State Bank ATMs, CDMs, branches and E corners.

**Internet Banking**

Online SBI, the Internet banking portal of SBI, enables its retail banking customers to operate their accounts from anywhere anytime, removing the restrictions imposed by geography and time. It's a platform that enables the customers to carry out their banking activities from their desktop, aided by the power and convenience of the Internet.

Using Internet banking services, customers can do the following normal banking transactions online:

- Funds transfer between own accounts.
- Third party transfers to accounts maintained at any branch of SBI
- Group Transfers to accounts in SBI Group
✓ Inter Bank Transfers to accounts with other Banks
✓ Online standing instructions for periodical transfer for the above
✓ Credit PPF accounts across branches
✓ Request for Issue of Demand Draft
✓ Request for opening of new accounts
✓ Request for closure of Loan Accounts
✓ Request for Issue of Cheque Book
✓ Earn reward points for transactions through Internet Banking

Apart from these, the other salient value-added features available are:

✓ Utility bill payments
✓ Online Ticket Booking for travel by Road, Rail and Air
✓ SBILIFE, LIC and other insurance premia payments
✓ SBI and other Mutual funds Investments
✓ SBI and other Credit Card dues payments
✓ Tax Payment • Income, Service, State Govt
✓ Customs Duty Payment
✓ Online Share Trading (eZ-trade@SBI)
✓ Online Application for IPO
✓ Fee Payment to select educational institutions including IITs and NITs

❖ Foreign Inward Remittance

Sending remittances to India for credit to the account of customer or family with SBI is very simple and convenient with SBI’s wide foreign office’s network and correspondent banking arrangement with about 600 banks worldwide. Wherever in the world, the customer may be, there is SBI office or a bank having corresponding banking arrangement with the bank in India to provide facilities of remittances. Any of the following ways can be used to send the remittances

✓ SBI Express Remit Facility
✓ Demand Drafts in Rupees
✓ Telegraphic/wire transfers
✓ Personal cheques/ traveller's cheques (in person only)/ DDs in foreign currency
## Green Remit Card

### Salient Features of the Green Remit Card

<table>
<thead>
<tr>
<th>1. Type and Nature of Card</th>
<th>SBI Green Remit Card is a simple Magstripe based card without PIN. The product is targeted to facilitate Non-Home Cash Deposit Transactions to be routed through Green Channel Counter (GCC)/ Cash Deposit Machine (CDM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Eligibility</td>
<td>All customers (remitters), particularly non-account holders, who want to remit money to an SBI bank account at regular intervals Customer may visit any GCC branch or CDM branch and submit simple Application Form along with one ID proof document Card would be mapped to the particular beneficiary account (Has to be an SBI account).</td>
</tr>
<tr>
<td>3. Nature of use</td>
<td>Card can be used for deposit of Cash (INR) to the designated beneficiary's SBI account. Card is accepted at all Green Channel Counter Branches and Cash Deposit Machines.</td>
</tr>
<tr>
<td>4. Deposit Limit</td>
<td>Deposit can be made by way of cash only. Transaction limit is Rs.25,000/- per transaction subject to a monthly cap of Rs.1,00,000/-</td>
</tr>
<tr>
<td>5. Service Charges</td>
<td>Issue of Card Rs.20/- (w.e.f. 15 the July 2013) Transaction Charges in GCC Transaction Charges in CDM As applicable to regular non-home cash deposit transactions at branch</td>
</tr>
<tr>
<td>6. Cards Issuance</td>
<td>Branch will issue pre-printed SBI Green Remit Card instantaneously to the remitter.</td>
</tr>
</tbody>
</table>
7. **Transactions through GRC**

Remitter can visit any GCC branch or CDM to deposit cash to the predetermined SBI account.

When card is swiped, account particulars are shown on the screen for confirmation.

Customer is prompted to enter amount and after cash is collected and verified, acknowledgement is generated.

Rmitter and Beneficiary will get SMS immediately upon successful completion of the transaction.

Beneficiary SBI account will be updated with the transaction amount along with Card number.

❖ **sbiINTOUCH**

SBI has always sought to provide futuristic technology at fingertips. One step in this direction was setting up the high-tech, one of its kind, 257 sbiINTOUCH branches equipped with state-of-the-art digital technology. These sbiINTOUCH branches cover more than 143 districts across the country. The goal of SBI is to create a ‘Phygital’ marketplace within these futuristic branches, to offer customers banking through self-service kiosks and services of other SBI subsidiaries such as Life Insurance, General Insurance, Mutual Funds, Credit Cards, and online trading through SBI Cap Securities.

**Cutting-edge Technological Kiosks:**

AOK: State of the art Kiosks which enables customers to open accounts with just a few touches

DCPK: State of the art kiosk which enables customers to instantly print debit cards with their own photograph on it

CDM: Cash Deposit Machine

ECDM: Electronic Cheque Deposit Machine, available 24*7 to our customers

Swayam: Passbook Printer, available 24*7 to our customers

ATM: Automatic Teller Machine, available 24*7 to our customers
**Services**

**Account Opening:** At the sbiINTOUCH branches, banking services such as the opening of Savings Bank, Current Accounts, CSP/DSP Accounts, Pehla Kadam, PPF etc. Account opening Kiosk (AOK) enables customers to open their account with just a few touches then and there.

**Debit Card Printing:** The printing of personalised photo debit cards on the spot is available by revolutionary touch technology Debit Card Printing Kiosks (DCPK). The whole process of opening an account and printing a debit card takes less than 15 mins.

**Deposits:** Cheque deposits through Electronic Cheque Deposit Machine, deposits such as e-TDR, e-STDR, e-SBI Flexi, e-Tax Saving etc. are available. Cash deposits through cash deposit machine are also available.

**Loans:** Personal segment loans such as housing, car, education, personal etc. are available at these sbiINTOUCH branches.

**Financial Advice:** Financial counselling through hi-definition Audio Video conferencing service is provided at select branches termed Remote Expert Module (REM), where customers can interact with financial experts.

**Quick Photo Debit Card:** A new service has been launched wherein sbiINTOUCH Branches will be able to provide all SBI customers having A/c, pan India, with personalised debit cards with photographs in just 5 minutes. Customers are required to bring only Aadhaar card for verification purposes to sbiINTOUCH Branches and get their personalised photo debit cards. This facility can also be used in case our customers have lost their cards or want a new one irrespective of older card.

- **SBI FASTag.**

  SBI FASTag is a device that employs Radio Frequency Identification (RFID) technology for making toll payments directly from the prepaid or savings account linked to it. It is affixed to the windscreen of vehicle and enables to drive through toll plazas, without stopping for cash transactions. The tag can be purchased from Tag issuers and if it is linked to the prepaid account, then customers need to recharge/ top up the tag as per the requirement.
Benefits of the SBI FASTag

- 7.5% Cash back for all the transactions at all the National Highway Toll plazas during 2017-18.
- Save Time, Fuel and Money
- Easy recharge/Top up of the FASTag account through authorised service providers of SBI across country.
- Online recharge of the SBI FASTag through dedicated online portal for the customer through credit card, debit card, net banking, wallets etc.
- Can view transaction history, toll payment history, balance in the account etc. in the customer portal.

 BHIM SBI Pay

“BHIM SBI Pay” (UPI App of SBI) is a payment solution that allows account holders of banks participating in UPI to send and receive money from their smartphones with a virtual payment address which is the identifier. No additional details are required to be used other than the Virtual payment address.

Revamped Gold Deposit Scheme (R- GDS)

Revamped Gold Deposit Scheme (R- GDS) is in the nature of a fixed deposit in gold. The customers can deposit their idle gold under R- GDS which will provide them safety, interest earnings and a lot more.

3.5.2 Canara Bank

Canara Bank has a track record in the service of the nation for over 111 years. Today, Canara Bank has a strong pan India presence with 6179 branches and 9743 ATMs, catering to all segments of an ever growing clientele accounts base of 8.18 crore. Across the borders, the Bank has 8 branches, one each at London, Leicester, Hong Kong, Shanghai, Manama, Johannesburg, New York and DIFC (Dubai) & a Representative Office at Sharjah, UAE. Canara bank is recognized as a leading financial conglomerate in India, with as many as ten subsidiaries/sponsored institutions/joint ventures in India and abroad. Founded as 'Canara Bank Hindu Permanent Fund' in 1906, by late Shri Ammembal Subba Rao Pai, a philanthropist, this small seed blossomed into a limited company as 'Canara Bank Ltd.' in 1910 and became Canara Bank in 1969 after nationalization.
Vision
To emerge as a ‘Preferred Bank’ by pursuing global benchmarks in profitability, operational efficiency, asset quality, risk management and expanding the global reach.

Mission
To provide quality banking services with good customer care, create value for all stakeholders and continue as a responsive corporate social citizen.

Financial Innovations of Canara bank

Savings & Deposits

➢ KAMADHENU DEPOSIT (Re-investment Plan)
Individual, Joint (not more than 4), a Guardian on behalf of a minor, HUF, Partnership, a Company, Association or any other Institution are eligible to open this account with a minimum of Rs 1000. There no maximum ceiling. Period of deposit is a minimum of 5 months and a maximum of 120 months. A facility of part withdrawal of deposits in units of Rs.1000/-, keeping the rest of the deposit to earn contracted rate of interest is the extra facility available.

➢ Canara Tax Saver Scheme
Canara Tax Saver Scheme is a term deposit scheme under the Fixed Deposit & Kamadhenu Deposit streams. The scheme is best suited for Salaried Class, Businessmen, and Professionals who come under the ambit of Tax Payers.

➢ Canara Champ Deposit Scheme
It is basically an SB account for children up to the age of 12. The initial deposit can be any nominal amount with a minimum of Rs.100/- and there is no penalty in case of non-maintenance of minimum balance. After the child attains majority, the account can be converted to regular SB Deposits, whether the Education loan facility under this scheme has been availed or not. TDS is not applicable for SB Canara Champ Deposit.

➢ Ashraya deposit scheme for senior citizens

Individuals, who have completed the age of 60 years and above, can open this account in single or joint names. In case of joint account, the account can be opened jointly with other senior citizens or with other persons below the age of 60 years subject to the condition that the senior citizen is No. 1 deposit.
Canara NSGSE Savings Bank Deposit Account

An SB product designed as per directives of the Ministry of Human Resources Development, Government of India to reduce School dropouts and to promote the enrolment of girl child belonging to SC/ST communities in Secondary Schools.

Other deposit schemes of Canara bank are Savings Bank account, Recurring Deposit, Canara Basic Savings Bank Deposit Account, Canara SB Power Plus, Canara Privilege Current Account, SB gold scheme, Fixed Deposit, Canara Payroll Package Saving Bank Account, Current Account, Canara Small Saving Bank Deposit Account, Canara Jeevandhara – SB Account for Senior Citizens, Canara Junior Saving Account and Canara Dhanvarsha- A Flexi Recurring Deposit Scheme

Loan Products

Loan products of Canara bank are Housing Loan, Home Improvement Loan, Canara Cash(Shares), Canara Vehicle, Canara Site Loan, Canara Budget, Canara Pension – General Public, Teachers Loan, Swarna Loan (Gold Loan), Canara Mortgage, Housing- Cum- Solar Loan, Canara Rent, Canara Jeevan, Canara Consumer Loan, Canara Home Loan Plus, Housing Loan to Agriculturists, Home Loan for NRIS Scheme., Canara Vehicle to Agriculturists, Yuwa Awas Rin- Canyar and Pradhan Mantri Awas Yojna.

Technology Products

ATM - cum - Debit card

<table>
<thead>
<tr>
<th>Facilities Available</th>
<th>1. Transactions through Canara bank ATMs and other bank ATMs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2. Purchase of goods and services at POS merchant establishments</td>
</tr>
<tr>
<td></td>
<td>3. Mobile top-up</td>
</tr>
<tr>
<td></td>
<td>4. VISA money transfer</td>
</tr>
<tr>
<td></td>
<td>5. E-ticketing</td>
</tr>
<tr>
<td>Types of Accounts</td>
<td>SB/CA/OD accounts in the name of individuals as well as joint accounts (operated severally)</td>
</tr>
<tr>
<td>Eligibility</td>
<td>All SB, Current and OD account holders including NRIs, employees and ex-employees</td>
</tr>
<tr>
<td>-------------------------------------</td>
<td>----------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Ineligible Accounts</td>
<td>Joint Accounts where operation condition is ‘Jointly’</td>
</tr>
<tr>
<td></td>
<td>Accounts of illiterate persons/blind persons/minors</td>
</tr>
<tr>
<td></td>
<td>Accounts under Garnishee/attachment orders or which are under litigation/dispute</td>
</tr>
<tr>
<td></td>
<td>Encumbered accounts</td>
</tr>
<tr>
<td>Application</td>
<td>Account holders desirous of having an ATM-CUM-DEBIT card are required to submit an application in the prescribed format to the branch manager of the branch where the account is being maintained.</td>
</tr>
<tr>
<td>Operations</td>
<td>The card can be linked to a maximum of 4 accounts. However, one account as indicated by the customer will be designated as Primary Account. All transactions done at POS merchant locations and at other Bank ATMs will be debited to Primary account to which the card is linked. Therefore transactions at other Bank ATM and POS are restricted to the balance available in the primary account.</td>
</tr>
<tr>
<td>Per Day Transaction Limit</td>
<td>Per day transaction at</td>
</tr>
<tr>
<td></td>
<td>POS Merchant Establishments: Rs 20,000/-</td>
</tr>
<tr>
<td></td>
<td>Cash withdrawal at our ATM/ Other Bank ATM: Rs 25,000/-</td>
</tr>
<tr>
<td>Validity</td>
<td>10 years from date of issue of the card</td>
</tr>
</tbody>
</table>

The following facilities are available at Canara bank’s ATMs. Customers can avail these services by following the menu driven options.

- Mobile Recharge
- Mobile Top-ups
- Airline Ticket Booking
- VISA Money Transfer
- Deposit of Collection Cheques
RTGS/NEFT - an inter bank fund transfer facility for customers

Real Time Gross Settlement (RTGS) and National Electronic Fund Transfer System (NEFT) are two efficient, secure, economical, reliable system of funds transfer from Bank to Bank. Now fund transfer can be made to more than 36000 Bank branches across India. These facilities are available in more than 3500 branches of Canara Bank. NEFT/RTGS facilities are available across all the branches irrespective of the home branch.

Real Time Gross Settlement (RTGS)
- An electronic payment system in which payment instructions between banks are processed and settled individually on a real-time basis.
- Minimum amount of funds transfer under this facility is Rs.2,00,000/-.
- RTGS system works on all days except on Sundays and national holidays.
- Customer should furnish details of payees name, bank account number and type, receiver bank name, branch name and IFSC code of the receiver Bank branch.

National Electronic Funds Transfer (NEFT):
- Another electronic payment system in which payment instructions between banks are settled at fixed intervals.
- There is no minimum / maximum limit for transactions under NEFT.
- NEFT system works on all days except on Sundays and national holidays.
- Customer should furnish details of payees name, bank account number and type, receiver bank name, branch name and IFSC code of the receiver Bank branch.

Mutual Funds
Canara has tie-up with Canara Robeco for cross-selling of their mutual fund products through Canara branches. Investment can be made in twenty-one schemes provided by the bank.

Insurance Business
Life Insurance
Bank has started a Joint Venture Insurance Company “Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited”. The new JV insurance company was
launched on 16th of June 2008. In the JV insurance company, Canara bank has a stake of 51%, HSBC Insurance (Asia Pacific) Holdings Ltd 26% and Oriental Bank of Commerce 23%. Canara bank also acts as a Corporate Agent of their JV Company.

**General Insurance**

1) *The New India Assurance Company Limited*

Bank has entered into a corporate agency Tie-up with The New India Assurance Co. for selling their general insurance products across Canara bank branches.

Products:

All types of General Insurance products like Fire, PA, Marine, Motor, Health etc are being offered to customers under this tie-up arrangement.

Additionally, New India Canara Family Floater Plan is introduced exclusively for existing Canara mediclaim Policy holders, on a renewal basis. This Plan is not available for others

- New India Canara Family floater Plan-Proposal Form.
- New India Canara Family floater Plan-Premium Chart.
- New India Assurance Company Proposal Form.
- Premium Chart for New Enrollments

2) *Bajaj Allianz General Insurance Co. Ltd*

Bank has entered into a corporate agency Tie-up with Bajaj Allianz General Insurance Co. Ltd. for selling their general insurance products across Canara bank branches

Products:

All types of General Insurance products like Fire, PA, Marine, Motor, Health etc are being offered to our customers under this tie-up arrangement.

Additionally, the following products are designed exclusively for our Customers.

- Global Personal Guard Policy
- My Home Insurance
- Fire and PA Cover

3.5.3 **Federal Bank**

Federal Bank Limited is a major Indian commercial bank in the private sector headquartered at Aluva, Kerala having more than a thousand branches and ATMs spread across different States in India. The Bank is a pioneer among traditional banks
in India in the area of using technology to leverage its operations and was among the first banks in India to computerize all its branches. The Bank offer its customers, a variety of services such as Internet banking, Mobile banking, on-line bill payment, online fee collection, depository services, Cash Management Services, merchant banking services, insurance, mutual fund products and many more as part of its strategy to position itself as a financial super market and to enhance customer convenience.

The history of Federal Bank dates back to the pre-independence era. The Bank was incorporated on April 23, 1931, as the Travancore Federal Bank Limited, Nedumpuram under the Travancore Companies Regulation, 1916. Late K.P. Hormis, the visionary banker and founder took up the reigns in 1945 and built the bank a nationwide institution. The Bank's name was changed to The Federal Bank Limited on December 2, 1949. The Bank was licensed under the Banking Regulation Act, 1949, on July 11, 1959 and became a scheduled commercial bank under the Second Schedule of Reserve Bank of India Act, 1934 on July 20, 1970. Today the bank is present in 25 States, Delhi NCT and 4 Union Territories and the bank is listed in BSE, NSE and London Stock Exchange.

**Vision**
To be the ‘Most Admired Bank' which is Digitally enabled with a sharp focus on Micro, Medium and Middle market enterprises.

**Mission**
Devote balanced attention to the interests and expectations of stakeholders, and in particular.

*Shareholders:* Achieve a consistent annual post-tax return of 18% on net worth.

*Employees:* Develop in every employee a high degree of pride and loyalty in serving the Bank.

*Customers:* Meet and even exceed expectations of target customers by delivering appropriate products and services, employing as far as feasible, single window and 24-hour-seven-day-week concepts, leveraging a strengthened branch infrastructure, ATMs, other alternative distribution channels, cross-selling a range of products and services to meet customer needs varying over time, and ensuring the highest standards of service at all time, guided by our principle of being 'Digital at the fore, human at the core'.
Financial Innovations of the Federal Bank

1. Products:

*Savings Account*

Federal Bank has a list of savings accounts with varied features. It includes: Internet Banking, Electronic Fund Transfers, e-statements, online bill payments etc. These services make banking a smoother experience for the customer.

- **FedBook Selfie**
  FedBook Selfie is a mobile-based application which helps to open SB account, which is the first of its kind in India. Customers can open a Savings account through the mobile app using Aadhaar and PAN Card. Account number will be generated instantly and once the account is opened, the app will turn itself into the digital passbook of the customer.

- **Freedom SB**
  Freedom SB is not just a regular savings account. Along with saving the customers' money, it provides access to a wide variety of services. It makes the everyday banking a hassle free process with its exciting features like International Debit Card, free account statements and new age banking channels.

- **Young Champ**
  Young champ is an innovating saving bank account exclusively for children and is fully loaded with a handful of exciting features such as a specially designed debit card, free access to digital banking channels and reward points.

- **Fed Excel**
  Fed Excel is a saving account exclusively for professionals and budding entrepreneurs. There is no need for a minimum balance requirement for this account.

- **SB Plus**
  SB Plus Savings Bank account is for the dynamic customer and is having exciting features like Debit Card, new age banking channels and free monthly Demand Draft issuance.
FedPower+
FedPower+ provides International Gold Debit Card, high ATM daily withdrawal limits, free Demand Draft issuance, and a host of concessions on Federal bank’s retail loan products.

Mahila Mitra
Mahila Mitra is savings account exclusively for women based on the concept that every woman deserves more. This account is endowed with exciting features like International Gold Debit Card, Free Demand Draft, Mobile & Internet Banking, RTGS/NEFT.

Yuva Mitra
“Yuva Mitra account is exclusively for students and is endowed with various futuristic features like Debit Card, Mobile Banking, Internet Banking and FedBook.

PetSmart
PetSmart is a savings account, which has features like New-Age banking channels, high daily cash withdrawal limits, anywhere banking, International Debit Card and lot of free services.

Basic Savings Bank Deposit Account
Basic Savings Bank Deposit Account (BSBDA) is an account with zero balance facility. It takes care of customers simple banking needs with facilities like free ATM card, monthly statement, and cheque book. Other services available free in the 'Basic Savings Bank Deposit Account' includes deposit and withdrawal of cash, receipt/credit of money through electronic payment channels or by means of deposit/collection of cheques at bank branches as well as ATMs.

FISA
Federal Institutional Savings Account (FISA) is a tailor-made operative account for institutions like Trusts, Associations, Clubs, Committees, and Governing Bodies which are non profit making organisations, i.e. organisations that are not into business, trade or any other services for profit or fee. This account takes care of all the institutional banking needs of its customer.
**Salary Account**

- **FedClassic**
  
  Fed Classic is an account designed exclusively for salaried individuals. It is a tailor made account to suit the banking needs of professionals with no minimum balance requirement. FedClassic account holders can avail Debit Card, Internet Banking, Mobile Banking, Missed Call Banking services, e-mail alerts and Personal Accident Death Cover of Rs.2 Lakhs without any charges. They also get concessions in processing fee/administration fee for retail loans and anywhere banking facilities.

- **FedClassic Premium**
  
  FedClassic Premium is a Savings Bank Account for high-end salary earners. The account comes with handful of features such as no minimum balance requirement, VISA Gold/Platinum debit card, auto sweep facility, temporary overdraft facility, personal loans facility, cheque collection, door step banking, cash pickup facility, Free Personal Accidental Death Cover of Rs. 10 Lakhs, Demat facility, NPS Services, Financial planning services and much more.

**Noor - Personal Account**

‘Noor Personal Account’ is a feature rich account of meeting customers’ personal banking needs. This project is launched as a non interest bearing account with exciting features including free airport lounge access program.

**Deposits**

Unlike investment in the stock markets, term deposits are not a risky investment as they do not depend on fluctuating market rates. The various deposit schemes of the federal bank are:

- Fixed Deposit
- Cash Certificate
- Tax Saving Deposit
- Recurring Deposit
- Millionaire Deposit

**Loans**

The variants of the loan provided by the federal bank are:

- Gold loans
✓ Car loans
✓ Housing loans
✓ Property loans
✓ Education & Career loans

**Cards**
✓ Credit cards
✓ Debit cards
✓ Gift cards
✓ Travel cards

**Insurance & Investments**
Life Insurance, Health Insurance, General Insurance, Fed-e-Trade(Online Trading), Mutual Funds, National Pension System and Indian Gold Coin are the insurance and investment products.

**2. Payments**

**Transfer Funds**
✓ NEFT
✓ RTGS
✓ Lotza UPI
✓ Immediate Payment Service (IMPS)
✓ ECS
✓ Scan N Pay

**Pay Fees & Bills**
✓ Pay Telephone Bills
✓ Pay Electricity Bills
✓ Pay School Fees
✓ Pay LIC Premium
✓ Pay Taxes Online
✓ Billdesk Bill Pay
✓ Federal FASTag for Toll Collection
✓ Shop Online & More
✓ Deals & Offers
✓ Utsav Rewards
✓ Book Healthcare Checkups
✓ eFile Tax Returns
✓ Online Will

**Invest & Donate**
✓ Buy Health Insurance
✓ Buy Car Insurance
✓ Buy Indian Gold Coin
✓ Make Religious Offerings online
✓ Make Religious Donations thru Mobile

**3. Ways to bank**

**Internet Banking**
✓ FedNet – An overview of the facilities available in FedNet is provided in the website and the users can register online for FedNet activation. The transactions using FedNet is secured with a two-factor authentication.

**Mobile Banking**
✓ FedMobile - FedMobile is one of the fastest, secure and state-of-the-art mobile banking systems in the country with latest technology being employed for its deployment. Customers can explore the power of M-Commerce via FedMobile. It can also be used for transfer of funds in seconds, top-up Mobile / DTH on the go, Pay bills and school fees instantly and many more.

✓ Lotza - LoTZA bundles all the bank accounts of the customer in a single App. Banking now is more secured through LOTZA. It helps to link different bank accounts to a single app for banking requirements. LOTZA is one of the UPI (Unified Payment Interface) PSP App to be approved by National Payments Corp. of India Ltd (NPCI).

✓ FedBook - Federal Bank introduces FedBook - a convenient and secure mobile app to get the account passbook on smart phone. Though the bank is more than happy to serve customers at their branch, they believe that the time is as valuable as money.
Unlike any other banking application, customers need not fill in any application form—just download FedBook app and start using it.

✓ SMS Banking - Federal Bank provides you with the finest SMS Banking experience—access your bank account details at your fingertips. It is all about sending SMS to know your account details and to avail a host of value-added services offered by your bank.

✓ Missed Call Based Banking Service- Customers can avail a host of banking services by just giving a missed call. Federal Bank has introduced a handful of services which can be availed through Missed Call Banking. Customers can know the balance of their account(s), get mini statement, top up your mobile and even make fund transfers.

**ATMs**

Federal Bank has a wide network of Automatic Teller Machines (ATMs) that cater your needs 24x7.

Customers can avail the following services from the federal ATMs.

✓ Cash Withdrawal
✓ Fast Cash
✓ Balance Inquiry
✓ PIN Change
✓ Cash & Cheque Deposits
✓ Funds Transfer to own accounts
✓ Mini Statement – Last five transactions
✓ Card-to-Card (C2C) Transfer
✓ Soft Pin Facility - To activate/reset your debit card PIN

**Cash Deposit Machines (CDM) / Bulk Note Acceptors (BNA)**

Federal Bank has introduced Cash Deposit Machines or Bunch Note Acceptors (BNA) at selected branches which facilitates remittance of cash on real-time basis to customers' accounts on a 24x7 time frame, i.e. even beyond the business hours of the Bank.

✓ The machine has the inbuilt intelligence to identify fake notes and to sort cash deposited by customers into different denominations.
✓ It also provides other facilities like balance enquiry and mini statement.
✓ This machine will work around the clock and accept bulk amounts of deposits, sort the cash, count it and instantly credit it to the account of the depositor.
✓ It allows the customer to make an envelope-free cash deposit in bundles of currency notes of various denominations.
✓ It increases customer acceptance by validating, denominating and counting deposited currency emulating a teller transaction.
✓ Deposit details are printed on the customer's receipt.
✓ As this machine does not demand any vouchers or other formalities usually needed for a banking transaction, it makes things easier for customers.

**Other Services**

✓ E mail Alerts
✓ Mobile Alerts
✓ Tele Banking
✓ NETC FASTag - Federal Bank FASTag is a perfect solution for a hassle-free trip on national highways. Federal Bank FASTag is a device that employs Radio Frequency Identification (RFID) technology for making toll payments directly from the prepaid or savings account linked to it FASTag is presently operational at 397 toll plazas across national and state highways. More toll plazas will be brought under the FASTag program soon.

### 3.5.4 HDFC

HDFC Bank was incorporated in August 1994. As of September 30, 2017, the Bank had a nationwide distribution network 4,729 branches and 12,259 ATM's in 2,669 cities/towns. As part of RBI's liberalisation of the Indian Banking Industry in 1994, HDFC was the first bank which received an 'in principle' approval from the Reserve Bank of India (RBI) to set up a bank in the private sector. The bank was incorporated in August 1994 in the name of 'HDFC Bank Limited'. The registered office was in
Mumbai, India. HDFC Bank commenced operations as a Scheduled Commercial Bank in January 1995.

**Mission and Vision**

“HDFC Bank's mission is to be a World Class Indian Bank”.

“The objective is to build sound customer franchises across distinct businesses so as to be the preferred provider of banking services for target retail and wholesale customer segments, and to achieve healthy growth in profitability, consistent with the bank's risk appetite. The bank is committed to maintaining the highest level of ethical standards, professional integrity, corporate governance and regulatory compliance. HDFC Bank’s business philosophy is based on five core values: Operational Excellence, Customer Focus, Product Leadership, People and Sustainability”.

**Financial Innovations of HDFC Bank**

**Products**

**Accounts and Deposits**

✓ Savings accounts – Savings max account, Regular savings account, Women’s savings account, Kids advantage account, Senior citizens account, Family savings group account, Basic savings bank deposit account, Government/ Institutional savings account, BSBDA small account, Government scheme beneficiary savings account are the different savings account provided by HDFC bank.

✓ Salary accounts – Premium salary account, Regular salary account, Defence salary account, Classic salary account, Basic savings bank deposit account-salary, Salary family account and Reimbursement account are the various salary accounts of HDFC bank.

✓ Current accounts – HDFC bank provides ULTIMA current account, Supreme current account, Apex current account, EZEE current account, Max current account, Agri current account, Plus current account, Current account for hospitals and nursing homes, Trade current account, Current account for professionals, Premium current account, Merchant advantage plus current account, Regular current account, Merchant
advantage current account, Flexi current account, Institutional current account, Smart up solution for start ups, Ascent current account, RFC domestic current account, Exchange Earners Foreign Currency(EEFC) account, E-comm current account and Saksham current account.

- Deposits – Dream deposit, Regular fixed deposit, 5-year tax saving fixed deposit, Overdraft against fixed deposit and sweep – facility are the deposit schemes of HDFC bank.

- Safe deposit locker, rural accounts and pension accounts are other accounts of HDFC bank

**Loans**

Personal loan, car loan, business loan, loan on credit card, loans for professionals, loan against securities, home loan, two wheeler loans, gold loan, loan against property, educational loan, government-sponsored programs, rural loans, smart draft-overdraft against salary, loan against assets and consumer durable loan are the loan schemes provided by HDFC bank.

**Cards**

HDFC bank provides cards and schemes like Credit cards, debit cards, prepaid cards, credit card rewards program and loan on credit card.

**Demat**

HDFC's safe and dependable demat platform empowers traders, long-term investors as well as beginners to make the best decisions. It is a flexible and customizable solution for buying and storing customers investments in equity, mutual funds, IPOs, ETF Exchange Traded Funds - Gold & index, bonds, and CDs. 2 in 1 and 3 in 1 are the two schemes provided by the bank.

**Investments**

Mutual funds, Equities and derivatives, Saving bonds, Sec 54 EC capital gain bonds and Inflation Indexed National Savings Securities-Cumulative are the various investment products of HDFC bank. National Pension System, Atal Pension Yojana, Public Provident Fund and Sukanya Samithi Account.
**Insurance**

Life Insurance, Health and Accident Insurance, Motor Insurance, Travel Insurance, Home Insurance, Two Wheeler Insurance and student travel insurance are the insurance products of HDFC bank.

**Premier Banking**

Imperia banking, Preferred banking, Classic banking and Prime banking are the premier banking products of HDFC bank.

**Making Payments**

*pay app*

HDFC Bank PayZapp is a complete payment solution which gives customer the power to pay in just one click. By using PayZapp, customers can shop on their mobile at the apps which have partnership with PayZapp. The app can also be used to buy movie tickets and groceries. Comparison and booking of flight tickets and hotels are other advantage of this app. Other facilities are:

- Online shopping
- Discounts at SmartBuy
- Send money to anyone on contact list or to own bank account
- Pay bills
- Recharge mobile, DTH and data card

Debit & Credit Card of any bank can be linked to PayZapp. It is the most convenient and secure way of payment.

**Pay via SmartHub**

It is the hassle-free process of paying all the taxes, utility bills, credit card bills or even making donations with great ease. Pick the payment option, select the state, city and type of payment from the dropdown menu to view if the payment can be made online and the list of branches the payment can be made.
Ways to Bank

➢ Bank online
  ✓ Net banking
  ✓ Credit card net banking
  ✓ Email statements
  ✓ Loan accounts online

➢ Bank in person
  ✓ ATMs
  ✓ Branch network
  ✓ Cash @shop

➢ Bank with your phone
  ✓ Mobile banking
  ✓ Easy keys- your bank on your mobile keyboard
  ✓ Insta alerts- SMS & E-mail
  ✓ Phone banking
  ✓ Instant transfers and recharges through chillr app

➢ Bank with your watch
  Watch Banking is now available exclusively for HDFC Bank customers through an Apple Watch. Customers can now do their favourite transactions right from Apple Watch without even taking out the phone.

➢ Services on social media
  Discover the easiest way to bank with HDFC Bank OnChat. Open Facebook Messenger, find 'HDFC Bank OnChat', and just say ‘Hi’. No more app downloads, figuring out complex menus or loading wallets.

  Start chatting to:
  Recharge mobile phone
  Pay utility bills like post-paid mobile, electricity, DTH, data card and
  Book a cab from Ola or Uber
  Seamless discovery and booking of buses
  Avail movie and event tickets
  HDFC Bank OnChat is at 24/7 service
HDFC Bank OnChat can be used by everyone whether an HDFC Bank customer or not.

Conclusion

This chapter gives a brief account of the theoretical background for the study. Theories on the three major constructs of the study i.e. ‘Financial Innovation’, ‘Customer Satisfaction’ and ‘Financial Performance’ was discussed in the chapter. It also presents the profile of the selected banks and the major financial innovations introduced by these banks. The next chapter analyses the effect of financial innovations on financial performance of the banks.
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