CHAPTER 5  PROFILE OF SBI AND ITS CUSTOMER SATISFACTION

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CHAPTER 5  PROFILE OF SBI AND ITS CUSTOMER SATISFACTION

5.1 HISTORY

The evolution of State Bank of India can be traced back to the first decade of the 19th century. It began with the establishment of the Bank of Calcutta in Calcutta, on 2 June 1806. The bank was redesigned as the Bank of Bengal, three years later, on 2 January 1809. It was the first ever joint-stock bank of the British India, established under the sponsorship of the Government of Bengal. Subsequently, the Bank of Bombay (established on 15 April 1840) and the Bank of Madras (established on 1 July 1843) followed the Bank of Bengal. These three banks dominated the modern banking scenario in India, until when they were amalgamated to form the Imperial Bank of India, on 27 January 1921.

An important turning point in the history of State Bank of India is the launch of the first Five Year Plan of independent India, in 1951. The Plan aimed at serving the Indian economy in general and the rural sector of the country, in particular. Until the Plan, the commercial banks of the country, including the Imperial Bank of India, confined their services to the urban sector. Moreover, they were not equipped to respond to the growing needs of the economic revival taking shape in the rural areas of the country. Therefore, in order to serve the economy as a whole and rural sector in particular, the All India Rural Credit Survey Committee recommended the formation of a state-partnered and state-sponsored bank.

The All India Rural Credit Survey Committee proposed the take over of the Imperial Bank of India, and integrating with it, the former state-owned or state-
associate banks. Subsequently, an Act was passed in the Parliament of India in May 1955. As a result, the State Bank of India (SBI) was established on 1 July 1955. This resulted in making the State Bank of India more powerful, because as much as a quarter of the resources of the Indian banking system were controlled directly by the State. Later on, the State Bank of India (Subsidiary Banks) Act was passed in 1959. The Act enabled the State Bank of India to make the eight former State-associated banks as its subsidiaries.

The State Bank of India emerged as a pacesetter, with its operations carried out by the 480 offices comprising branches, sub offices and three Local Head Offices, inherited from the Imperial Bank. Instead of serving as mere repositories of the community's savings and lending to creditworthy parties, the State Bank of India catered to the needs of the customers, by banking purposefully. The bank served the heterogeneous financial needs of the planned economic development.

5.2 CURRENTSCENARIO

Branches

The corporate center of SBI is located in Mumbai. In order to cater to different functions, there are several other establishments in and outside Mumbai, apart from the corporate center. The bank boasts of having as many as 14 local head offices and 57 Zonal Offices, located at major cities throughout India. It is recorded that SBI has about 10000 branches, well networked to cater to its customers throughout India.

ATM Services

SBI provides easy access to money to its customers through more than 8500 ATMs in India. The Bank also facilitates the free transaction of money at the ATMs of State Bank Group, which includes the ATMs of State Bank of India as well as the Associate Banks – State Bank of Bikaner & Jaipur, State Bank of Hyderabad, State Bank of Indore, etc. You may also transact money through SBI
Commercial and International Bank Ltd by using the State Bank ATM-cum-Debit (Cash Plus) card.

**Subsidiaries**

The State Bank Group includes a network of eight banking subsidiaries and several non-banking subsidiaries. Through the establishments, it offers various services including merchant banking services, fund management, factoring services, primary dealership in government securities, credit cards and insurance.

**The eight banking subsidiaries are:**

- State Bank of Bikaner and Jaipur (SBBJ)
- State Bank of Hyderabad (SBH)
- State Bank of India (SBI)
- State Bank of Indore (SBIR)
- State Bank of Mysore (SBM)
- State Bank of Patiala (SBP)
- State Bank of Saurashtra (SBS)
- State Bank of Travancore (SBT)

### 5.3 PRODUCTS AND SERVICES

**Personal Banking**

- SBI Term Deposits
- SBI Loan For Pensioners
- SBI Recurring Deposits
- SBI Housing Loan
- SBI Car Loan Rent Plus Scheme
- SBI Educational Loan Medi-Plus Scheme

**Other Services**

- Agriculture/Rural Banking
- NRI Services
- ATM Services
- Demat Services
- Corporate Banking
- Internet Banking
- Mobile Banking
- International Banking
- Safe Deposit Locker
- RBIEFT
- E-Pay
- E-Rail
- SBI Vishwa Yatra Foreign Travel Card
- Broking Services
- Gift Cheques

The State Bank of India provides a wide range of accounts which are easy to open and use. The bank also allows online operation of the accounts. Any body who desires to have SBI account can easily open an account. SBI accounts are now available for all like senior citizens, employed people, students, in short for each and every citizen of India.

**Opening an SBI account requires following the below mentioned simple steps:**

- For Indian Residents:

  If opening in person then collection of an application form and properly filling the form is required.

  If opening online downloading the form, filling the form and sending it back to the bank authorities is required.

  Identity proofs like photocopies of passport, pan card, driving license, voter ID card.

  As residence proofs photocopies of the above mentioned documents. Two photographs of the customer.
• For Non Resident Indians:

The application form properly filled and signed by— the SBI official or the consulate of the Indian embassy.

Photocopies of passport, visa and work permit of the country.

Details of other bank accounts if any.

Photographs of the person himself / herself.

• SBI allows different types of bank account each with their respective features, some are given below:

SBI savings account – Safe deposits of savings, earning interest on the deposits.
SBI salary account – Managing the salary, quick and easy credit of the amount.
SBI NRI account – Transactions and savings, transfer of currencies.
SBI business account – Easy transfer of money, outstation usable cheque facilities.
SBI internet banking – Fast and easiest method of money transfer and transaction.
SBI no frills account – Zero balance account, low service charges.
SBI current account – easy transfer of money among different branches, availability of ATM cum debit card.

• State Bank of India (SBI) is the largest bank in India.

5.4 STRUCTURE AND ORGANIZATION

The Banks Corporate Office is located at Mumbai. Its domestic operational area is divided into 14 Circles, each with one Local Head Office and a few Zonal and Regional Offices. The Bank is present not just in the major metropolises of India but has wide reach in the villages of India. The Bank's top
management consists of the Chairman, group executives for National Banking Group, Corporate Banking Group, International Banking Group and Associates & Subsidiaries, and four staff functionaries in charge of finance, credit, human resources & technology management and inspection & audit.

Three Strategic Business Units (SBUs) under the Corporate Banking Group have been set up by SBI to pay attention to big corporate customers. Distinguishing features of the SBUs are assimilation of operational planning with operations within each SBU, an alert delivery system with suitable specialist inputs and focused attention on profitability.

The staff and functionaries at various levels have been delegated higher financial powers to ensure quicker decision making in credit areas and disposal of a large number of credit proposals at operating units' level. A committee approach has been adopted, both at the apex and circle levels, for sanction of large advances and loans. Keeping this in mind Central Office Credit Committee and Circle Credit Committees have been set up to ultimately ensure faster delivery. Credit and systemic risk processes have thus accordingly been restructured. Simplified and concise credit appraisal formats have been designed to ensure improvement in the quality of credit decisions, better quality of assets and reduction of Non Performing Assets or NPAs.

**Transformation in SBI**

The SBI has undergone major transformation in the recent years. The bank has ventured into new areas of business like Pension Funds, General Insurance, Custodial Services, Private Equity, Mobile Banking, Point Of Sale, Merchant Acquisition, Advisory Services, and Structured Products etc. The bank forsees tremendous growth potential in all these areas.
The bank has made forays into the rural banking with state of the art technology. The bank has outlaid an ambitious plan to expand rural banking to 100,000 villages in the next few years.

The bank has ambitious plans to focus on the high end market to support India's increasing mid/large Corporate with a wide range of products and services. The bank is consolidating its global treasury operations and diversifying into structured products and derivative instruments. At present SBI provides the largest amount of infrastructure debt and the bank is the largest provider of commercial borrowings in the country. SBI is a Fortune 500 company.

The Bank is in the process of expanding its base overseas. Currently it has 82 offices abroad spread over 32 countries. The seven subsidiaries of SBI are SBI Capital Markets, SBICAP Securities, SBI DFHI, SBI Factors, SBI Life and SBI Cards.

5.5 JOURNEY SO FAR

1806 Jun 2, 1806 - HISTORY OF STATE BANK OF INDIA : In the 19th century of its first decade, the roots of this bank rest. On 2nd june, 1806, the Bank of Calcutta was established.

2002 May 1, 2002 - Many in SBI, and even outside, believe that his tenure was the most innovative phase in SBI's history. Yet, this man gave up one of the most coveted jobs in this country for the sake of his principles.

2003 Jul 2003 - The SBI's Mumbai_OBU, a landmark in the history of India's banking sector, which was opened in July 2003 as a deemed overseas branch, has been doing exceeding well and going by the current export performance, other units should also fare well.
2004 Oct 21, 2004 - The customer accounts and monitor over 3500 ATMs, can by all standards be termed as the biggest CBS implementation in the history of this country. At a press meet, AK Purwar, chairman, SBI, said, "We plan to take banking to the next frontier.

2005 Aug 16, 2005 - "Criminal history record information" or "CHRI" means information collected by criminal justice agencies concerning persons and stored in the central repository of the New Jersey State Police SBI, the National Crime Information Center (NCIC) or other states"

2006 Apr 3, 2006 - It is for the first time in the 200-year-old history of SBI that its employees have gone on an indefinite strike." In addition to the above mentioned places, services in all 936 branches of SBI across Bihar and neighbouring Jharkhand also ran into trouble.

2007 May 15, 2007 - The idea of setting up an archive was mooted by former SBI chairman RK Talwar in 1975. History cells were created in offices of the bank and economist Amiya Kumar Bagchi was entrusted with the responsibility of writing a history of the SBI. The third volume of the history has come out.

2008 Oct 26, 2008 - About the bank's exposure to Lehman Brothers, which last month filed for the biggest ever bankruptcy in the
history, SBI Chairman OP Bhatt had said "This is negligible given the balance sheet size which is over USD 200 billion". During Q1, SBI reported net profit increase of 15 percent.

2009 Jan 8, 2009 - The brief history of the SBI, the particular branch, the historic town, ledgers, banking documents, contributions of eminent personalities who were either customers, shareholders, employees or lenders, would also be displayed in these galleries.

2010 Feb 12, 2010 - "I would be absolutely shocked if that was the SBI policy at any time during the history of the SBI." If Deaver testified truthfully, however, the effects on the criminal justice system could be "fairly substantial," Lake said.

State Bank Freedom – Your Mobile Your Bank

Away from home, bills can be paid or money sent to the loved ones or balance enquiries done anytime 24x7!!! That is what State Bank Freedom offers - convenience, simple, secure, anytime and anywhere banking.

Mobile Banking Service over Application/ Wireless Application Protocol (WAP)

The service is available on java enabled mobile phones over SMS/ GPRS where the user is required to download the application on to the mobile handset. The service can also be availed via WAP on both java and non java phones with GPRS connection.

The following functionalities are available in the application based service/ WAP:

- Funds transfer (within and outside the bank –using NEFT)
- Enquiry services (Balance enquiry/ Mini statement)
- Cheque book request
- Demat Enquiry Service (Portfolio value, Request for DIS booklet, Value of holdings, statement of charges, Transaction status etc.)
- Bill Payment (Utility bills, credit cards, Insurance premium payments) Donations, Subscriptions
- M Commerce (Mobile Top Up, Top up of Tatasky, BigTV, SunDirect, DishTV connections and receive recharge pins for DigitalTV/Videocon d2h, Merchant payment, SBI life insurance premium)

**Business Rules governing Mobile Banking Service over Application / WAP.**

- The Mobile Banking Service will be available to all the customers having Current/ Savings Bank Account (Personal segment). The customers will have to register for the services.
- Daily transaction limits for fund transfer/ bill/ merchant payment is Rs.50,000/- per customer with an overall calendar month limit of Rs.2,50,000.00
- The service will be carrier-agnostic i.e. all customers can avail the mobile banking service with the Bank irrespective of the service provider for their mobiles.
- The service is free of charge. However, the cost of SMS / GPRS connectivity will have to be borne by the customer.

**Mobile Banking Service over USSD (Unstructured Supplementary Service Data)**

- Mobile Banking Service is now available on non java mobiles without GPRS connection also.
• The service is currently available with Aircel, Idea, MTNL (Delhi) Vodafone and Tata Docomo connections.

• The service is session based and requires a response from the user within a reasonable time.

• The Daily Transaction limit is Rs1000/- per customer with an overall calendar monthly limit of Rs5000/-.  

**The following functionalities are available in USSD based Service:**

• Funds transfer (within the bank)

• Enquiry services (Balance enquiry/ Mini statement)

• Mobile Top up

• Download Mobile Banking Application

• Guide to using Bluetooth / datacable

• Registration Process

• Terms & Conditions of Mobile Banking Services

• User-Manual for MBS over Application

• User-Manual for MBS over USSD.

• FAQs on MBS over Application & WAP

• FAQs on MBS over USSD.

• State wise List of Billers

• Use Mobile Banking to Pay for Goods Purchased over Internet
**Group companies**

- SBI Capital Markets Ltd
- SBI Mutual Fund (A Trust)
- SBI Factors and Commercial Services Ltd
- SBI DFHI Ltd
- SBI Cards and Payment Services Pvt Ltd
- SBI Life Insurance Company Limited - Bancassurance (Life Insurance)
- SBI Funds Management Pvt Ltd
- SBI Canada

**Branches of SBI**

- SBI has 21000 ATMs.
- SBI has 26500 branches, inclusive of branches that belong to its Associate banks.
- SBI alone has 18500 branches.
- SBI is the only bank consisting 26% participation in public sector banks and 39% participation in commercial banks in India.

5.6 **KEY DEVELOPMENTS**

State Bank of India - Financial and Strategic Analysis Review

State Bank of India (SBI) is a large financial services group operating in the banking industry. The bank is engaged in providing trading services, international banking and traditional banking and treasury operations. The Reserve Bank of India holds more than half of SBI's equity capital. SBI has a network of over 10,000 branches. In addition, the seven associate banks of SBI have more than 4900 branches. SBI along with its subsidiaries is engaged in providing a wide range of financial services including Life Insurance, Merchant Banking, Mutual
Funds, Credit Card and Factoring, Security trading and primary dealership in the Money Market.

Global Markets Direct, the leading business information provider, presents an in-depth business, strategic and financial analysis of State Bank of India. The report provides a comprehensive insight into the company, including business structure and operations, executive biographies and key competitors. The hallmark of the report is the detailed strategic analysis and Global Markets Direct's views on the company.

**Scope**

- The company's strengths and weaknesses and areas of development or decline are analyzed. Financial, strategic and operational factors are considered.

- The opportunities open to the company are considered and its growth potential assessed. Competitive or technological threats are highlighted.

- The report contains critical company information - business structure and operations, the company history, major products and services, key competitors, key employees and executive biographies, different locations and important subsidiaries.

- It provides detailed financial ratios for the past five years as well as interim ratios for the last four quarters.

- Financial ratios include profitability, margins and returns, liquidity and leverage, financial position and efficiency ratios.
5.7 CUSTOMER SATISFACTION OF SBI

Demographic and banking profile of the customers of State Bank of India

The demographic profile of select customers of State Bank of India reveals that, 67.2 percent of them are male. In term of age, it is evident that 27.6 percent of the customers are falling in the age group ranging between 31-40 years. Graduates accounted for 37.6 percent. Business and profession people dominated the sample with 44.8 percent and 22 percent respectively. In term of marital status, 87.2 percent of the respondents were married. The income statistics revealed that 32.8 percent of the customers were earning their income between Rs.2,50,001-Rs.5,00,000 yearly.

The Banking profile of the customers reveals that 53.2 percent of the select customers maintain current account in State Bank of India. 53.6 percent of them are having banking experience ranging between 6-10 years. The convenience of all the customers would be greatly enhanced by an electronic, 24 hour branch. As a result 90.4 percent of the respondents prefer e-banking rather then conventional banking system. 59.2 percent of the respondents have e-banking experience ranging between 1-3 years. 41.6 percent of the respondents use e-banking channels every day.