CHAPTER 8

SUMMARY, FINDINGS AND SUGGESTIONS

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8.1 Summary:

Indian history can be long traced back to Indus-valley civilization where trading had been done on barter system. In India, the ancient Hindu Scriptures refer to the money lending activities in the Vedic Period. During the Moghal period, metallic money was issued and the indigenous bankers added more line of money changing to their already profitable business.

The word ‘Bank’ is believed to be derived from the Greek word BANKQUE which means a bench or Italian word BANCO meanings thereby a heap or mound. The first bank called the ‘Bank of Venice’ was founded in Italy in 1157 AD to provide financial support to the Government of the State of Venice. In USA, the first bank in the modern sense, The Bank of North America, was established in 1781 at Philadelphia which issued paper money convertible into gold and silver.

The English traders, who came to India in the 17th century, established some contracts with the indigenous bankers by borrowing funds from them. In 1786, the English Agency houses had established the Bank of Bengal at Calcutta. The Outh Commercial Bank was established in 1881 under the Joint Stock Companies Act, 1850.

The first major step taken immediately after independence was that of nationalization of Reserve Bank of India in September, 1948. On 19th July 1969, 14 major Indian Scheduled Commercial Banks, each with deposits of over Rs. 50 crore, were nationalized by the Government with a view to serve the better needs of development of the country in consonance with national priorities.
After eleven years from the first phase of nationalization on 15th April 1980, six more private sector banks having deposits of Rs. 200 crore or more were nationalized. In 1935, the British Government in India had started a central bank called the Reserve Bank of India as a private sector bank.

According to RBI data in 1960 there were total 410 private sector banks and 9 public sector banks in India. In 1969 there were 67 private sector banks and 22 public sector banks in India. After 26 years, in 1995 there are 64 private sector banks and 223 public sector banks in India. According to RBI report average annual growth rate of private sector banks is 32.72 while public sector banks average annual growth is 17.48. So, we can see that private sector banks’ average annual growth rate is high than public sector banks. And the growth rate of private sector banks it is much higher rather than the other banks.

The word “Innovate” means to renew, to alter for the better. Innovative means newer, fresher and (rather) latest. Innovative Technology means such technology which is used as newer technology than the traditional ones.

Marketing is the performance of business activities that direct the flow of goods and services from producer to customer or user. The customer must be satisfied by our services if we expect his repeat business or we want him to speak well of our company. Thus a product guarantee and considerable servicing may be required after the sale is made. According to Peter Drucker, “Marketing is the whole business seen from the point of view of its final result that is from customers’ point of view.” Prof. Malcolm Mc Nair of Harvard added an important concept when he amended Mazur’s fine definition to read that “Marketing is the creation and delivery of a
standard of living to society.” The traditional marketing concept is based on two fundamental beliefs: First, all companies’ planning, policies and operations should be oriented toward the customer; second, profitable sales volume should be the goal of a firm. The traditional marketing concept is a philosophy of business which states that the customer’s want satisfaction is the economic and social justification of a company’s existence.

Factors those affected the Traditional to Modern concept of marketing are Paradigm Shift, Changes in Political Ideologies, National to Global Shift, Changes in People, Shift from low-tech to high-tech, Changes in Business, Control-Empowerment-Liberation, Manager to Leader, Concentration in core Competency Areas, Computerization to Re-engineering, Re-engineering v/s Reinventing Business, Bench marking V/s Being Different, Boundary less Organization, Virtual Organization are Ownership to Partnership. The theories and concepts development for traditional marketing of consumer products, such as 4 Ps and the STP (Segmenting, Targeting and Positioning) model dominated marketing literature in a big way. However, the development of the services sector as a whole and the consequent growth in services marketing literature started challenging the 4 Ps approach purported to be the remedy for all marketing problems. Simultaneously, the new approaches developed in the business-to-business marketing situation, such as the network paradigm also made in-reads into consumer marketing literature. The advances in technology has also contributed to the confusion by making it the relationship models of the services marketing and the network models of the business-to-business marketing to consumer products marketing.
Services industries have been slow to integrate marketing into the mainstream of decision making and control because marketing offers no guidance, terminology or practical rules that clearly relevant to services. Service sector is experiencing a rapid growth on a world wide basis, geared to facilitating international business operations which are breaking long standing national boundaries. Service Innovations by banks take longer to capture a wide spread market than do innovations involving tangible products. Many banks have offered financial planning and counseling services to their customers but the adoption of the service innovation has been slow. Customer satisfaction largely depends on the extent to which their needs and expectations are being fulfilled.

The banks that do well in 1990’s and 2000 A.D. will be those which rediscover the customer through the cutting edge known as Relationship Banking. Bank marketing is concerned with the exchange relationship between the bank and its customers, where customer services and quality are the key-linkages of such relationship.

Information Technology (IT) is one of the fastest growing industries in the world. The pace of development in IT is tremendous. In the recent years, significant changes have taken place in computer hardware and software. Graphic User Interface(GUI), sophisticated RDBMs packages and software development tools, artificial intelligence, open integrated systems leading to co-operative processing, internet technology are some of the features of the current computer technology. The liberalization policy of the government has encouraged international service providers who have in turn brought new technologies to the doorsteps of the bankers at competitive prices are Very Small Aperture Terminal (VSAT), Dedicated Telephone lines, Integrated Services Digital
Network (ISDN), Internet, Intranet, Enterprise-wide Networking, Automated Teller Machines (ATMs), MICR Cheque Processing, Electronic Fund Transfer (EFT), World Wide Web (WWW), Electronic Data Interchange (EDI), BANKNET, S.W.I.F.T., Credit card and EFTPOS are Anywhere Branch Banking (ABB).

Traditionally, the banking system is the established medium of settlement of economic transactions. In fact, the payment and settlement system holds the key for efficient economic activity. A sluggish payment system acts as a limiting factor in an economy, which otherwise has potential for rapid growth. The increase in number of accounts and extension of banking facilities/services all over the country have already given rise to the problems of managing and monitoring and control over the business. The Information Technology has proved its worth in solving many of the office management and monitoring problems. Information technology means use of computers and communication. With the increase in banking business the risk involved has also increased. In the light of the growth possibilities in banking business information technology would greatly be in demand. However, initial hurdles of union-management differences, skill development etc. can be overcome with the passage of time. Once the utility of the technology is known to all the acceptance shall be there. To survive in the world market also quick, updated and correct as well as wider information is needed which can be stored in the computers for use at appropriate time.

The advent of electronics in banking has brought about a sea change in the nature of banker-customer relation and perception of customer service in the banking business. The Indian banking sector is on the threshold of a computer revolution. Payment system is one area where electronic technology can bring about
several salutary innovations. Realizing the need for giving greater impetus and priority to adoption of technological innovations in payment systems, the RBI had constituted in June 1994 a committee of Technology Issues headed by Shri W.S. Saraf, Executive Director, RBI to look into, inter alia, technological issues relating to payment system and to make recommendations for widening the use of modern technology in the banking industry.

With the help of Information Technology customers can get some facilities like Net banking, information of the status of accounts, transfer of funds from one account to another, request for cheque book, statement of accounts, assurance of demand drafts, mail transfers, payment of utility bills such as telephone bills, electricity bill, etc., e-cheque, ATM, At par facility, money transfer, call on services, demat account, deposit v/s credit, easy liquidity, insurance cover, foreign currency, fixed deposits, easy loans, gold transfer and many more.

Banks get some benefits due to Information Technology like, Easy transaction, Saving of time, Decrease in manual work, Decrease in rush due to ATM, Easy liquidity, Convenience, Network facility, At par facility, Easy record and flexibility. Due to Information Technology some problems have to face, like no privacy, fraud and hacking etc... For banks, there are some limitations of information technology like warehouse capacity, costlier instruments, disruption of ATM machine and transaction time.

Gujarat state is situated on the western coast of India, bounded by the Arabian Sea in the west. Gujarat has the longest coastline of about 1600 km which is also the longest among all states in the country. Gandhinagar- the capital of Gujarat is a beautiful planned city. The state is the birth place of Mahatma Gandhi and is
connected intimately with many events pertaining to India’s independence.

Anand is located near the Gulf of Cambay in the Southern part of Gujarat. Anand is the headquarter of Anand district. Anand district has 353 villages. The district is divided in to 8 talukas. Anand is known as the milk capital of India. Gujarat’s biggest dairy and India’s largest co-operative dairy ‘Amul’ is located in Anand. The city hosts the National Dairy Development Board (NDDB) and Anand Agricultural University. Anand district covers 2,915 sq. km. of area. As per 2001 census Anand district’s population is 18,56,712. Population density of district is 613 persons per sq. km. There are 910 females against 1000 males in Anand. Total 11,93,404 persons are literate in the district. Literacy rate is 74.75 percent in the district. The land of Anand district is very productive than other areas of Gujarat state. So, people prefer to do farming. There are 36 banks with 60 branches in the district. There are 9 private sector banks with 16 branches in Anand district.

Baroda district is also a district in the eastern part of the state of Gujarat in Western India like Anand district. Baroda and Anand are geographically connected. Baroda city is the headquarter of Baroda district. Baroda district is spread in 13 talukas. It covers 7,555 sq. km. of area. According to 2001 census the population of Baroda district is 36,41,802. Literacy rate is 70.8 percent in the district. Baroda is famous for its industries specially Chemicals and Engineering Industries. There are 77 banks with 392 branches in the district. There are 12 private sector banks with 49 branches in Baroda district.
There is a growing pressure on spreads and profits of banks. Banks are competing amongst themselves so as to reach the client at his doorstep and satisfy his requirements of various financial products and services in a customized manner. Major criterion for selection is that public sector banks have not proper enough innovative technology. In banking field private sector banks were ahead and warmly welcomed innovative technology.

In this study, there are four banks- ICICI Bank, Kotak Mahindra Bank, AXIS Bank and HDFC Bank. Almost all kind of technologies are accepted and used by all these four banks. With the help of innovative technology these four banks provide such services to the customers like ATM, Net banking, Phone banking, At par cheque, Credit card, Debit card, SMS alert, Door step banking, Demate account, Foreign exchange, E-payment, Mobile alert, Account statement through fax, On call services, Bill pay and investment services.

Innovative technology made banks more aware about their customers. Before the use of innovative technology banks were doing their duties just like any other government department but after the use of innovative technology, the bank staff has to perform their duties in efficient way. Before introduction of innovative technology in bank, people generally used only one bank account but due to innovative technology people use more and more bank accounts in different banks and take maximum services from banks. Thus, banks get more business from the same masses. Innovative technology provides constant communication between bank and customers. Bank can communicate about its new schemes to customer by innovative technology.
For this study, there are total 511 respondents. Out of 511 respondents there are 258 respondents are from rural area and 253 are from urban area. Out of all respondents there are 264 male and 247 female respondents. In this study the respondents’ age group of 18 to 55 has considered. Respondents included from the illiterate to post graduate degree holder. All 511 respondents are from urban and rural area of Anand and Baroda districts.

8.2 Findings of the Study:

1. There are 36 banks with 60 branches in Anand district. Among these 36 banks, 8 are private sector banks with 15 branches in Anand district. 77 banks having 392 branches are there in Baroda district. Among these banks, 12 are private sector banks with 49 branches in the district.

2. Anand and Baroda districts are well developed in all respect as compared to other districts of the Gujarat State.

3. ATM, At Par Cheque, Net Banking, Phone Banking, Debit Card and Credit Card services are the major innovative technology based services being used by these banks in two districts under study.

4. It was found in discussion with branch managers that Private Sector Banks use following innovative technology based products & services. These include:
   a. ATM Services.
   b. At par Cheque Facility.
   c. e-Banking.
   d. Phone Banking.
   e. Door step Services.
It is found that innovative technology based services are used more by young customers in these two districts. Less than 1 percent customers are using innovative technologies having age more than 55 years.

One remarkable observation of the present study is that 52.84 percent customers use computer while dealing with the bank at the same time 15.07 percent customers are also associated with bank who are not computer familiar with computer.

Study reveals that 316 respondents out of 511 found to be using ATM services very often. While 5.28 percent respondents keep themselves away from the use of ATM at the same time 33 percent respondents do not use ATM Services.

At Par Cheque facilities is very popular and fancy bank service. Despite it only 31 percent respondents sometime use At Par Cheque product.

It is found from the study that 51 percent respondents use Net Banking, 21.53 percent respondents use Debit & Credit Card very often. While 14.48, 4.70 and 27.20 percent respondents found never using the services like Net banking, Phone banking and Debit/credit cards respectively.
In present study, I found that customers face following difficulties:

a. Blocking of cards in ATM
b. Slow processing of ATM to get cash
c. ATM centers do not have security
d. Poor location of ATM centers
e. Lack of instruction by bank regarding use of ATM
f. Some time insufficient amount in ATM
g. Notice board showing out dated information at the ATM centers.

The study reveals that high charges, intolerable interest rate, furious penalty, high renewable fees and unbelievable charges of credit card are the complexities faced by the customers.

It is found that more difficulties regarding products or services like phone banking, net banking etc. are faced by rural customers as compare to customers of urban areas.

Branch Managers and Managers are aware of problems faced by the customers. According to them, Network problem, Technical problem, Problem of fraud, Hacking of account, Security of the ATM centers, Shortage of talented man power, expensive technology are the major problems faced by customers.

Customers are afraid of using net banking because of fraud, chances of account hacking and fast changing IT technologies.

During the study it is found that –

a. Loss of ATM Cards of customers was observed in 73.23 percent cases.
b. No money in ATM was observed in 26.66 percent cases at various places

c. Fraud cases up to 5 times in a month were observed
d. Original account hacking in case of Net banking.

16 Survey reveals that customers are happy with innovative technology products provided by the bank but they are not fully used to it because of –

a. Customers initially consider them as experimental only.
b. Less awareness of the technology.
c. Poor network infrastructure.
d. Strong mindset with traditional banking.
e. High cost of products.
f. Poor infrastructure to reach the door of the customers.
g. Inefficient customers’ problem handling mechanism.
h. Slow problem solving mechanism.

17 About the investment made by bank in innovative technology to render better services to customers it is realized that installation of innovative technology requires around Rs. 1,20,000 per ID of employee. About maintenance cost bank has to spend about Rs. 17 per transaction.

18 Innovative technology has proved to reduce the rush on the bank counters. It is observed that on an average 35 percent reduction in rush at counters. This has also led to reduce total manpower requirement of the banks.

19 Phone banking is also useful to serve the customers. Customers can get information regarding their bank balance, cheque clearance and many more. Almost all customers use cell phone while dealing with the banks. Anand and Baroda
districts are well connected by telephone network. It is found that Phone banking reduces the work at branch level and helps to serve customers in preventing long queue problem.

20 At par cheque facility is the product of Innovative technology in core banking. Previously it was time consuming process for both bank as well as customers. It is found from the data that approximately 26 to 33 percent time saved and 33 to 40 percent cost is reduced due to this facility. It is proved to be advantageous to both i.e. banks and customers.

21 To sustain in competitive banking sector marketing of banking product is considered as a core activity. It is found that job of marketing became easy and speedy to attract more customers towards bank with the help of innovative technology.

22 Testing of the hypothesis proved that Innovative Techniques are helpful for marketing of the bank services.

23 The Innovative Techniques enable the Private Sector Banks in providing more efficient and effective services to the customers.

24 According to Binomial employed test hypothesis was tested at 5 percent level of significance and as is accepted we conclude that the customers of Private Sector Banks are satisfied with present innovative techniques used by the banks.

25 Rural customers are facing more problems in using innovative services of the Private Sector Banks as compared to urban customers.
Innovative techniques are useful for both, banks as well as customers. It was observed at 5 percent level of significance which reveals that technology based services are cost effective as well as newly launched bank services give quick and more information to customers.

Comparison of difficulties of innovative techniques among the Private Sector Banks and accepted H0 was concluded by statistical test.
8.3 Major concluding remarks and Suggestions:

1. As compared to public sector banks, Private Sector Banks have fewer bank branches. So, Private Sector Banks should pay attention to establish and develop more branches in Anand and Baroda districts to strengthen their position.

2. Senior citizen do not use sufficient innovative technology, so for them banks should arrange some training programs and teach them how to use innovative technology to gain better services from the banks.

3. Banks should take some steps to decrease customers’ fear regarding frauds. If there is some fraud, bank should take immediate actions against fraud. And provide some compensation to the customers in that regards.

4. At the time of opening of an account banks should arrange some orientation awareness programmes for the user regarding the working of basic innovative services like cheque facility and at par cheque facilities, debit card and credit card facilities, international debit and credit card facilities, net banking and phone banking, e- banking and m-banking, etc. Information regarding their benefits, methods to use them and charges, levied, etc. should be intimated to the customers in their local language.

5. Banks should maintain sufficient amount of cash in ATMs so customers get money easily from each transaction they carry.
It is explored in the conversation with bank managers that banks outsource some services to other agencies. At the time of outsourcing, banks should not insist low cost at the cost of service to the customers.

To attract more customers banks should charge reasonable charges for the innovative technology. Banks should try to reduce the burden on customers by reducing interest charges on credit card facilities. Banks should curtail the charges for the use of ATMs and also for maintaining yearly accounts. Penalties levels for various services should also be made reasonable.

Special low cost innovative services like ATM services, Phone banking, Net banking, etc. should be offered to rural population to make innovative technology popular.

As per the opinion of bank managers of many branches, banks are suffering from dearth of talented manpower to handle expensive technology. For this, bank should give regular training to employees to gain better performance and avail customer satisfaction.

Banks should follow some innovative recruitment & selection policy to get desired manpower.

To reduce operational costs banks should focus on net banking among the customers who are computer friendly. Net banking is the core solution not only for the cost cutting but to provide better customer satisfaction. For this bank should give the assurance to the customers regarding
frauds. For net banking service banks should provide some security against fraud.

12 At the same time, Bank should strive not only to satisfy the customers but banks should delight the customers by providing awareness programs regarding new services and by rendering effective services to the customers.

13 Banks should adopt various methods and technique for innovative technology and should undertake vigorous research in that regard. In context with these banks should develop hi-fi network infrastructure to reduce cost and to attract more customers.

14 Banks should design innovative technology in such a way so that customers can easily utilize it regularly or anytime which will always be beneficial economically to the bank.

15 Technology and products should be developed by the Private Sector Banks in such a way that all types of customers like traditional as well as modern, urban as well as rural and literate as well as illiterate can utilize them properly and get satisfaction.

16 Banks should hire some IT experts to develop new products for customers.

17 To make some services popular among the customers, banks should decrease the charges for some time.
18 Banks should conduct some information sessions regarding their services at rural level. This way banks can get good mass of customers from rural area.

19 Banks should give some special incentive like no service charges for first six months or for first year, etc.

20 Banks should launch some special scheme for corporate sectors to open accounts of their employees.

21 According to the respondents’ view net banking is a time consuming service so, banks should make that process a bit faster.

22 Banks’ customers often get busy phone lines during use of phone banking. So, banks should allot more sources for that purpose.

23 Banks should give special discount on various bank charges to the 5 years to 10 years old bank customers. This way bank can build their relation with their customers.