

A Study on Tremendous Works of Banking Sector in Vellore District, Tamil Nadu

*Dr.R.Dharmaraj, A. Vaishanavi

M.Com.,M.B.A.,M.Phil.,Ph.D.,Guide & Supervisor, Head, PG and Research department of Commerce,

Ph.D Research Scholar, PG and Research department of Commerce,

Sri Bharathi Women's Arts and Science College, Kunnathur, Arni, T V Malai Dt.

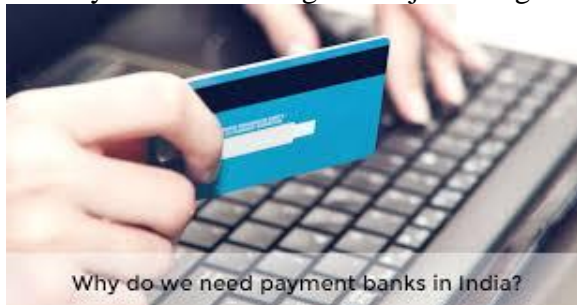
Abstract:- Banks in India have witnessed a radical change from 'conventional banking to convenience banking'. Today, they are poised for 'digital banking' at a rapid pace.

The digital India is the outcome of many innovations and technological Advancements. These transform the lives of people in many ways and will empower the society in a better manner. The financial year in Vellore district has been a fuel growth in the banking sectors with the development of various innovations. The bank challenges of changing needs and customer insight most people in the banking sector agree that digital banking is the wave of the future. "Digital banking" often gets confused with mobile banking and online banking, because all these involve digital applications, in one form or another. Digital Banking is urgency, not an academic question, and nowadays digital change goes beyond banking. Digital banking is the incorporation of new and developing technologies throughout a financial services entity, in concert with associated changes in internal and external corporate and personnel relationships, to provide enhanced customer services and experiences effectively and efficiently. The researcher has used disproportionate convenience sampling method to obtain the sample. Technique such as chi- square test, ANOVA was used to analyze the data.

Keywords: Tremendous work, Banking sector, Digital India, Vellore district.

1. INTRODUCTION

The Indian economy is emerging as a one of the strongest economy of the world with the GDP growth of more than 8 % every year. A strongest banking industry is important in every country and can have a significant affect in supporting economic development through efficient financial services. Banking sector play a vital role in growth and development of Indian economy. After liberalization the banking industry in India under gone major changes.



The process of liberalization and globalization has strongly influenced the Indian banking sector. A stable and efficient banking sector is an essential pre-condition to increase the economic level of a country. Liberalization policy introduced in the banking sector in India led to consolidated competition, efficient allocation of resources and introducing innovative methods for mobilizing of saving. The ability of banks to analyze its financial position for improves its competitive position in the market place. Most banks in India are currently focusing an expanding their service network. A growing Indian economy, expand their various segments. After the recommendations of Narshinham Committee report with the entry of many private players.

Indian banking industry has transformed into a customer oriented market. It now consists of multiple products and customer groups and various channels of distribution. It is well known fact that an effective and efficient banking system is important for the long-run growth and development of the economy. So, there is needed to make a comprehensive study into performance of banks in India.

Banks were considered as a backbone to the financial system and play an important role in economic development of a nation. They act as intermediaries in channelizing funds from surplus units to deficit units to the fully utilization of the funds. An efficient banking system of nations has significant positive externalities which increase the efficiency of economic transaction in general. There is a major shift in banking system in the policy atmosphere after the introduction of financial sector reform in 1992; these reforms impact the working of commercial banks. As one of the objectives of financial sector reform was to improve the efficiency of banking system in India economy.

Meaning of Bank

A Bank is an institution which accepts deposits from the general public and extends loans to the households, the firms and the government. Banks are those institutions which operate in money. Thus, they are money traders, with the process of development functions of banks are also increasing and diversifying now, the banks are not nearly the traders of money, they also create credit. Their activities are increasing and diversifying. Hence it is very difficult to give a universally acceptable definition of bank. "Banking business" means the business of receiving

money on current or deposit account, paying and collecting cheques drawn by or paid in by customers, the making of advances to customers, and includes such other business as the Authority may prescribe for the purposes of this Act.

Objectives of Study

The specific objectives of the study are:

- To find out some glaring reasons of lower efficiency in SBI and ICICI banks and suggest Ways and means to improve the efficiency of these two banks in Vellore district
- To make comparative analysis of the financial performance of SBI and ICICI in Vellore District
- To suggest future prospect for these two banks.
- To identify the challenges that may arise from socio-cultural and economic structure in relation to implementation Digital Banking in Vellore District
- Evaluation and ranking of barriers to widespread use of the system.

2. DIGITAL INDIA

The digital challenge for banks Nowadays the migration to the digital banking area will not be easy and will lead to financial service markets fragmentation. Banks in Albania and all around the world will be required to implement in their system modern solutions, including multichannel customer experience platforms, advanced analytics for CRM and marketing, and open platforms for app stores and APIs ready to achieve the openness and agility necessary to grow up and expand in the digital world. Growing up and expanding into the Digital world Banking System Beyond must undertake intensive modifications of their business culture on IT area, in particular, a typical digital bank need to implement innovation at its core and use data to create better customer engagement, increase of

revenues and solutions for new business to be implemented. It's evident nowadays that the concept of "around the world including even Albanian Banking System need to be consider as digital Journey to be developed and implemented at higher velocities meeting the digital age challenges and not as destination to be reached out only. Digital Banking revolution need not only to be limited at Retail Banking and all private and commercial banking system need to benefit from similar strategies and principles implementing typical tools, to implement a better customer engagement in the new digital age.

There are two aspects to the digital business evolution:

Digitization, which is an optimization opportunity and it uses digital means to make more efficient and effective and optimize existing resources and processes, and this approach can bring cost-reduction and increase agility,

Digitalization is a business opportunity and it uses digital assets and capabilities to create new services that are valuable to the customers, which can bring differentiation, business innovation, and new revenues.

3. REVIEW OF LITERATURE:

Raghupathy (1977) gave his view on the system of banking sector that "if the objectives are not fully achieved, the fault does not lie entirely with the bankers. The fault lies in our, not being able to integrate all powerful instruments of development into an effective system".

Shah (1977) gave his view regarding bank profitability and productivity. He has expressed concern about increased expenses and overheads. Slow growth in productivity and efficiency is due to wasteful work of the banks. He concludes that the higher profitability can be result from increased spread and innovations have a limited role. He favored written job descriptions for improvement of staff productivity. He also

emphasized reduction of costs, creation of a team spirit improvement in the management for improving bank profitability and productivity.

V.N. Saxena(1978) analysed that "Improvement in the systems and procedures of inspection of stocks, maintenance of stock register is required. Reforms should be initiated in extension of sponsorship schemes, recovery, and consultancy". This can be supporting tools for banks.

Aditya Pun (2003) said, "Technology has enabled banks to target customers, and provide customized products and services to match their individual requirements. The winners will be those banks that make optimum utilization of available technology to innovate, offer customized products and services, and make the most of the resources at their disposal".

Bhatia (2007), found that the amount of NPAs has been seen on a continues increase and had reached an alarming 6 per cent in 2006 which was much higher than 4 per cent benchmark of financial indicators.

Guillen and Tschoegi (2013), Traditional banks accepted the change in their functioning in order to be more receptive to the worldwide market demand for new financial product in new competitive market.

"Indian Bank's Association (IBA) conducted an all India survey to rate the customer service provided by all the 27 public sector banks aimed at fostering healthy competitive spirit amongst banks to improve upon their customer service. The aim of this study is to ensure the quality of service as perceived by the customers of public sector banks and identify areas where the banks need to improve for achieving higher levels of customer satisfaction. The study has been a massive one covering about

2500 bank branches and about 85,000 customers (respondents) at the all India level. Sample branches in all categories have been randomly chosen by IBA in proportion to the business/the number of branches in a particular category. In addition to bank rating at regional level and all India level, the survey results will also be used for rating each region on the basis of the customer service of all sample branches of the banks' operating in the region".

4. RESEARCH METHODOLOGY

Research Methodology is a systematic process dealing with enunciation of identifying a research problem, collection of facts or data, analyzing these data and reaching on a certain conclusion either in form of solutions towards the problem concerned or certain generalizations for some theoretical formulation. It also comprises of a number of alternative approaches and interrelated and frequency coinciding procedures and practices. Since, there were many aspects of research methodology; the line of action had to be chosen from a variety of alternatives. The decision of a suitable method can be arrived at through the assessment of objectives and comparison of various alternatives. Research methodology used in the present study is as under.

Research Design

Research Design of the present study is exploratory cm descriptive in nature as the study aimed at achieving new insights into phenomena and to gain familiarity with the various aspects and dimensions of Tremendous Work of Banking sector in vellore.

Sample Size Determination

The Study was carried out on a representation sample of 600 employees selected from various branches of private

(n=300) and public sector banks (n=300) situated in Vellore.

Tools for data analysis

Different scales will be used for data analysis. Various financial ratios, bar charts are used to know performance of State Bank of India and ICICI Bank in Vellore district.

Future of Indian Banking

The Reserve Bank of India in its road map for the banking industry has indicated that the Indian market will be opened for international banks by in nearer future. It is expected that many foreign banks would gain entry in the Indian markets to tap the vast potential that exists today. These banks with the help of advanced technology, adequate capital for investment, and their customer centric approach will be able to attract the profitable customers from the existing banks. A fierce competition between the existing banks and the new entrants is likely to provide impetus for business growth. To effectively meet the competitive challenges from such banks, the Indian banking industry 51 will have to gear up and adopt the global best practices, which make them stronger and comparable with the international banks. The new foreign banks entering the Indian market will strive for creating a strong customer base. These banks with their large resources availability in the form of capital are likely to infuse the latest IT based technological solutions for quality financial services. The Indian commercial banks have experienced the shift of preference of the new generation customers from personalized banking totechnological banking. This techno savvy customer groups prefers to complete banking transactions from their home or offices rather than visiting the bank branch. They have very little loyalty to their bankers and given a slightest improved technology to

shift their banking needs from the existing to another bank. In the face of the threat of losing profitable customers to the new entrants in the banking sector, the existing commercial; banks will have to evolve suitable market strategies aimed at attracting the existing one.

5. CONCLUSION

Our in-depth study using analytical tools of statistics offers certain evidences on growth of electronic banking. There has been significant upward shift in the growth rate of different types of e-services as consequences of major initiative policy of RBI and banking system. E-banking improved efficiency and profitability of Indian banks through saving time, cost reduction and accessibility of services to customers anytime and everywhere.

E-banking in India is still in its initial stage and need more comprehensive programme to enhance performance of banking sector and to strength confidence of customers by better regulations and laws. E-banking strategy of many 14 banks is not well integrated with other traditional banking activities and is in its growing stage.

In vellore District new private banks are pioneer to adopt and provide world class e-banking services to their customers but public sector and old private banks are not well equipped by these facilities. Public sectorbanks as main player in financial sector of country have a crucial role to spread and promote e-banking to larger section of society and therefore they should play a superior role in promotion.

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