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आप निर्यात पर ध्यान केंद्रित करें,
हम जोखिमों से रक्षा प्रदान करेंगे.

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MISSION

The mission of the Institute is to develop professionally qualified and competent bankers and finance professionals primarily through a process of education, training, examination, consultancy / counselling and continuing professional development programs.

ध्येय

संस्थान का ध्येय मूलत: शिक्षण, प्रशिक्षण, परीक्षा, परामर्शिता और निरंतर विशेषज्ञता को बढाने वाले कार्यक्रमों के द्वारा सुयोग्य और सक्षम बैंकरों तथा वित्त विशेषज्ञों को विकसित करना है ।

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Dr. R. Bhaskaran
Chief Executive Officer,
IIBF, Mumbai

I am delighted to present the 4th edition of the CEO Speak.

Like in the past, the Institute had framed some important and contemporary questions (14) which have a direct bearing on the functioning of banks and sent it to the CMDs / CEOs seeking their views. I am happy that this time, CMDs / CEOs of 20 banks both in the public and private sector have responded. I / We sincerely thank the CMDs / CEOs for sparing their valuable time. Indeed, their support to the academic endeavours of the Institute has been overwhelming.

As usual the responses of the CMDs / CEOs to each of the questions have been grouped and presented in the body of the journal. But before you start reading them let me share with you the rationale for framing each of the questions.

1. What are the changes in business strategies that the banks are adopting post global crisis and sluggishness in GDP growth?

Indian Banks have by and large withstood the global financial crisis without any adverse developments mainly due to the prudent regulatory and other initiatives taken by the Central Bank. The fact that most banks are PSU banks also helped. However, as India has embraced globalisation, the global financial crisis had an impact on the Indian economy inasmuch as, post global crisis India's GDP declined from 9.3% in 2007-08 to 6.9% in 2011-12. The decline was more pronounced in the manufacturing sector as industrial growth declined from 10.3% to 3.9% during the same period[1]. The overall GDP is likely to further shrink to around 5-5.5% (with different estimates) in 2012-13[2].

The decline in overall growth rate is mainly contributed by reduced industrial sector. The decline in industrial growth is due to lower incomes realized by the manufacturing sector. The gross NPA ratio for all banks has shown an increasing trend from 2.39% in March 2009 to 2.94% in March 2012[3]. Further, it rose to 3.6 per cent as at the end of September 2012[4]. It must be remembered that the banks have resorted to an unusually high level of debt restructuring since 2009. Thus margins of banks have declined and costs have escalated. This has resulted in increased pressure on profitability.

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1. Growth rates taken from Economic Survey 2011-12, GOI.
2. Speech of P. Chidambaram, *Minister of Finance,* Budget 2013-2014, February 28, 2013.
3. Reserve Bank of India Annual Report 2011-12.
4. Financial Stability Report, Issue 6, RBI, December 2012.

In this background, the short term strategy of banks will be woven around NPAs, wherein banks may need to focus on close monitoring, follow up and recovery of existing loan portfolio and stop further decline in the credit portfolio. There are really not many instruments available for credit risk management. Therefore, while considering fresh loans, close scrutiny of proposals may be needed. The debt restructuring exercise must have thrown up some useful clues as to why the companies are not able to manage a business cycle downturn. It is time these lessons are internalized in the form of appraisal norms. Possibly, to spread risk, banks may need to focus more on retail lending than on bulk & corporate lending. In the short term there will be greater thrust on technological innovations for delivery of financial services. There will be added pressure on rural banking & financial inclusion. Banks may need to focus more on CASA deposits; Treasury and International Banking, being niche areas, are avenues for augmenting incomes.

The long term strategy will be woven around developing a risk management culture and closely integrating risk policies with business policies. It must be added that currently, the efforts are more towards compliance. Banks have really not started reviewing their business policies in the light of the emerging guidelines on risk management. Indeed this will decide the long term thrust and strategy.

2. Has interest de-regulation on SB deposits acted as a prop for increasing CASA deposits?

On October 25, 2011[5], RBI deregulated the interest rates on SB deposits. Few private sector banks have increased the interest rates offered immediately. There are definitely certain caveats like a higher balance to be maintained etc. There is of course massive advertisement campaigns by few banks to attract SB deposits. As per RBI, 5 private sector banks, 10 foreign banks and 1 co-operative bank have increased their savings deposit interest rates by around 100 - 500 basis points during October 2011 to July 2012. It has also been reported that such increases announced by 15 SCBs, impact only 4.2 per cent of aggregate deposits upto July 2012 and these 15 banks witnessed above-average growth in their savings deposits during the period . As the base of SB portfolio was low in case of small private sector banks and considering the fact that SB depositors generally do not migrate to other banks unless the revised interest rates are perceived lucrative, there has not been any perceptible flight of deposits from bigger banks. Increasing SB deposit rates to attract new customers might have nevertheless worked well for some banks as customers have found the increased interest rates appealing.

The SB deposits are maintained mainly for transaction purposes and not for investments. The factors such as operational convenience, better quality of service, loyalty, proximity to customer, minimum balance to be maintained, availability of alternative delivery channels, ambience in the bank branch, response from the front line staff and availability of various technology based products etc. might influence in attracting SB customers towards a particular bank. In the

5. DBOD. Dir. BC. 42/13.03.00/2011-12 dated October 25, 2011.

current situation, customer segmentation and need based service might help in attracting SB deposits rather than increasing interest on savings deposits.

Will all the banks increase or decrease the SB rate? Will flexi deposits be more popular? Will banks offer floating rates on SB deposits? One of the big banks is examining the feasibility of shortening the tenure of term deposits to less than 7 days.

3. Is the diversity in products/services range in banks enough to cater to the evolving needs of clients?

Currently there is not much of variety in products in the Indian Banking scene. One of the reasons for this is low intensity of banking penetration. Possibly majority of customers are satisfied with one or two products. A quick view of products would show that products are designed on the basis of banks view of customer segmentation / customer groups, ways of interest payment such as monthly, front ended, rear ended, big or small EMI, variations in the repayment schedule and collateral availability etc. Though the marketing strategies differ it is seen that generally products offered by the banks are somewhat similar. The rates of interest are really not that competitive and there is as yet no effort seen to offer a lower rate to a long standing credit worthy customer. It may be recalled that previously banks used to offer only generic products (both under deposits & loans) without undertaking a detailed need analysis or the past performance of its customers. After the advent of technology, banks were able to move from product-centric to customer-centric operations. CBS implementation has made customer account maintenance and data analytics easy. Today banks are better placed in terms of data storage and retrieval capabilities which to a great extent enhances banks capacity to develop and market new products. Another aspect that has a bearing on product development is the need to focus on ALM with an emphasis on NIM and Liquidity. In this regard, it is seen that though products are same, different banks are offering them in different names with slight modifications to differentiate with the competitors. For example, offering fixed deposits for odd number of days like 555 days, 1111 days or naming the deposit Twenty / 20[6] etc.

Banks are making all out efforts to provide diversified products / services to meet the needs of customers. The customer's needs are changing with increase in the levels of income, customer profile (increase in young generation, computer savvy) etc. There are also different customer segments with varying needs at different stages of their life. The challenge is to match with the comprehensive requirements and life cycle needs of the customers. In this direction, every bank has its own innovative initiatives. These initiatives may include 'branch of the future' (Bank of India), i-Pad application with the facility of internet banking for banking 'while they move' (Corporation Bank), Apna Gold 24x7 (Federal Bank). Even as the banks are making their efforts to meet the needs of clients, the journey seems to be never ending. As customer needs will constantly evolve and as they demand newer products and better services, banks will have to

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6. A private bank (TMB) has offered a 20/20 deposit for 20 months and 20 days.

innovate. Innovation is the key for survival. Are banks constrained by lack of large number of products?

4. ***Will implementation of Basel III retard growth in Indian banking industry in the ensuing decade as PSBs need to raise additional ₹5 lakh crore and private sector banks ₹75,000 crore as capital?***

The Reserve Bank of India (RBI) in its annual report for 2011-12 has mentioned that the Indian banks would need about ₹4,75,000 - 5,05,000 crore of additional capital to meet the Basel-III norms. Large chunk of this would be needed by PSBs (₹1.4 - 1.5 lakh crore of common equity and ₹2.65 - 2.75 lakh crore of non-equity capital). Private sector banks would need ₹70,000 - 85,000 crore to meet the new capital adequacy norms. Of this, ₹20,000 - 25,000 crore would be common equity.

The above capital requirement is merely to meet the rigor of implementation of Basel-III. Evidently, the banking sector may need more than the above mentioned figures on account of issues such as higher provisioning, sustaining growth in the face of banks to be freshly licensed and also to be able to finance bigger corporates. If all banks mobilize capital from equity markets, it will crowd out non-banking sector (especially manufacturing sector) which also needs to raise capital for growth and expansion. As the Government is committed to fund the capital for PSBs, it will lead to higher fiscal deficit and Government borrowing which will be subscribed by banks. Thus PSU banks may not be able to use the capital in business growth. This situation will leave less money for lending by banks. Hence, finding capital for Basel III compliance requires a thrust on improvement in asset quality; better allocation of capital towards lower risk weighted assets and enhanced incomes through fee-based services. RBI has already announced a move towards a new risk based supervision for the banks. Will this help some banks to free the capital on account of better risk practices and better asset profile? One has to wait and see.

The need of the hour will therefore be to put on ground renewed focus on improving recoveries, leading to an improvement in performing assets. This will improve the NIMs of banks leading to higher profitability. Banks will also have to focus on reducing their operational costs. It seems private banks may not find it difficult to augment capital and some of them may also plan for rights issues. If banks are able to improve their EPS, chances for the rights issues becoming successful are brighter.

Perhaps, a very important step towards better capital management would be if the Government resists the urge to announce debt waivers etc.

5. ***Are cyber crimes a matter of great concern for banks?***

Today, no doubt in India, technology is playing a very important role in driving banking business. With greater use of technology in banking, the incident of cyber crimes have also increased. A simple definition of cyber crime would be unlawful acts wherein, the computer is either a tool or a target or both. Phishing, key logging, spyware, malware and other internet-

based frauds spoofing, identity theft, spyware viruses and worms, search engines etc. are some of the cyber crimes. Online banking risks, credit card skimming and data leakage are the most important threats faced by the banks. The impact of cyber crimes on banks is an operational risk as well as reputational risk. RBI has reported that complaints related to unauthorized fund transfers, fraudulent withdrawals from ATMs using duplicate cards, phishing E-mails aimed at extracting personal information have registered significant increase in recent times. A survey in 2012[7] *has identified (i) information and (ii) cyber insecurity and crime as the top two risks of the financial services sector in India.*

The issues related to information security, data integrity and storage as also communication channels have acquired importance in banks to address cyber crimes. In this connection, the recommendations of RBI Working Group on Cyber Security are relevant. The Working Group has made its recommendation in 9 broad areas including IT governance, Information Security, IS Audit, IT Operations, IT Services Outsourcing, Cyber Fraud, Business Continuity Planning, Customer Awareness programmes and Legal Aspects[8]*.*

With experience, banks will become wiser and will take suitable steps to increase their security systems. RBI will also be issuing suitable guidelines from time to time. One of the initiatives that will have lasting impact on reducing cyber crimes will be educating the customers on the appropriate use of technology and the need to be vigilant. If customers, on their part, become more vigilant and tech savvy, incidence of cyber crimes may witness a decline. Perhaps FAQs could be developed by banks on how cyber crimes occur, their impact and safeguards to be taken by customers and such FAQs can be placed on the portals of the banks for better dissemination among the customers.

6. Is technology creating islands of ignorance in the banking industry?

Banks have implemented CBS system throughout their branches. It has brought many advantages such as efficiency, instantaneous service, and replacement of branch banking by bank banking etc. But there may be some gaps such as a staff working on one CBS system may not be aware of nature of work in another system within the same bank. Further, staff working on the system may not be aware of the product features, operations and how the system arrives at the results. These types of ignorance may cause problems in interactions with customers. For example, a front desk officer / clerk should know how interest on say SB accounts is calculated. Similarly an officer in the credit department should know how to calculate and interpret ratios and use of DCF techniques while appraising capital budgeting proposals. In the past due to manual operations these information were available with the staff. As more of back office gets driven by technology the job will become selling oriented and staff may not be aware of basic financial and banking terms. Banks will have to innovatively impart knowledge and skill inputs at regular periodicity lest the employees in their chase

7. The FICCI - Pinkerton India Risk Survey 2012.

8. 'The Report of the working group on electronic banking', RBI, Mumbai, January 2011.

of targets forget crucial aspects of issues such as AML / KYC, interest rates, commitment to customers etc.

7. *What are the steps needed to improve 'face to face' interaction with the clients when such a 'personal touch' has become a casualty in the electronic environment? Are the staff properly equipped to utilize the full functionality of the existing technology?*

At the present juncture, banking in India is largely dependent on technology. All banks including RRBs have migrated to CBS system. The cooperative banks will also adopt technology in the not so distant future. Now, banks are using various other channels like ATMs, internet, mobiles etc., to provide banking services. In addition to bank staff, many outsourced agencies are also involved in providing these services. Often, banks are seen discouraging customers from visiting the branches for their routine transactions. This apart, as the experienced staff in banks moves out on account of superannuation and as the new staff take their place there will be vital time gap by the time the new staff acquire the customer handling skills. Unlike the past these new staff may get no time to be mentored by the senior staff as was the case in the past. In this back ground, and as technology intervenes, it seems the face-to-face customer interaction is becoming a thing of the past.

Banking in India is changing from traditional branch banking to technology based banking. At this moment it is evident that there are two distinct customer groups one, who like to have face-to face interaction and the other, who does banking using technology. This will call for different orientation of staff and accordingly to the extent possible and feasible, banks may like to offer face-to face interaction to the former group through their branches and virtual interaction to the latter group through 'social and other media'. Will a branch experience be priced differently in future? Let's wait and see as things unfold.

8. *Is 'quality service' the sole differentiator for acquiring market share?*

By and large, the products offered by banks across pan India are similar. Products differ from bank to bank in terms of minor variations in interest rates, margins etc. This being the case, in a technology and product neutral environment, the sole differentiator for acquiring market share is the 'quality service' to customers. Quality service is generally associated with transparency in terms, quickness in response, courteous behaviour, trust and a strong sense of commitment to serve. Needless to add, product knowledge is also essential. We may define quality of service as a function of efficient use of technology, product knowledge in terms of its features (including pricing) and rendering of personalised service. The lesser the tendency to misssell, the better will be the service. In reality, there are differences in technology, product experiences, and organizational culture among banks. As banks are moving towards similar technology and products/services, good service becomes the differentiator in acquiring market share. Needless to say which market a bank is operating has a definite impact on the market share. To illustrate a bank with low technology but excellent service may have edge over a bank with high technology *and lower quality of service in acquiring market share in a low end market(rural and district centres). However, the same bank may not be able to attract and sustain the market share unless it eventually improves its technology.*

9. Is there sufficient reorientation of staff to achieve high levels of satisfaction of customers?

The Committee on Customer Service in Banks under the chairmanship of Shri M. Damodaran made a total of 232 recommendations in 2011, of which 152 recommendations have since been implemented by banks. Though banks are making their best efforts to increase customer satisfaction, the efforts are found wanting as customers expectations are also increasing. Given this, there is a need for reorientation of bank staff from time to time to achieve high levels of customer satisfaction. As per RBI data[9] currently nearly 10 crore accounts (8.10 Crore Deposit accounts and 1.2 crore advances accounts) are being handled by about a million bank staff supported by technology. Apparently, the numbers are not difficult. The number of customers will be lower than the above estimate as there will be customers with multiple accounts and also customers who are both borrowers and depositors. Each customer could make a number of transactions a day. The staff may have to be prompt, alert and correct in executing these transactions failing which, there will be complaints. Also the bank staff may have to explain some terms and data to customers as not all customers will be conversant with banking language. Not a difficult task. Yet the complaints are on the increase. Possibly, what is missing seems to be the proper orientation of staff.

The customer orientation may be improved with increasing awareness of the staff in areas such as BCSBI & its code, Ombudsman scheme etc., along with customer handling skills. Constant knowledge improvement, skill development of frontline staff through training and other means may help in staff reorientation. In this connection, from IIBF's side, we have been asking banks to encourage all branch staff to undertake the Institute's Certificate course in Customer Service and Banking Codes and Standards. This course not only covers customer relationships and its types but also covers in detail the codes brought out by BCSBI. The course also contains an e-learning simulation on customer service through which the candidates will benefit. If all banks incentivize their staff for completing the course, the banking industry may benefit. Our goal is that at least one person in each branch should acquire this qualification and specialize in customer service and grievance handling and be a reference point in the branch.

10. Is the present level of regulation and compliance necessary for the health of banking industry? Do we have excessive regulation?

Global financial crisis affected world's major banks and financial institutions. However, conservative regulation and better compliance have helped the Indian banks to remain largely

9. Basic Statistical Returns of Scheduled Commercial Banks in India Volume40 March 2011. www.rbi.org.in .

unscathed. This is no doubt due to prudent policy initiatives taken by the Central Bank. As a result, RBI has received appreciation from all quarters. Regulation is required to ensure stability of the banking industry. At the same time, it should not stifle innovation and growth with overregulation - be it in respect of opening of branches of foreign banks, sectoral lending caps, trading in complex products in equity segments, prescription of higher capital etc. After liberalization of the Indian economy in 1991, banking sector reforms included deregulation in some areas and these measures have helped the banking sector to show better performance.

Regulation, it seems is more focused on financial health as it should be. As such, banks in India have to maintain a minimum capital of 9% of RWAs as against 8% as recommended under Basel II. This will, it is hoped, ensure better health of the banking system.

Currently the banks are in compliant mode. The regulation is also more seen in terms of being aligned to Basel norms. Efforts are on to recapitalize banks to meet with the Basel III norms and it appears that the norms will keep evolving.

Regulations encompass a larger area and are not confined to capital adequacy and provisioning norms alone. There are regulatory guidelines on exposures, direct credit, margins, collaterals, preemptive reserves etc. Are these regulations excessive? Do the regulations come in the way of flexibility in operations and business planning of banks?

11. ICT-based financial inclusion - Is it a near term reality?

In the past, cost of providing financial services to low income people was very high. Banks could not consider reaching the unreached as a business opportunity. However, arrival of banking technology has changed this scenario. In unbanked and under banked places, banks have started providing banking services through the BC model. The ICT based BC model can provide door step delivery of financial services in a cost effective and an efficient manner. During the year 2011-12, the number of ICT-based accounts increased by 78% and the transactions in ICT based accounts increased by 60%. The number of ICT-based accounts as percentage of basic banking accounts has witnessed steady increase (30% in March 2011 to 41% in March 2012) in the last two years[10]. Further, it rose to 42% from March 2012 to December 2012[11]. This shows increased acceptance of ICT-based products among rural customers. There are, however many practical issues in the implementation of FI such as 'connectivity' and 'authentication'. There is also the need to build up skill and capacity among the BC employees to do the last mile delivery. The 'AADHAAR' enabled payment system along with Government Electronic Benefit Transfer Scheme is expected to address obstacles in regard to authentication.

There is still a long way to go and the initial enthusiasm witnessed seems to be waning. Operational problems associated with the issue of AADHAAR need to be resolved.

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10. These percentage are based on the figures in Table-IV.36 of Report of trend and Progress of Banking in India 2011-12.

11. These percentage are based on the figures in the Speech by Dr. K. C. Chakrabarty, DG, RBI, on 'Financial Literacy & Financial Inclusion-Indian way'.

12. How do you address the challenge of financial literacy in reaching the unreached?

Financial inclusion and financial literacy go hand in hand. Financial literacy is a prerequisite for achieving financial inclusion. Since a large number of stakeholders are involved in spreading financial literacy, a broad national strategy prepared under the aegis of the Sub-Committee of the Financial Stability and Development Council (FSDC) has been simultaneously released by all financial sector regulators. Recently, Reserve Bank of India has released a comprehensive Financial Literacy Guide containing Guidance Note for Trainers, Operational Guidelines for conduct of Financial Literacy Camps & Financial Literacy Material as also a Financial Diary and a set of 16 posters. The Financial Literacy initiatives enable the common man to understand the need and benefits of the products and services offered by formal financial institutions and expected to reach the goal of financial inclusion.

The Institute in its own way has been contributing to the goal of spreading financial literacy to achieve financial inclusion. The Institute's portal is a virtual library of financial literacy materials catering to the needs of different segments of people. The portal has 'Learning Vault' (both in English & Hindi) and Finance Quotient to test knowledge of visitors on banking & finance. The Institute also offers a certificate course in Microfinance. Further, the Institute has taken certain initiatives in the area of capacity building of Business Correspondents /Facilitators. Under the certificate course for Business Correspondents / Facilitators, the Institute had certified 26526 BC / BFs across the country. It is a unique course wherein, the Institute has published course materials in 11 languages and conducted the examinations in these languages near the candidates' locations across the country.

Banks have opened Financial Literacy Centers (FLCs) for spreading financial literacy. The counselors educate, guide and enable unbanked people to know the various facilities available from banks and Govt. Departments. In order to help these counselors and those who are involved in financial literacy campaigns, the Institute is in the process of developing 'Frequently Asked Questions' to supplement the financial guides and other materials published by RBI / Banks.

13. How do you see the consolidation of Indian banking industry in the near future?

After the Narasimhan Committee report in 1997 which had recommended consolidation of banks through mergers/acquisitions, there has been regular debate on consolidation in the Indian banking industry. The consolidation process in Indian banking has primarily been confined to a few mergers, the most notable being the merger of two of the associates banks of SBI (i.e., State Bank of Saurashtra and State Bank of Indore) with SBI. Apart from this, there have been some market initiated mergers like Bank of Rajasthan with ICICI Bank and, Centurion Bank of Punjab with HDFC Bank. There have been certain mergers facilitated by the regulator such as GTB with OBC and UWB with IDBI bank.

In respect of RRBs, the first phase of consolidation by merging different RRBs within a state with their respective sponsoring banks saw the number of RRBs falling from 196 in 2005 to 82 by the end of March 2012. The second phase, to amalgamate RRBs operating in contiguous *geographies even if they are sponsored by different public sector banks, has started in the current financial year.*

The concept 'too-big-to fail' (TBTF) has evoked considerable debate in the post crisis period. This issue again came to limelight after the Finance Minister has reiterated in the BANCON 2012 about the need to consolidate. Further, the Finance Ministry's missive to the 26 PSBs grouping them into 7 with group coordinators for interaction with it on a quarterly basis seems to suggest its preparatory ground for consolidation among PSBs.Though it is imperative to become global size banks, there are challenges / issues such as harmonizing technology, managing employee apprehensions & HR issues, ownership constraint, elusive synergies, etc.

14. What role do you think will e-learning and other new training methodologies in capacity building play in the coming years?

E-learning is a self-learning mechanism where the learner can choose his / her convenient time at any time during 24x7x365 basis for learning. Nowadays most of the employees joining banks are tech-savvy and would prefer to learn on their own rather than sitting in a class room. In the past, bank training, knowledge management was achieved by (a) giving training in banks' own institutes and (b) mostly on the job. In these days of manpower shortage in banks / branches, banks are also finding e-learning as advantageous due to minimum dislocation of staff from work. E-learning is also useful in reducing the class room interface and ensuring continuous learning. This apart, e-learning also offers advantages such as quick & vast reach, cost effectiveness etc. The other training methodologies like virtual training through video conferencing, webex classes, simulation based methodologies and cloud computing technology are also gaining popularity. These technology based methodologies enable organisations to provide uniform messages / inputs to all the staff / learners. Further, online testing will help the candidates to get instant evaluation / feedback for further improvement.

The Institute is using e-learning and other new training methodologies in offering its courses and training delivery to bankers. The Institute is the largest in terms of offering e-learning and is on the way to becoming a Virtual Education Institute in the area of Banking & Finance. Apart from this, the Institute also offers Mock test, Web classes, portal service and other virtual training support to candidates taking its exams. In delivery of its training to bankers, the Institute makes use of simulation based techniques. Evidently, the future is for blended learning where the e-learning supports and/or complements the classroom based learning. Banks will have to adopt more e-learning methods be it LMS oriented or otherwise as they face a huge need for imparting knowledge and skill inputs among their new employees.

Having explained the rationale for all the questions, the responses of the CMDs / CEOs are presented in the ensuing pages. The CEOs have responded to the questions in their own inimitable style. The variations in the answers, subtle messages and the depth of the issues make it an interesting reading. I am sure you will enjoy it as much as I did.

(R. Bhaskaran)

CEOspeak

Our previous issues of CEO Speak (April-June, 2006), (October-December, 2008) and (January-March, 2011) received good response from our readers as these issues provided the readers varied perspectives of the then CEOs of banks on different issues facing the banking sector then. Encouraged by the response we have decided to bring out the 4th Special Issue of CEO Speak. There are several new faces with thoughts on new areas and perspectives from both public and private sector CEOs.

Shri B. A. Prabhakar (BAP)
- CMD, Andhra Bank

Shri M. D. Mallya (MDM)
- Former CMD, Bank of Baroda

Smt. V. R. Iyer (VRI)
- CMD, Bank of India

Shri Narendra Singh (NS)
- CMD, Bank of Maharashtra

Shri R. K. Dubey (RKD)
- CMD, Canara Bank

Shri M. V. Tanksale (MVT)
- CMD, Central Bank of India

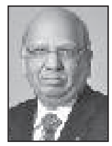
Shri Ajai Kumar (AK)
- CMD, Corporation Bank

Shri Shyam Srinivasan (SS)
- MD & CEO, Federal Bank

Shri R. M. Malla (RMM)
- IDBI Bank Limited

Shri T. M. Bhasin (TMB)
- CMD, Indian Bank

Shri M. Narendra (MN)
- CMD, Indian Overseas Bank



Shri S. L. Bansal (SLB)
- CMD, Oriental Bank of Commerce

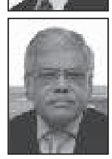
Shri K. R. Kamath (KRK)
- CMD, Punjab National Bank

Dr. V. A. Joseph (VAJ)
- MD & CEO, South Indian Bank

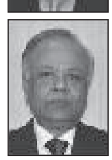
Shri Diwakar Gupta (DG)
- MD & CFO, State Bank of India

Shri M. G. Sanghvi (MGS)
- CMD, Syndicate Bank

Shri Arun Kaul (AK)
- CMD, UCO bank



Shri Debabrata Sarkar (DS)
- Union Bank of India



Shri Bhaskar Sen (BS)
- Former CMD, United Bank of India

Shri H. S. Upendra Kamath (HSUK)
- CMD, Vijaya Bank

QUESTIONNAIRE

1. What are the changes in business strategies that the banks are adopting post global crisis and sluggishness in GDP growth?

2. Has interest de-regulation on SB deposits acted as a prop for increasing CASA deposits?

3. Is the diversity in products / services range in Banks enough to cater to the evolving needs of clients?

4. Will implementation of Basel III retard growth in Indian banking Industry in the ensuing decade as PSBs need to raise additional ₹5 lakh crore and private sector banks ₹75,000 crore as capital?

5. Are cyber crimes a matter of great concern to banks?

6. Is technology creating islands of ignorance in the banking industry?

7. What are the steps needed to improve "face-to-face" interaction with the clients when such a "personal touch" has become casualty in the electronic environment? Are the staff properly equipped to utilize the full functionality of the existing technology?

8. Is 'quality service' the sole differentiator for acquiring market share? What are your views?

9. Is there sufficient reorientation of staff to achieve high levels of satisfaction of customers?

10. Is the present level of regulation and compliance necessary for the health of banking industry? Do we have excessive regulation? What are your views?

11. ICT based Financial Inclusion - Is it a near term reality?

12. How do you address the challenge of financial literacy in reaching the unreached?

13. How do you see the consolidation of Indian banking industry in the near future?

14. What role do you think will e-learning and other new training methodologies in capacity building play in the coming years?

1. What are the changes in business strategies that the banks are adopting post global crisis and sluggishness in GDP growth?

BAP (Andhra Bank) : The post global crisis impacted the Indian economy in two ways *viz.,* gradual decline in GDP growth rate and shift in composition of GDP. The share of Service sector to GDP has been on the rise over the years while drift in share is observed in Agriculture and Industry. This has necessitated the banks to shift their focus from Wholesale Banking to Retail Banking and MSME segments to ensure stability and to manage the risks. This trend is likely to continue in the ensuing years also.

MDM (Bank of Baroda) : The sluggishness arising out of global crisis has been effectively addressed by the banking system with the help of resilience in the Indian Economy and an inclusive approach. GDP in a collaborated globalised environment is the manifestation of sum of domestic and international factors. The sectoral growth in manufacturing, agriculture and service sector is also dependent on the international economic factors such as external trade, trend in the global GDP, more pronounced in US and Europe. Keeping these factors in view, banks realigned their short term strategies while keeping the big picture intact. Balancing of credit deployment among infrastructure projects, industrial sector, small business and retail received special focus while assisting entrepreneurs in raising funds through ECB route.

As a result, we have seen that banks have begun to expand more in retail and SME with a clear focus on CASA to counter the impact of general slowdown in large project finance. Hence a more inclusive approach, better use of technology and bringing about more focused operational efficiency by cutting down turnaround time in lending to medium and small enterprises were some of the strategies to maintain the tempo of growth. As a result the banking system continued its robust growth pattern of around 18 per cent despite the global slowdown.

VRI (Bank of India) : Fortunes of the banking system are directly correlated to growth. In view of the changed scenario where growth has become muted, Banks are adopting a cautious attitude while taking lending decisions. Banks are focusing more on productive segments and doing effective pre sanction appraisals and post sanctions follow ups to ensure that slippages are minimum. Proper due diligence is exercised at all levels. Low growth has reduced capex plans of corporates and Banks are compensating the shortfall from lending by investing in other instruments like Commercial Papers and Bonds. Efforts are also taken to augment fee income from cross selling of various products by leveraging the vast branch network. Banks are also closely monitoring high value accounts. Meanwhile lending to sensitive sectors, if any, is exercised with utmost caution. Focused attention is paid to garner more low cost deposits to protect margins in the present conditions of adversity.

NS (Bank of Maharashtra) : Role of banking industry prima facie is very important for economy's revival. Focus has shifted from dispersed and varied lending to concentrated lending. Banks are taking a regular view of the lending rates to ensure finance to infrastructure, manufacturing and other sectors with forward linkages to propel investment and growth in the economy. Finance to these key drivers of economy along with special attention to real estate and services is being given. Banks are also considering restructuring of advances in case of specific advances with a view to prevent genuine ventures from slipping into red.

RKD (Canara Bank) : Post-crisis and in the wake of decelerated GDP growth, the issues of insufficient capital, falling and uncertain asset valuations, asset quality, credit and liquidity risks, risk management policies and operational efficiency have come into sharper focus to meet the challenges of slowing growth, intensified competition, increased business complexity and shortages of talent in key positions. The case for adopting highly nimble operating models stems from the need for speed and agility to deal with market volatility and macroeconomic concerns.

In this transformed setting of deceleration and risk aversion, banks must focus on changed risk measures, capital adequacy ratios, capital optimization, frequent appropriate disclosures and their validation and efficient stress testing framework. While there is no one-size-fits-all approach for success, banks must attempt to broad-base advances with thrust on productive sectors, such as, Agriculture, MSMEs and Retail and step up fee-based income.

MVT (Central Bank of India) : The Global financial crisis has impacted India significantly too. The immediate impact was large capital outflows and resultant fall in domestic stock market. The Capital outflows lead to decline in the domestic forex liquidity and Reserve Bank of India's intervention resulted in tightening Rupee liquidity. Declining Exports has widened the current account deficit. The Credit market also came under pressure as corporates found it difficult to raise resources through ECBs.

Balance Sheet Management by changing composition of Assets and Liabilities for improving Bottom Line is the need of the hour for banks. Due to slowing down of Corporate Investment in new projects, poor performance of several manufacturing sectors and infrastructure under stress, Bank needs to look to retail and MSME for credit growth. Cost of Deposits to be reduced for improving NIM and Bottom Line.

AK (Corporation Bank) : Contemporary Indian Banking Industry is quite robust in terms of fundamentals and lot less vulnerable to any unforeseen global downturn. The standing testimony is the way, how well Indian banking has weathered the storm caused by global and recent Euro Zone Crisis.

Today, banks are more prudent and rationale in extending credit to specific sectors and big corporates and are keen to improve upon the Asset Quality. Notwithstanding this cautious approach banks have been able to consolidate their overall business in order to provide them strong leverage from any future unanticipated shocks. Banks are also devising specific strategies and efforts to consolidate their retail banking business. They are taking positive steps in order to reduce their dependency on bulk deposits and wholesale credit. Uses of new technologies are also coming into play to increase clientele base from all possible segments. Banks have come to increasingly realize the importance of Information and Communication Technology in all facets of banking which was hitherto limited to Core Banking and other related solutions. Changes in the internet banking, payment solutions and other tech based products which are already in place and some of which, are in the offing and passing through conceptualization stage is a testimony of this.

SS (Federal Bank) : The outlook of Banks has become cautious. The regulators have upped the ante on compliance and capital adequacy. The coming of Basel III will further tighten the leverage available to banks. Overall, Banks will look for quality growth and not simply growth, while they still work to meet all regulatory and nation building objectives. The lending norms of many institutions have undergone material changes to adhere to the new norms. To increase asset quality we at Federal Bank have implemented several process shifts so as to ensure we have special focus on sourcing and sanctioning.

RMM (IDBI Bank Limited) : The Indian banking sector has largely been resilient against the financial storm raging across the major economies like the United States and the European nations. However, since the beginning of this fiscal (FY 2012-13), we have witnessed further deterioration in the global economic conditions which led to weakened investor sentiment domestically. Along with the domestic factors such as high inflation rate and policy uncertainty, contributed significantly to the dampened investment climate. As a result, the credit deployment across sectors, except agriculture, has shown a decline on an annual basis for the first half of fiscal (April-September 2012). Significantly, the credit offtake to industrial sector as a whole has shown a significant slowdown. However, it is expected that in the second half of the fiscal (October-March 2012) - the busy season of the year for the banking sector - there will be a spurt in credit off take led by higher credit demand from the industry. Further, the Reserve Bank of India pointed towards a softening of its monetary stance in its latest Mid-Quarter Review of Monetary Policy 2012-13 which is likely to whet investment appetite in the next quarter

(January-March 2013). The banking sector, on its part, has come up with attractive festive offers on its loans across segments to boost the credit disbursement.

Aside from sluggish credit off take, the Indian banking sector has been faced by rising instances of Non Performing Assets (NPAs) as a result of economic upheaval. The concern over the asset quality has seen a conscious prudential shift in the banking sectors approach. The banks have put in place stringent risk measurement as also risk management and mitigation framework in their policy framework. In case of corporates having significant cross-border flows, unhedged forex positions are closely monitored and appropriately managed. Further, the banks are now shifting their focus towards fee-based services such as wealth management, credit card services, treasury services, investment banking and advisory services to boost their income and maintain their profit margins as also mitigate risk through diversified range of products and services.

IDBI Bank has positioned itself as a full-service commercial bank which caters to all financial needs of our customers under one roof. We offer attractive rates on our deposits as also competitive rates on our loans. We offer customized solutions to the financial needs of our customers and envisage banking for all citizens in India. Further, to address and mitigate risks arising from the volatile business environment, we have an integrated risk management architecture that encompasses various aspects of enterprise-wide risk management.

TMB (Indian Bank) : Although the banks in India were not directly affected by the global crisis to a great extent, the country's overall economic scenario and growth momentum were adversely impacted as reflected in the reduced GDP growth and increased inflation, current account and fiscal deficit. Business sentiments remain weak at the moment and global growth projections, including that for India, are getting revised downwards. Retail Banking in India is facing challenges on account of these developments and the overall financial stability has been maintained through firmness of policies.

Post global crisis, banks are focusing on retail banking emphasizing on product features, distribution channels, service levels and pricing; Identifying ways to leverage existing infrastructure and assets, including information for generating incremental revenue streams without incurring significant capital charges; thrust is also on to profitably serve underbanked or otherwise underserved demographic segments; rethinking operational and organizational models, etc.

The business strategies would also encompass making the most of the developments in IT services over the next decade.

In line with its Mission Statement, Indian Bank endeavours to be a Common Man's Bank and to provide all financial products and services to all our customers

- under one roof
- at affordable cost
- in a fair and transparent manner

Keeping these in view, we have embarked upon business process re-engineering and reorientation which mainly focuses on leveraging technology; enhancing profitability through prudent pricing models; augmenting low cost deposit (CASA) base to cut down costs and enhancing customer base; promoting retail credit; keeping strict vigil on asset quality; employing the best risk management practices; strategic deployment of skilled and specialized manpower; and complying with regulatory requirements.

MN (Indian Overseas Bank) : Indian economy has been witnessing sluggish growth due to demand and supply constraints in the backdrop of adverse global economic conditions coupled with elevated inflationary environment. In this complex scenario, banks are now facing tough competition in business growth. Asset quality & Credit monitoring are the vital factors determining the bank's profitability area. CASA growth is sluggish which increases the cost of funds on the other side.

Despite the said constraints, IOB's market share in deposits, as of now significantly increased to 2.84% from 2.71% in March 2012. In credit front also we have improved our share to 2.77% compared to 2.71% in March 2012. Of course, these results increased our cost and diminished our bottom line to a certain extent. Economic cycle is expected to bottom out shortly by the policy initiatives by the Government and the Regulator. Then the Banks will be accelerating their business growth.

SLB (Oriental Bank of Commerce) : Our view is that Indian economy is fundamentally strong with some areas of concern coming in the front of high fiscal deficit, inflation, high interest rates, high current account deficit and consequently local currency depreciation during most part of current FY 2012-13. As a result of this slowdown, the CAPEX (Capital Expenditure) plans have been held up resulting in low credit growth. Many of industries viz iron & steel, textiles, power are under stress. As a result, cash flows are strained and delinquencies have shown some rise across many of the banks.

However, banks have also adopted a strong recovery mechanism and the monitoring systems have been strengthened at all levels, both in the field and the administrative offices. This has certainly helped to keep the gross NPA levels at manageable levels. This effort shall continue over the next few quarters.

On the other hand, with 30 million middle-income young people added every year, India will be a very important retail banking market in Asia over the next decade. There will be a need for strong customer segmentation. SME is also likely to grow and we would concentrate on the SME and retail banking market which will also derisk our balance sheet & improve profitability. The challenge would be to attract the next gen tech-savvy customer who are more knowledgeable and updated and of course, very demanding in terms of quality and fast service.

KRK (Punjab National Bank) : The aftermath of the recent global financial crisis bears testimony to the fact that impact of the turmoil is severe and the recovery there from is protracted, resulting in significant losses in output and employment for a considerably long period of time. Even as the World Governments are, over the last few years taking various steps to manage the recent crisis, there are lingering apprehensions that global economy in general and advanced economies in particular will suffer double-dip recession.

However, Indian banks have emerged mostly unscathed from the global financial crisis because they had limited exposure of riskier assets. Moreover, India's strong domestic economy was driving growth at much higher levels compared to its global counterparts.

This does not mean that banking industry did not face any difficulties. After the post crisis sluggishness in GDP growth, bankers are reviewing the business models and work ethics. Indian Banks are focusing on three intertwining strand of the new Normal namely Assets Quality, Financial Inclusion and Customer service. Indian banks have shifted their focus from the balance sheet expansion towards recovery and enhancing asset quality.

VAJ (South Indian Bank) : The key to the success of any organization is its ability to change, and change fast. Strategies used to be always identified with a long term view, till we became a global village, where the time taken for any change, be it good or bad to your organization is as short as a second. Banks had understood this paradigm shift and had created innovative ways for growth. There is a serious shift from the traditional interest based revenue sources to more and more diverse ways of garnering fee based income for services delivered. On the topline front, banks are looking at shifting their focus from corporate banking to retail banking. This allows a cushion for any sudden impact the GDP deceleration might have on the large and medium corporates.

DG (State Bank of India) : The major challenge faced by banks is deterioration in asset quality predominantly due to downturn in global economy. Going forward banks will now have to concentrate on raising income, cutting costs, increasing other income. There is a need to keep an eye on quality of assets, particularly restructured assets to ensure better profitability. Banks also need to revisit their risk mitigants and credit underwriting processes, raise low cost deposits, shed high cost bulk deposits.

MGS (Syndicate Bank) : Every challenge brings with it an opportunity. The global financial crisis exposed many Banks to vicissitudes of the market and Indian banks are not an exception to the crisis on account of integration of financial markets with the international markets. The growth story cannot remain unscathed. Accordingly, Banking sector has come out with new Business Models by Leveraging Technology, Niche Marketing Strategies through Product / Process Innovation, etc. with a view to withstand the financial crisis and slow down / sluggishness. Banks have focused attention on the following areas :

- Concerted efforts are being made to increase Current & Savings by segmentation approach with focus on HNI customers / SB intense pockets and improved customer service by leveraging technology.
- Established Back offices to attend to the functions of account opening, issue of cheque books, etc. so as to enable the front line staff to concentrate on cross selling of products and services.
- Shedding of high cost DRI deposits and concentrating on CASA.
- Constituted New Business Group (NBG) to hasten the credit decisions and adopted Committee approach so as to mitigate the risk.
- Concentrated on low risk secured proposals in place of high risk, clean corporate loans.
- Created separate verticals to cater to the needs of the Mid Corporate and MSME segments.
- Taken up quality proposals under Retail Credit & Priority Sector, etc.
- Strengthened the Credit Monitoring System with a view to monitor / follow up the high value accounts and to identify the slippages at the initial stages.
- Put in place Customer Friendly Recovery Policy / OTS in addition to constituting Board level Recovery Committee.
- Created separate Verticals for Improving the Fee based income from banking transactions and through third party products like distribution of Insurance products / Mutual Funds, Depository Services, Government business, etc.
- Focused on Publicity and Image Building by improving the ambience of the branches besides bringing into operation multi delivery channels to minimize the footage at the branches and to reduce the transaction costs.
- Initiatives have been taken up for Product Branding.
- Establishing e-Lounges in important metro centers to enable the tech-savvy people for self service.

Some of the above strategies have been adopted by the Bank to sustain the growth in the post global crisis.

AK (UCO Bank) : Considering the prevailing banking and overall economic scenario, the banks are concentrating on conservation of capital, proper assessment and management of risk, ensuring credit quality and protecting asset health.

In view of sharp fall in loan off take by corporates due to slowdown in investment activities and strain in some sectors like power, steel, aviation, textiles, banks are concentrating on retail business for better profitability and spreading of risk. There is a shift away from bulk business both on the asset side as well as on the liability side. Besides, banks are also looking at non-fund based business as a safe avenue to boost income.

DS (Union Bank of India) : Much of the global economy is still under recessionary threats. In the last one year, Indian economy has slowed markedly. The slowdown impact has been more severe in certain sectors, like power, telecom, aviation etc. With earnings shrinking in a slowing economy, the debt-servicing became difficult for corporates. This reflected in deteriorating asset quality of the banks as NPAs rose significantly and restructuring piled up.

Challenges notwithstanding, there are plentiful opportunities for banks ahead. Indian economy has inherent strengths and is expected to remain the growth engine of world economy in medium term despite the current slowdown. Banks will have enough opportunities to grow in sync with the economy. Nevertheless, the new business strategy has to be sought in pursuing quality of growth and not just the quantum of growth. Since revenue side is under pressure in the wake of slowdown, the profitability has to be sought in optimising on cost side. For example, banks pursuing ambitions in retail banking need to be watchful of the wasteful heads of expenses by avoiding duplication of efforts in customer acquisitions and embracing the emerging clientele through the alternate channels preferably. For big-ticket loans, the prudence has to be weighed together with promises of returns.

BS (United Bank of India) : Over a period of last few years, particularly after the financial meltdown in 2008, Banks' loan portfolios have come under stress. As a result, while monitoring of existing loan portfolio has assumed tremendous importance, Banks have become cautious in taking fresh exposures, particularly when it comes to big ticket advances. Moreover, in certain categories, like infrastructure, most of the Banks have already taken huge exposures leaving little room for further exposures. These two developments have brought about a change in business strategies of most of the Banks, particularly in the public sector. Banks now attach more importance to diversification of the portfolio which ensures broad basing the credit risk instead of having the risks concentrated to few sectors only. Moreover, with the Basel-III coming up fast, the Banks are looking for conservation of Capital to the maximum possible extent. Therefore, Banks are now focusing their attention on retail, SME and agriculture where risks are getting spread over multiple exposures, yields are reasonably higher and capital requirements are lower because of lower risk weightages.

HSUK (Vijaya Bank) : The foremost change that comes to my mind is the strengthening of Risk Management in all the Banks. Global crisis has taught all of us very vital lessons and bankers can ill afford to ignore them. An effective and robust Risk Management system helps Banks to avoid the possible pitfalls & unforeseen contingencies. Augmentation and conservation of capital is yet another aspect, which engages the attention of every banker and it is an important factor to determine the strategies and action points. Accordingly, reorientation of strategies is happening in a major way in the banks in India with more emphasis on retail business as it is expected to provide some kind of cushion against muted credit growth post global crisis and sluggishness in GDP growth. The strategy should also take note and factor in the continued liquidity squeeze which will constrain growth as further margin expansion is unlikely as interest rate cycle starts to reverse. Further, in order to conserve capital, the strategy is to have stronger focus on fee income products.

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2. Has interest de-regulation on SB deposits acted as a prop for increasing CASA deposits?

BAP (Andhra Bank) : Though, the de-regulation of SB interest rates was largely viewed as a welcome measure by the industry, the desired outcome of competitive pricing of SB products is yet to be seen. Normally, Savings Bank accounts are being used by the customers for operational convenience whereas they look at term deposits as investment option. It is evident from Savings Deposits portfolio of the banks that these deposits are more service sensitive than interest rate sensitive. Thus, the customers continue to maintain Savings Bank accounts with banks where they find reasonable good service irrespective of interest rates.

MDM (Bank of Baroda) : The de-regulation of interest rate is a major policy shift that signifies the continuing stance of RBI to grant more autonomy and freedom to the banks in pricing their liability products. Savings Bank constitutes around 20 per cent of bank deposits. Hence it is indeed a significant chunk that decides the trend of profitability and an important factor in maintaining NIM. Banks at large look at SB interest deregulation as a measure of policy shift rather than making an immediate impact. Though few private banks have taken the lead in using the autonomy to price their savings products, status quo has been maintained by the banking industry at large more particularly the Public Sector Banks. The prop up in CASA, to my mind is contributed due to more focus of banks on financial inclusion rather than by deregulation of interest rates. The recent opening of large number of banks' touch points in rural areas in villages of over 2000 population opened new vistas of growth. But way forward, banks will have to spruce up their operational efficiency to be able to compete with market forces that may raise the SB interest rates. More so, when the customers are preferring more liquid savings products instead of past trends of long term fixed deposits. Banks will have to be more aggressive in putting technology led alternate delivery channels to better use to cut costs to afford better SB interest rates. Though not immediate, over a period of time the deregulation of interest rates on Savings Bank will have the potentiality to impact the bottom line of banks.

VRI (Bank of India) : Though Banks are free to fix interest rates on SB, except certain smaller private players, others have not significantly revised the SB rates upwards. This is to minimize pressure on cost of funds and margins. Therefore, deregulation per se has not significantly altered the volume of CASA deposits. As banking system is akin to a perfectly competitive market with many players, any upward move is sure to be matched by others and the net effect on CASA will not be significant.

NS (Bank of Maharashtra) : Eminence of CASA has always existed with the public sector banks, with private sector banks accounting for very small share of CASA. Despite deregulation, no change has been brought about in the SB interest rates by PSBs. The real impact of deregulation would be visible only if PSBs play their market game. However with stringent BASEL III norms coming into play, threat of squeezed margins and high capital requirements have prevented PSBs from entering into hitherto not ventured into arena.

RKD (Canara Bank) : RBI deregulated the savings bank interest rates in its October 2011 Monetary Policy announcement. Subsequently, a few private banks increased their CASA deposit portfolio by offering higher returns on SB deposits. But there has not been any major shift away from PSBs in SB accounts.

The savings bank accounts are generally less sensitive to interest rate variations. Non-price factors, such as, customer service, easy accessibility, technology and SB products with added features play a major role in customer retention. Large banks, especially public sector banks, are relatively well placed in these aspects.

MVT (Central Bank of India) : While the banks were allowed to decide interest rate on deposits and lending in early 1990s, the saving bank segment continued to be regulated as there were apprehensions that deregulation would hurt the asset-liability management of banks. While deregulating the rate in the segment, RBI mandated the banks to provide a uniform rate for accounts upto ₹1 lakh while enjoying flexibility in the rates and charges for accounts over ₹1 lakh.

This was done to protect small customers whose knowledge levels and bargaining power are low.

SB Deposits provide long term resources for commercial banks and help in Asset Liability Matching for long term project finance. PSU Banks have high Operational cost and majority of staff in the branches involve in serving CASA customers. Further 20% of deposits are from 80% of customers. Operational cost is invisible but has very deeper impact on cost of CASA. Sweep facilities for minimum 7 days deposit can serve better for those who have surplus idle funds in CASA Accounts.

Few relatively small private banks have raised it and it is said that they have improved their share of CASA. But these players have an insignificant market share and could influence a small segment of depositors without large scale impact.

AK (Corporation Bank) : Interest de-regulation on SB account is a step in the right direction. However, it has not affected the CASA deposit base as anticipated, because of the simple reason that most of the banks decided to maintain status quo. Since October 25, 2011, when RBI deregulated the Interest rates on SB deposits, only few Private Sector banks have increased their SB deposit rate, but due to their small client base and other riders it has not affected other banks, especially the public sector banks in the country.

Secondly, it was also realized during that point of time that de-regulation should not just be construed as Increase in rates; it may well turn out to be a Decrease, especially under a decreasing interest rate environment. Therefore, the prudent decision for the bankers as well as the customer, considering the current business environment was to leave it as it is.

Thus, we would say that the Interest deregulation has not had a major impact in changing the trend of CASA deposits in India.

SS (Federal Bank) : I do not think the de-regulation of SB interest rates has made a significant impact on the behavior of customers. A change in SB interest rate does not have the same impact as that on term deposits, because the duration of retention of funds in an SB account is too short for the customer to calculate returns on it. Savings is a relationship and transactional account and often the linkages with the parent Bank is far deeper than a few basis points.

RMM (IDBI Bank Limited) : The deregulation of interest rate on Saving account deposits by the Reserve Bank of India (RBI) witnessed a hike in interest rates by some banks but not across the board. While these banks have reported a growth in their deposits, there has not been a commensurate decline in deposits with banks who have not undertaken a rate hike. The fact that the banks who have maintained their saving interest rate have not seen any major decline in their savings deposits underscores the fact that banking is indeed about relationships rather than just financial intermediation. A bank is defined by the totality of its products and services and the level of satisfaction enjoyed by its customers. While loyalty is indeed a rare commodity in today's world, the level of service enjoyed by the customer when he/she walks in through our doors determines whether or not he/she will continue to bank with us.

Besides offering attractive interest rates on its savings account, IDBI Bank has an array of savings account products designed to meet the varied needs of our customer base. Be it individuals, kids, women, corporates, senior citizens, we offer an account tailor-made to meet their financial needs. Further, we encourage our customers to give us a feedback on the products and services so that we can enhance the banking experience for them.

TMB (Indian Bank) : In the SB interest de-regulation scenario, while most of the bigger banks, and those in the public sector, have refrained from effecting changes in the SB interest rates, smaller banks and those belonging to the private sector, have increased these rates.

The share of current and savings account (CASA) deposits in total deposits declined during 2011-12 due to the decline in demand deposits as well as slowdown in savings bank deposit mobilisation. As at end-March 2012, CASA deposits formed almost one-third of total deposits of SCBs. Bank group-wise analysis of composition of deposits revealed that foreign banks had the highest proportion of CASA deposits followed by new private sector banks. Post deregulation Public sector Banks CASA portfolio increased to 34.1% as of March 2012 from 32% as of March 2011. For New Private Banks wherein some of them had revised their savings bank deposit rates upwards after the deregulation of savings bank interest rate in October 2011, the portfolio increased from 41.4% to 42.5% as of March 2012.

There has not been any discernible increase in the CASA deposits especially SB post deregulation in the banking system. Between November 2011 and June 2012 SB deposits have increased by ₹1,941 billion only, i.e from ₹14,890 billion to ₹16,831billion.

Generally, Individuals hold cash at home for liquidity, savings deposits for security and convenience and term deposits for income. While funds may be swapped between banks or across deposits, the overall amount of deposits may not change if rates are increased, given the profile of customers who are already exposed to various alternatives. Therefore, at the macro level the impact may be minimal since it should be recognised that liquid debt funds tend to give higher post-tax yields. Similarly, if the rates come down, customers may not actually withdraw substantially from this account.

MN (Indian Overseas Bank) : Impact of Interest rate de-regulation on SB deposits is minimal in increasing the CASA deposits as could be seen from the mute response in increasing the interest rates by majority of the banks particularly Public Sector Banks. At present, our share of SB Deposits to total Deposits is 20%. Hence, 1% increase in card rate from 4% to 5% will increase our cost of total deposits by 20 basis points. Proximity to customer, better customer service, alternative delivery channels, and technology based payment products are the key determinants in driving the CASA of a bank. We have received good response from the newly opened branches and our CASA campaign will deliver good results.

SLB (Oriental Bank of Commerce) : A savings deposit is a hybrid product which combines the features of both a current account and a term deposit account meant for both transaction and savings purposes mostly by individuals and households. A savings account provides the convenience of easy withdrawals, writing / collection of cheques and other payment facilities as well as an avenue for parking short-term funds which earn interest. Savings deposits should normally rise with the increase in average earning capacity of the individuals.

However, after liberalization, with the decrease in minimum tenor periods for term deposits from 46 days to 7 days in the phased manner, there has been a flight of saving deposits to term deposits. As a result, Savings Deposits of SCBs has declined from 24% of total deposits in 2005 to the present level of 22%. At a time, where Term Deposit interest rates are on the higher side, the customer preference has been to invest on longer maturity instruments to gain maximum returns. This is in relation to the inflationary trend and the need to have the value for money. Fortunately going forward, the interest rates are set to move southward & the pressure will lean.

The Public Sector Banks have therefore taken a considered and cautious approach to the provisions of deregulation of Savings Bank rate and there will be pressure on the Banks to bring down the cost.

KRK (Punjab National Bank) : Savings deposits have been a source of cheap funds for banks and deregulation on SB deposits has introduced product innovations which have benefited the depositors. However the deposits in banks are being affected by rising inflation which has caused the real return on SB deposits to be negative and thus there is a shift towards physical assets for savings.

It is the time for us to make our savings deposits more attractive and competitive, as the trend shows Public sector banks have not been able to take advantage of deregulated era.

VAJ (South Indian Bank) : It was indeed a welcome move from the RBI to deregulate the interest rate on SB, even as the timing for the exercise has been widely debated. On the cost front, this gives each bank the power to decide how it should play the interest game on SB deposits which on an average forms roughly 1/4th of total deposits. The prospect of getting an inflation free return is definitely going to be attractive for the customer. However, the big question would be whether banks are willing to take full advantage of this option, as the cost saving that they had was to certain extent compensating for the administered rate in the directed lending sector. From the customer perspective too, in the long run a free interest rate regime on SB could also mean that in a falling interest rate regime, the real returns are very low.

While some banks who have a low CASA portfolio could use this opportunity for bringing in new customers, it is expected that others would prefer to play a wait and watch game. The major differentiator in CASA augmentation would be the level of value added services that the banks are able to provide, more than the interest rate.

DG (State Bank of India) : The interest on Savings Bank account was deregulated in October 2011 when RBI announced Q2 review of Monetary Policy of 2011-12. Though higher rates offered by Banks like YES Bank have helped them to increase their CASA deposits substantially (YES Bank has doubled its deposits), the major players like SBI, ICICI, Axis Bank and HDFC Bank who hold 60% of the total Savings Bank portfolio have held rates at 4%. Despite this, their CASA deposits have remained stable. So the impact of deregulation of interest on Savings Bank has been limited.

In SBI, we have taken following steps to enhance the value of our Savings Bank product and which have led to sustained accretion to its portfolio every month. Given below are some of the initiatives in this direction.

- Minimum balance stipulation removed.
- Issue of multi city cheque.
- Offer an insurance product, Personal Accident Insurance of ₹4 lakh for a small sum of ₹100/-.

MGS (Syndicate Bank) : The Savings Bank deposits constitute about 25%+ of the total deposits of the entire Banking system. Banking has moved from control bound environment to free market forces where interest rates are increasingly determined by supply and demand of funds. It was felt that interest de-regulation on SB Deposits act as a prop for increasing CASA deposits by encouraging the saving habits of households. The recent interest de-regulation on Savings Bank deposits has not resulted in substantial increase in the savings portfolio of individual banks as well as in the Banking system as a whole. The reasons for this trend are :

- Nearly 4/5th of the Savings Deposits are held by households and they continue to keep the savings in liquid form without relevance to the interest rate as they prefer liquidity as per the liquidity preference theory.
- The interest rate on term deposits was around 10% during most of the period of 2011 and 2012 and the interest rate offered was 4% by majority Banks. When the difference in term deposit and Savings Bank is wide, people tend to invest in term deposits as they get higher return on investments.
- On account of economic slowdown, there is substantial reduction in the savings of the individuals.
- The HNI customers continue to maintain savings deposits in auto conversion mode to term deposits, the product which is being offered by majority of the public and private sector banks on account of the CBS platform.
- Further, interest on other savings bank products such as Post Office Small Savings, Pension and Provident Fund Schemes which compete with bank deposits are administered by the Government and not market determined.
- The yield on Mutual Funds and the other saving instruments which are offering monthly returns is considerably high.
- In spite of offering higher interest rate by few Private Sector Banks, PSU Banks SB is growing because they got to know customer by name and customer can go to meet the Branch / Regional Head.

AK (UCO Bank) : Very few banks have changed their SB deposit rates. A few private sector Banks having low CASA base have increased their SB interest rates to garner more CASA deposits. But CASA growth to a large extent depends on customer service, the efficacy and versatility of delivery channels, value added services made available, and above all the trust and goodwill the bank enjoys among members of the public. Going by the available trend so far, "interest de-regulation" cannot be linked to increase in CASA deposits.

DS (Union Bank of India) : CASA has been important determinant of profitability margins in Industry. With slowing economy the loan pricing is limited on upside while the volume of business is already strained thus limiting current account growth. In such a scenario, the low cost SB deposits are cynosure of every banker. It is understandable why there has not been large shake-up in SB share within Industry, despite SB interest rate deregulation, as the large sized banks rather chose to wait. However, gradually the competition will acquire momentum as the latest trend show gains for early movers post SB interest rates deregulation.

BS (United Bank of India) : As far as we are concerned, our CASA has been consistently contributing significantly to our deposit portfolio. This is because of the patronage of our customers, particularly in the East and North East who have been banking with us for ages. While de-regulation of interest rates on Savings deposits have enabled banks to price the liabilities more attractively and expand the customer base, we have not revised the interest rates in SB accounts.

HSUK (Vijaya Bank) : Interest de-regulation on SB deposits and consequent increase in SB rates is no doubt one of the factors to attract SB deposits. But, I believe that it is not the only factor. In my opinion, a Savings Bank is a sort of relation-building process, where a host of factors determine opening and maintenance of SB a/c by a client with the Bank and interest rate is one of them. Presently, SB interest rate hike is offered by only a few banks, mainly in private sector, to increase their share of CASA. However, majority of banks have not ventured into competitive rate hike as expected initially. I personally feel that packaging SB a/c with a host of attractive features, facilities and add-ons and delivering the same in a most convenient manner to the client would help augment more deposits rather than going for rate hike. The SB a/c client stickiness largely depends upon the quality of service rendered.

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3. Is the diversity in products / services range in Banks enough to cater to the evolving needs of clients?

BAP (Andhra Bank) : The product profile of Indian Banking Industry has undergone change during the last one decade especially in Retail Banking area covering wide range of Life Cycle products (Child to Silver-line age) including e-banking services. However, still there is a room for further improvement in product innovation to meet the discerning needs of the emerging segments viz., Gen-Y and Gen-U. The demographic profile of the country indicates that the young population is on the rise with increased income levels. This segment expects the banks to offer value added products such as Wealth Management services, Advisory services etc.

The increase of working population segment leads to consumption boom which warrants supply augmentation. Thus, Banks need to encourage entrepreneurs to set up small industries with required financial support besides providing managerial guidance. Large section of the population of the country is still deprived of basic banking services. This segment provides ample business opportunities for banks. However, banks need to explore innovative methods to reach the target group with cost effective products / services to suit their needs.

MDM (Bank of Baroda) : The range of products and services in the banks, like in any other industry always have constant evolving characteristic, more so when the demographic pattern of India is set to transform with young customers added to the base. Such young customers are more informed due to widened ICT (Information Communication & Technology) application in day to day life. Considering the change in the customer aspirations, banks will have to innovate redesigned products based on technology and price efficiency. Way forward, customer convenience and free access through technology will have a greater say in designing products and services. More than the diversity, the significance will lie in qualitative transformation of even the current range of products to make them more convenient with significant value addition in terms of flexibility in the access of funds. The assets and liability driven hybrid products will have to be matched to meet the life style needs of the customers at various stages such as education, marriage, house, car and such other requirements. Similarly for entrepreneurs, the product should be able to meet their comprehensive requirements, so that a customer can be retained as a lifetime customer.

In serving business entrepreneurs special value comes from speed, promptness and responsiveness. Banks need to understand that when the competition in banks is rising, it is more intense for business community. Hence sense of urgency to respond to customer needs will be critical in driving growth.

VRI (Bank of India) : In markets like India where banking services are still under penetrated, there is a lot of scope to offer more products. Technology is fast changing and most young generation customers are tech savvy. Banks must take special care to devise products to cater to the needs of this segment. They may think of GenNext branches etc.,in this regard. Only such Banks which are always on the 'learning curve' and constantly adapting to the changing customer dynamics will have an edge over others. Product differentiation would be the deciding factor. The need of the hour is for Banks to think 'out of the box' and be innovative.

Bank of India has opened a new category of branches titled “Branch of the Future' aimed at attracting the new age customers into its fold with a pan-India presence. The project is going on and it is expected to be a big success.

NS (Bank of Maharashtra) : Banking has really evolved in the past two decades with adoption of technology. Concurrently the products and services offered by the Banks have also evolved. Changing needs and requirements of clients have inspired banks to bring about new products & services to meet their expectations. With the advent of mobile technology, Banks are now on way to leverage the telecom network to reach out more extensively and cover hitherto unexplored areas vide their financial inclusion drive.

Banks are moving beyond the conventional and prevailing products and services and coming up with new products and services specifically for them; considering their specific credit requirements and saving methods. Thus Banks are in a phase of constant evolution for customers' sake.

RKD (Canara Bank) : While some diversity in products / services range in banks has occurred to meet the evolving needs of the clients, the expectations of customers have increased considerably over the years. Infact, the last few decades have been characterized by a 'revolution of rising expectations'. Accordingly, despite the introduction of several innovative products and services by the banking industry, there is scope for further diversification and customisation. This requires innovative and 'out-of-box' thinking to acquire the first-mover advantage and leap frog ahead of competition.

Going forward, there has to be an accent on alternate delivery channels, viz., ATMs, Internet Banking, Mobile Banking, RTGS, NEFT, SMS Alerts, etc.

MVT (Central Bank of India) : In addition to generic products and services offered by banks which are without discrimination to walk-in customers, Banks offer customized products and services for niche / specific demographic / geographic customer segments. The diversity in products and services are mostly for those classes of clients whose requirement are on a specific line.

With extensive use of technology, diversity in product and services is possible. Secondly, products and services also designed so as to meet the requirement of specific class of clients. This is a continuous process of evolving new product and services as market matures, customer needs changes and bank opts for alternate delivery channels.

In my view, banks are ready to cater to every evolving needs of customers now.

AK (Corporation Bank) : In view of the growing Indian economy, changes in technology, changes in the age profile, increase in disposable income and intense appetite for upgrading one's social status etc., there is enough scope for further diversity in products and service range available in Indian banks.

I would say that the banks have responded quite positively and rather proactively in this by launching a host of new tech based solutions to ensure that banking is provided to the customers even, 'while they move'.

In Corporation Bank, we have recently launched i-Pad application with the facility of Internet Banking. Now, any-one and I am sure these days it would be many, who is carrying an i-pad can check balances, make a fund transfer, open a TD account, make tax payments and so on, at any point of time. So, it is all about giving convenience to the customer. We have seen tremendous response to the same.

Besides this path breaking initiative, our Bank has been on a continuous endeavor to introduce new range of products and services to cater to the needs of various segments of people. During the last two years, the Bank has introduced a good number of new variants of retail products with success which has enabled in improving overall growth in retail business segment.

SS (Federal Bank) : Banks are relentlessly combing the market for needs so that they can come up with a product to cater to such needs. An idea for a product emerges when the market demands for it. As we speak, different financial institutions are coming up with different products / services that answer to real and imagined needs of customers. So I think the diversity in products/ services will always be commensurate with the call of the market. Example an Easy gold 24 x 7 is born out of such research. Having said that it is a continuous process of evolution. More creation will create more needs and the converse is also true.

RMM (IDBI Bank Limited) : Today, the banks in India have introduced a range of products and services to cater to the varied financial needs across the different customer bases. The wide range of products and services has been designed keeping in mind the evolving needs of the customers and hence, are adequate to cater to their needs at this point in time. However, moving ahead, it is inevitable that further innovations take place to cater to newer and evolving needs of the customers. IDBI Bank offers varied products and services to its customers as a universal bank.

Further, we have customized financial solutions for our customers to enhance their banking experience. We also actively seek feedback from our customers as also our employees to come up with better financial solutions to meet the evolving needs of our customer base.

TMB (Indian Bank) : Yes, banks at present offer a wide range of products and services to cater to different segments of banking clientele. These products are fine tuned to cater to the changing needs of the customers, at the same time keeping in view the prevailing market conditions. The evolving needs of clients are met through product innovation and diversification

MN (Indian Overseas Bank) : Customer preferences are fast changing and they are multifarious across all the segments. The prevailing products and services have to be revisited by carrying out geographical / segmentwise survey on existing / proposed products and services. As emphasized by our Honourable Finance Minister recently, each bank has to be unique in offering its banking service to sustain in the market.

IOB has a strong customer base of 1.5 crores with wide branch network of more than 2700 branches. IOB has always been innovative in product offerings. Winning of Skoch Award for Financial Inclusion : 2011 & National Award for Excellence in MSME Lending : 2010-11 exhibits our exemplary performance towards catering to the evolving needs of clients.

We have a strong belief "When the Customers keep smiling, awards keep coming". Hence, our slogan "Touching Hearts, Spreading Smiles" is yet another mantra to all the IOBians.

The staff of the Bank have involved themselves in various customer-centric initiatives such as IOB Walk in Campaign, IOB Smile Campaign & various other product campaigns which received good response from the customers. Our other few liability products are SB Platinum account, SB Students account, SB Corporate Salary account. Similar assets products are Sagarlakshmi (to help fisherwomen), Bhumilakshmi (to help tenant farmers and share croppers to purchase land), IOB Insta Plus (to give hassle-free financial assistance / to meet entrepreneur's additional working Capital)

SLB (Oriental Bank of Commerce) : Banks can address many of the problems by developing products that are simple, flexible and accessible. Products and services offerings have changed dramatically from being largely pre-defined products or traditional product offerings to one with much more customer offering, almost to the unit of one. The emergence of the digital consumer will make massive evolution possible. Most of the Banks have given emphasis on retail loans to have consistent growth in advances.

Our Bank has launched new schemes for housing loans, vehicle loans and education loans making them attractive and competitive by offering loyalty benefits to existing customers waiving various charges with reduced rate of interest.

Bank has also designated specialized branches to cater to the needs of Mid-Corporate and SME Borrowers with services like Export-Import Collection services, LC advising, Guarantee business, arranging Buyer's credit etc. Our Bank is also offering attractive rate of interest based on financials, available on Collateral coverage & Credit Rating of the borrowers with maximum credit exposure of ₹50.00 crore.

KRK (Punjab National Bank) : Banks are increasingly diversifying and improving the products which they offer for better customer services. To become competitive in the globalised era and remain profitable, Indian Banks need to diversify urgently and provide all sorts of financial products acting as One Stop Shop for its customers. We are conscious that technology adopted should be leveraged further towards diversification of business activities by the Banks. Besides cross selling the third party products, we may continue to innovate products suitable to the needs by scanning the market and aspirations of the customers demand to attract the young and tech savvy customers.

VAJ (South Indian Bank) : In today's world the customers are presented with the best choices day in and day out. But is it enough? Maybe not! Diversity is a very generic concept. Product differentiation has made it possible for customers to pick and choose to the last possible detail. The customer of today is one who has experienced the transformational power of technology. His needs change instantly and expect his service providers to quickly meet the same with an equal amount of quickness. Banks need to innovate to create new products which has the inherent ability to be customized to the taste of an individual customer. Identifying the financial goals of each customer, and offering the right product at the right time is still a challenge for all banks. Even as we call ourselves financial supermarkets, we need to constantly think out of the box and combine the power of multiple delivery channels to stay with the customer wherever he is.

DG (State Bank of India) : Banking being a service industry, improving services, product evolution and development is an inherent part of it and is a continuous process. Yes it is true that banks, after two decades of reforms, are currently providing wide range of products and services, though as customers' needs continue to change and evolve, banks also will have to come up with new products on a dynamic basis to meet the needs of customers. I emphasise, because needs change fast, therefore product development and improving services should be a dynamic and continuous process. Banks need to move to technology driven products with multiple features and easy tracking for example Mobi Cash Easy Wallets.

What is needed today may become obsolete tomorrow. For example, SBI's Rupee Travellers Cheque (RTC) was a very popular product in the past. Now, after rapid computerisation, networking and ATMs, RTCs are no longer required. We have withdrawn this product and it has become history. Instead the Foreign Travel Card, Vishwa Yatra Card, is now very popular.

SBI has set up a full-fledged New Business Development Department and also have a Business Process Re-Engineering Department which are continuously engaged in developing new products, changing business processes and improving services suited to the aspiring needs of customers.

MGS (Syndicate Bank) : Banks have entered into the new area of operations which are unthinkable unimaginable and unbelievable bringing large diverse clientele under the Banking fold. While Banks have moved from brick and mortar to click banking, people from Cave-man to space-man, technology from Green Revolution to Gene Revolution, so also the needs, aspirations and demands of the customers are ever increasing. For example, Combo Card to students which serves the purpose of ATM, Library, Identity, etc. The electronic money transfer by way of NEFT and RTGS, Net Banking, opening of e-lounges for self services, Payments Gateway, sale of Health / Life / General Insurance products, Mutual Funds D-mat accounts, On-line equity trading, ASBA Accounts ,etc. In brief it is to say Banks are operating as Commercial Super Bazaars providing wide array of services under single roof. In dynamic situation where customers' expectations are fast changing and swiftly changing markets, entry of new products and services is a continuous phenomenon / mobile / Dr. / Cr. Cards / ATM / Internet Banking is adding to large number of electronic payments, thereby reducing the need to visit the branches.

AK (UCO Bank) : Continuous innovation is the name of the game. The Millennial Generation customers - individuals now between their mid-teens and late twenties who have grown up in a milieu of email, mobile phones, social networks and other trappings of the digital world - are key to future sustainable growth.

Banks will need to target the Millennial Generation with a truly differentiating approach, including tailored offers pushed over new remote channels, and new packages suitable for the millennials' innovative communication means.

Given that cross selling is highly cost-effective as compared to all other means of customer acquisition, banks will have to adopt CRM and data warehousing in a major way to reduce customer acquisition costs and improve risk management.

The larger corporate customers are expected to demand greater support from their bankers for international expansion and mergers and acquisitions over next decade.

Further, as the wholesale debt markets deepen, the larger corporate would avail of advisory and capital market services from banks to access capital markets.

As per projections, Investment banking will be among the fastest growing segments in the banking industry rising to 7 percent of the entire corporate banking revenue pool.

The revenue pool will shift from traditional corporate banking to investment banking and advisory. Banks with international presence stand to benefit.

Ensuring financial inclusion in a cost-effective manner, overcoming constraints of poor infrastructure (like non-availability of power, mobile & internet access) and introducing profitable business model for rural areas will be another challenging task for the banks.

DS (Union Bank of India) : With rapid growth in economy in last decade, there has come discernible shift in consumption pattern. The demand for products / services has evolved accordingly. Although our banks have been able to match up the evolving needs so far riding on the technological advances, the future shift is more challenging. With financial inclusion efforts in full drive, the new customer segments like Newly Bankable Class, NextGen customers, etc. are being added at vigorous pace. There is distinct demand pattern of different clientele groups and straight-jacketed solutions won't work. The customer segmentation is all the more important today to offer tailor made solutions for each customer.

BS (United Bank of India) : We are keeping track of the evolving needs of the younger generation. We are continuously evaluating the requirements and upgrading our product delivery mechanism. Apart from traditional delivery channels, we have recently installed self servicing e-lounges at different locations. We have also set up a platform for on-line buying and selling of shares. We have a number of ideas which we will be implementing in course of time to attract more and more young customers.

HSUK (Vijaya Bank) : It depends on what kinds of product a bank has and what are its features. Merely creating a new product keeping in mind a specific category of client or a particular sector for the sake of it may not serve any purpose unless it seeks to address a specific and unique requirement of that category. Further, we cannot adopt the strategy of “One size fits all” even in regard to a particular category or sector as the requirement of individual clients may vary within the said sector. So, it may not be prudent to create several new products with cosmetic change in some or the other features as the practical experience suggest that in course of time, some of them may lose sheen and ultimately become extinct. Instead of this, it is wise to add an element of flexibility in the existing general products to make it suitable for specific needs rather than creating a separate product unless of course, the situation warrants it. Further, some of the new products which were brought in order to cater to specific needs of a client during a particular time or season should be continuously reviewed to assess its relevance in the changed circumstances and immediate decision to continue it or scrap the same should be taken. However, from the point of view of marketing strategy it is always good to have some sort of range of products like loan products catering to doctors, professionals, saving products for senior citizens, pensioners etc., which will appeal and create a goodwill among them.

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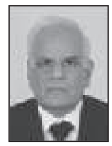
4. Will implementation of Basel III retard growth in Indian banking Industry in the ensuing decade as PSBs need to raise additional ₹5 lakh crore and private sector banks ₹75,000 crore as capital?

BAP (Andhra Bank) : In order to meet the Basel-III requirements, Indian banks need huge additional capital, of which a lion share (around 70%) pertains to the PSBs alone. Such additional capital can be met through retained earnings and issue of fresh capital. In the initial years, maintaining profitability would be a challenge to the PSBs and in the process, the growth might be slightly affected. However, the enhanced focus on risk management and the quality of capital would improve the investors' confidence and Banks can expect to raise capital from the market for meeting the growth requirements. The increasing regulatory capital requirement may, therefore, not be an impediment for the growth of the banks in the ensuing years.

MDM (Bank of Baroda) : Implementation of Basel III, with its stringent norms, would in fact strengthen the Banking system and as such would lead to further growth of the banking system. As the capital required for implementation of Basel III, is to be brought in a phased manner, this requirement would be met by various measures, sources and making use of new provisions arising out of amendment to the Banking Laws (Amendment) Bill 2012. Moreover, under the rising confidence on the Indian Banking Sector, capital infusion may not be a limiting factor rather it will be an opportunity for robust growth in balance sheet size.

VRI (Bank of India) : Indian Banking Industry remained fundamentally strong and well regulated. Almost all the Banks in India are meeting the Basel III regulations from the day it is implemented. Even before the implementation of Basel III, Banks in India are raising capital from various sources on a regular basis. As regards growth is concerned the Banking industry in India is not excessively leveraged and the average leverage ratio is not more than 5% as against the minimum requirement of 4.5% (RBI) and 3% (Basel). Hence, implementation of Basel III will not retard growth provided the Banking industry concentrates on Asset Quality and avoids unwanted increase in Off Balance Sheet items.

However, there would be some pain during the short term since we are front loading the implementation date for Basel-III. Hence, the bottom-line would be that while short term pain is unavoidable, this is to be seen as a necessary adjustment to achieve long term gain.



NS (Bank of Maharashtra) : Normal organic growth may not be crippled for want of capital as internal generation of capital and government support would help banks to tide over the shortage. However with a long term perspective if banks are to grow and come upto the challenge of big banks overseas, banks would have to look beyond the internal / domestic means.

RKD (Canara Bank) : Basel III is likely to impact banks' growth through its range of new and stricter regulations, viz., higher capital requirements, the new liquidity standard, the increased risk coverage, the new leverage ratio or by a combination of these requirements. With the implementation of Basel III framework in India, Indian banking industry will require an additional ₹5.75 lakh crore (Public Sector Banks ₹5 lakh crore and Private Sector Banks ₹0.75 lakh crore). The required capital is estimated on the stipulation of CRAR of 9% as against Basel requirement of 8%.

Structural impediments, such as, reduced domestic savings, persistently high inflation, high exchange rate volatility, regulatory and environmental issues have led to fall in investment demand and moderation in consumption spending leading to decelerated growth. Consequently, funding for Basel III compliance requires a thrust on improvement in asset quality, the allocation of capital towards lower risk weighted assets and enhanced income through fee-based services.

MVT (Central Bank of India) : One major criticism against Basel III has been that it will hurt growth. Even though we do not have a precise quantitative estimate of the impact on growth, the main concern is that the higher capital requirements under Basel III will kick in at a time when credit demand in the economy will be on the rise. In a structurally transforming economy with rapid upward mobility, credit demand will expand faster than GDP for several reasons.

Bank Credit to Gross Domestic Product (GDP) ratio is an indicator of contribution of Banking System in economy of a Country. As per World Bank report of 2012, Bank Credit is only 75.12% of GDP in India as against world average of 165.36%. The figure for USA and UK are 234.88% and 212.62% respectively. Brazil has 98.31% of Bank Credit to GDP. In that sense, Bank credit in India is low as a percentage to GDP.

To support the economic growth, banks need to be well capitalized to leverage business. Internal Accrual, Capital Market and FII inflow would be crucial to capitalization of banks to meet BASEL III capital requirement.

Banks need to have proper balance as regards to GDP Growth versus Credit Growth, Capital requirement versus Capital raising avenues and Capital Optimization versus Growth and Stability.

AK (Corporation Bank) : The Banking sector in India need additional Capital to maintain the Capital adequacy ratio as specified in Basel III accord. The additional capital into Banking Industry can be infused by exploring various avenues such as Equity or Tier I bonds or Tier II bonds or through internal sources etc.

With Indian market growth story still intact, the banks will have scope for growth in assets. The requirement of credit to support the growth in various sectors is expected to increase. It is reported that the bank credit to GDP ratio of India is around 55% which is relatively low as compared with many other countries. However as the credit penetration has been steadily increasing and the economy is expected to grow at around 8-9% in the next 10 years, credit demand is bound to increase. As in most of the Public Sector Banks, the Government shareholding is ranging from 51% to 58%, the banks would depend mainly on the contribution from the Government for capital support / requirement. Unless sufficient capital is injected by the Government, many of the banks may not be able to increase their credit book. Moreover, with the strain on the Net Interest Margin, the public sector banks may find it difficult to supplement the capital requirement in a big way. However, the Government has extended its full support to see that the banks do not fall short of capital. The Government fully realizes, that the credit growth cannot be limited else it may strain the funding requirements of the Corporates as well as other entrepreneurs which are contributing in the overall infrastructure and industrial development of the country.

SS (Federal Bank) : Capital will certainly become dearer. As can be seen all these amounts have to be funded either by the Government or from the public. So the Bank that is perceived as the one that will provide sufficient ROI to investors will have no trouble raising capital. Further, I do not think it will deter Banks from growing because as long as the markets are thriving and the economy is moving northward, the demand for banking products / services will not diminish.

RMM (IDBI Bank Limited) : Basel III norms have been designed as a pre-emptive measure to contain and mitigate the financial sector risks. The implementation of Basel III norms has been envisaged to secure medium and long-term growth prospects of the banking industry. Under the prudential government norms and the central bank regulation, the Indian banking sector won't have much problem in meeting the capital adequacy norms. Further, the recently approved Banking Laws (Amendment) Bill 2011 will enhance the capital position of the Indian banks through capital inflow from the equity market. Further, the Public Sector Banks (PSBs) will be aided by the governmental assistance to retain its shareholding at the current level to meet the capital adequacy norms. So as far as the profitability of the banking sector is concerned, the competitive dimensions of the banking sector should ensure that the banks are able to deliver efficient financial intermediation without compromising on the interests of their customers.

IDBI Bank has been compliant with Basel-II norms since 2009 and regards the implementation of Basel-III norms as strategic, forward looking process to adopt the best practices in risk management with a focus on creating value. We have augmented our common equity capital by way of preferential allotment of equity to Government of India and Life Insurance Corporation of India during FY2011-12 and strengthened our Management Information System (MIS) to meet the data requirement. We are also taking measures to optimize the use of capital. I can state with confidence that IDBI

Bank is fully geared to meet the regulatory requirements arising out of the implementation of Basel III.

TMB (Indian Bank) : Requirement of higher capital ratios under Basel III implementation is likely to result in reduced lending and therefore may impact growth in Indian banking industry to some extent. However, the impact will not be sudden and drastic as Basel III implementation is to be phased in gradually over a period of 6-7 years. Further, expected benefits of Basel III regulations in terms of greater resilience of the industry make it worth implementing.

MN (Indian Overseas Bank) : The country needs lot of spending for infrastructure especially for Roads, Power, and Ports etc. The estimated spending on infrastructure is of the order of ₹12 lac crore. Substantial investments are required in housing for Low Income groups by Govt. or under Public / Private Partnership.

Even though the stringent Capital Adequacy norms and Liquidity Ratio under Basel III are impediments for the growth in Indian Banking Industry, in view of the potential available for growth in Credit, the Banking industry will continue to grow as before due to the reason that the Govt. of India, being the Owner of the banks, may infuse additional capital not only to meet the Basel III guidelines but also to ensure the economy grows as per the plan targets fixed by the Govt.

However, the banks have to take some steps on their part as indicated hereunder to augment the capital :

a. The credit monitoring should be increased to ensure that the loans do not slip into NPA / restructured category so that provisioning requirement can be reduced.
b. The banks should concentrate on more non fund income, viz. Syndication, custodial and advisory services, project consultancy, etc.
c. The banks should concentrate on recovery of Write Off amounts.
d. The securitisation route should be explored.
e. The Credit Risk mitigations can be increased.
f. The concentration should be more on top rated borrowers.
g. During the period of implementation of Basel III guidelines, the markets may evolve to enable the banks to float the Tier I Capital Bonds.
h. The Europe and America are still facing economic crisis and the investment opportunities are very less in those countries. Hence, the investments from these countries can flow to India. For this the Govt. of India may need to relax the FII / FDI norms for investment in Banking Sector.

The Reserve Bank of India may reduce the SLR over a period of time. Globally SLR / CRR stipulations are much lower than the stipulations in India. If the ratio is reduced, the required funds will be available to meet the Credit demand.

SLB (Oriental Bank of Commerce) : The enhancement of Basel III over Basel II comes primarily in four areas : (i) Augmentation in the level and quality of capital, (ii) Introduction of liquidity standards, (iii) Modifications in provisioning norms; and (iv) Better and more comprehensive disclosures. The RBI guidelines on Basel III provide for a transitory arrangement for increasing the core equity from 01.01.2013 to 31.03.2018.

The implementation of Basel III required three things. (a) A change in perception from looking at the capital framework as a compliance function to seeing it as a necessary pre-requisite for keeping the bank sound, stable, and therefore, profitable; (b) Deeper and more broad-based capacity in risk management; & (c) adequate and good quality data. Effective implementation of Basel III is going to make Indian banks stronger, more stable and sound so that they could deliver value to the real sectors of the economy.

Implementation of Basel III will kick in at a time when credit demand in the economy will be on the rise. India will shift increasingly from services to manufacturing, and the credit intensity of manufacturing is higher per unit of GDP than that for services. Secondly, we need to at least double our investment in infrastructure which will place enormous demands on credit.

KRK (Punjab National Bank) : Basel III requires higher and better quality capital. Admittedly, the cost of equity capital is high. It will affect the profitability of the banks; however, the expected benefits arising out of a more stable and stronger banking system will largely offset the negative impact in the medium to long term. It is also fair to assume that investors will perceive the benefits of having less risky and more stable banks, and will therefore be willing to trade in higher returns for lower risks.

In general, higher capital and tighter liquidity requirements under Basel III will increase the capital requirements in Indian banks, as in other countries. However, the actual impact would vary in different countries depending upon the amount of exposures impacted under Basel III, existing capital structure of banks, i.e., extent of reliance on non-common equity capital elements, existing rules relating to regulatory adjustments, credit growth experienced by the economies and existing credit to GDP ratio. The impact of these requirements on the profitability of banks would depend upon sensitivity of lending rates to capital structure of banks and sensitivity of the credit growth to the lending rates.

VAJ (South Indian Bank) : The Basel III guidelines have been formulated with the objective to improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source, thus reducing the risk of spill over from financial sector to real economy. In that sense it is an extension to the existing framework of Basel II. The total incremental capital that Indian Banking would require as a part of Basel III would be roughly 6,00,000 Crore. Traditionally, most of the Indian banks have always maintained a healthy capital adequacy ratio over and above the statutory requirement. One of the key differences in Basel III vis-à-vis the earlier versions is the change in definition of Capital. With this being made more specific, banks are expected to be well prepared for taking in any financial shock, external or internal. The increase in the common equity limits, the capital buffer concept etc. would mean that banks need to quickly look at possibilities of raising capital steadily. Higher capital would mean higher costs and therefore lower ROI. The ability to lend could also be constrained to certain extent in the short run. The public sector banks would require large government funding, which could further lead to inflationary trends. The other option available would be to bring down the government shareholding. In any case, Basel III norms are bound to create significant impact on the Indian Banking landscape.

DG (State Bank of India) : The Basel-III, as per the RBI guidelines, will be due for implementation from 1st April 2013 and will be fully-phased in on January 1, 2019. So the incremental dose of capital would be required over a period of six years. I think migration to Basel-III should not pose much problem considering higher capital adequacy of 13.7% of Indian banks in June'12 against 9% required. However, to maintain various capital provisions envisaged under Basel-III and to cope up with growing requirement of bank credit in line with growth in economy, some banks may need higher capital support from the Government. The Government is making provision in the Budget every year and for 2012-13 ₹14,588 crore have been provided. The Government will have two options either to bring down its stake to below 51% or provide capital. In any case, the Government is committed to providing adequate capital to banks and I don't see a situation arising where banks are not able to meet the credit requirements of the economy.

MGS (Syndicate Bank) : The Basel Capital Accord was designed with the objective of minimizing the probability of bank failure. Basel-III addresses the enhancement of capital requirements and Macro Prudential issues like leverage ratio and compensation practices. This regulatory capital regime is in the process of undergoing substantial improvements. Banking crisis is associated with much deeper economic and financial downturns and the reason is obvious that banks, directly and indirectly are at the centre of the credit intermediation process.

The Basel Committee reforms address weaknesses both at micro and macro prudential measures. Basel III capital guidelines, besides improving the quality of capital, also introduced Capital Conservation Buffer and Counter Cyclical Buffer. Higher levels of capital, combined with a global liquidity framework, will significantly reduce the probability and severity of banking crises in the future. Further, in India, SLR and CRR requirements are high and these will take care of the risk mitigation to some extent. This also protects financial stability and economic growth.RBI is working on the alternatives to supplement the capital requirements besides the Government commitment to contribute capital to some banks. Banks are enhancing the profitability and ploughing back the profits as capital gearing. Banks whose fundamentals are strong / sound to attract capital from local and international markets will approach the market.

Since the introduction of these guidelines is in a transitional stage and the implementation is spread over 5 years, it may not come in the way of growth in the banking industry.

AK (UCO Bank) : The banks are the engines of sustainable economic growth. To absorb the potential impact of market, credit and operational risks, the Basel III norms lay stress on a sustained increase in capital, particularly equity capital, for the banks.

Some of the important factors for balancing growth and capital requirements by the Indian banking industry may be summarized as follows.

- As Basel III stresses on common equity (paid-up share capital and free reserves) it would have an impact on growth. Keeping in mind most of the PSBs have an underutilized base of tier-II capital, the ability to fully fund growth through tier-I and tier-II capital will be critical to managing return on equity.
- It has been observed that deficiency in risk quantification has led to the overestimation of capital requirements in many cases. What is needed is building up of risk management skills and quick adoption of advanced approaches for proper assessment of risk.
- Emphasis should be on retaining earnings through cautious dividend payouts to meet the needs of common equity.
- Banks have to manage capital requirements, through rationalizing the capital mix, improving internal risk-management practices, and updating balance sheet-management policies.

DS (Union Bank of India) : Indian banking industry has twin challenges in current scenario-dealing with the slowing growth while buckling up for the emerging regulatory regime. Safety and stability of banking sector is the thrust of post crisis policy reforms. Now the Basel III is introduced, as an enhancement over Basel II, which calls for higher capital requirements on banks at a time when credit demand in economy is expected to expand rapidly due to several reasons including rising share of industry with high credit-intensity, infrastructure credit requirements, financial inclusion, etc. This is expected to raise the cost of credit which may hurt growth.

Though there is no comprehensive study estimating how much impact on growth will be in Indian context, some sense can be made from studies elsewhere. Basel committee estimates are that for every percentage point increase in capital, the GDP growth will dip by 0.17 per cent during the transition phase, i.e. period of 6 years. For India, with medium to long run growth expectations around 7 percent, this is rather affordable cost for gaining durable financial stability.

BS (United Bank of India) : We have already made an assessment of our capital requirement under Basel-III regime. We have also had extensive deliberations on the different options for raising capital. At present, we are in the process of raising capital through perpetual debt instruments and partly through a Rights Issue. We are not in a situation which warrants immediate additional capital and we are confident that the sustainability of the business growth will not be adversely impacted as we have adequate tier-I capital to take care of normal business.

HSUK (Vijaya Bank) : I look at it from the positive angle. Instead of cringing about the hypothetical growth retard, we should understand and appreciate that moving towards Basel III regime in a phased manner would strengthen the fundamentals of banks and virtually enable them to face the challenges. With global uncertainties still not receding completely and domestic growth not showing the desired level of spurt, banks need to tread cautiously balancing their business aspirations and at the same time ensuring solidity of fundamentals. Basel III is aimed at strengthening the very edifice of financial soundness of the Banks. I am of the opinion that a sound bank can certainly pull on during the critical days and survive to take opportunity when it arrives while a weak bank may not be in a position to weather the storm and collapse, not able to see the sunny days ahead.

5. Are cyber crimes a matter of great concern to banks?

BAP (Andhra Bank) : The fast development of network communication leads to the expansion of IT and there are many technologies available to counteract intrusion, but currently no method is absolutely secure. For majority of businesses and organisations, information is considered to be an asset, and so worthy of protection. Most of the electronic banking facilities have built-in security features such as strong passwords, encryption, prescription of maximum monetary limits and authorisations. As technologies become more and more sophisticated, banks have to be more proactive in safeguarding the customer's interest. However, emphasis should be given for effective preventive steps as well as creation of awareness among customers about the same so as to avert the occurrence of cyber crimes.

MDM (Bank of Baroda) : As a matter of fact, crimes of any nature, whether it be cyber or otherwise, are of great concern for banks. Crimes were also prevalent in the banking system even in the pre-technology era. Technology has now become an integral part of banking and CBS, ATMs, RTGS, NEFTs etc have become a part of core banking activities.

Banks need to be aware that with the advancement of technology, if systemic controls are not well aligned, crimes related to it can have the potentiality to rise. As such regulatory authorities and banks are curbing this menace and have been constantly working on it to plug all procedural and systemic loopholes to avert the same. Adequate security measures and precautions have already been in place and any crime with a new modus operandi when detected, effective steps are taken to prevent recurrence and systems and procedures are better equipped. The existing checks and balances are also reviewed periodically to make it foolproof. Policies are revisited and Board level guidance is put in place.

VRI (Bank of India) : Yes, Cyber crimes are a concern for bank as it may lead to financial losses. Apart from this it can also have a direct impact on bank as operational risks as well as reputational risk. Due to ever increasing reliance of customers on electronic delivery channels to conduct transactions, any security related issues has the potential to undermine public confidence in the use of e-banking channels and lead to reputation risks to the Banks. However, Banks are implementing required information security controls & safeguards to mitigate such risks.

In this technology-driven world, cyber-crime is a matter of concern for the Banks as technology has become main catalyst to achieve business excellence. Financial transactions being one of the prime activities with high level of access of the populace to the banking services, makes the Banks more prone to such cyber attacks.

Account takeovers, payment processor breaches, securities and market trading exploitation, ATM / Card related frauds, mobile banking exploitation, insider access are found to be major reasons relating to cyber-crimes in Banks and financial institutions.

But there should not be any negative or constrained approach to limit the use of technology for fear of perpetration of cyber-crimes. The security posture of the bank needs to be strengthened to prevent and overcome the hazards inherent in such an environment.

Proper and timely identifications of factors aiding and abetting the incidences of cyber-crimes along with proactive security measures, in a framework of effective e-governance and risk management process covering people, process and technology, need to be in place to combat and mitigate the vicious outcome of such nefarious activities.

Regulatory guidelines play a vital role in enforcing need to operationalize the e-governance and risk management frame work apart from putting in cutting edge technology solutions to ward-off incidence of such crimes.

A successful course would be incomplete without enhancing the awareness of the customers and general public without which, controlling cyber-crime related issues and keeping the faith of the people intact on Banks would need sustained efforts over a period of time.

NS (Bank of Maharashtra) : Cyber crimes are undoubtedly a matter of concern for banks because of the associated risks as Financial Risk, Reputational Risk, and Technology Risk etc. Though cyber crimes cannot be eradicated totally (as fraudsters keep finding innovative ways to commit such crimes which are at times beyond the control and scope of banks), they are being minimized by imparting customer education on an ongoing basis and incorporating fraud monitoring / fraud detecting tools.

However it is very essential awareness is to be created amongst the customers so that they are much more vigilant and observe due diligence like not revealing their confidential information as user ID, password etc. This will help to curtail cyber crimes to a great extent.

RKD (Canara Bank) : Certainly, cyber crimes are a matter of concern. But let me stress that most crimes are committed by successfully obtaining vital client information / data from the clients themselves. Banks create firewalls and breaches thereof are almost impossible. However, the same is not true for the clients. Clients have been repeatedly requested to ensure secrecy and confidentiality of the account numbers, client IDs or passwords. But the fraudsters tend to encash on the gullibility, naivety and at times, the lure of easy money for the clients. The situation requires 24 X 7 monitoring of Bank's Sites and transactions, continuous customer education, especially of the rural population and increased vigilance by all stakeholders.

MVT (Central Bank of India) : In the information age, the limitations no longer apply. Criminals seeking information stored in networked computers can access that information from virtually anywhere in the world. The quantity of information that can be stolen, or the amount of damage that can be caused by malicious programming code, may be limited only by the speed of the network and the criminal's equipment. Moreover, such conduct can very easily occur across state and national borders.

The lack of physical boundaries not only creates opportunities for criminals, but raises novel issues for law enforcement personnel.

Yes, it's a matter of great concern for the banks. More than 50% transactions of Banks are happening through the cyber space. This will go on increasing in future with the influx of innovative delivery channels. There is an endless list of possible crimes that can occur through use of the Internet.

Cert-in (Computer Emergency Response Team India) takes proactive measures as well as advising and supporting the banks to prevent and encounter the cyber crimes.

In our Bank, we have taken appropriate measures such as second level of authentication for all net banking financial transactions. This second level of authentication is fully dependent on bank, unlike the other two factor authentication. This is also applicable for any modification of customer details through cyber space. Apart from that we are ISO 27001 and BS 25999 certified and we have implemented Managed Security Services on 24 X 7 basis.

AK (Corporation Bank) : With paradigm shift happening in the Banking Industry, most of the Banks are successful in migrating quite a percentage of their customers to e-Banking Channels from traditional banking services delivery mechanism. Many technology initiatives are taken by banks in the areas of financial inclusion, mobile banking, electronic payments etc. In the current scenario, where online communication has become the order of the day, at times banks are becoming the targets of cyber-attacks. Online banking risks, credit card skimming and data leakage are the most important threats faced by the banks. In that background, the cyber-crimes are a concern to the Bankers.

Cyber-attacks cause an impact on not only the brand value and revenue for the banks but more severely impact the trust of the customers involved in the system. At the same time, one has to take into account that all banks are working on privacy, data protection and personal information protection etc. IT Security and IT operational risk mitigation are presently the focus areas in the IT Governance of the Banks. Increasingly all the Banks are now allocating separate budget for IT Security related initiatives and building strong network security, besides application security.

It is a fact that while use of technology for service delivery is growing fast day by day, the technology in respect of electronic security and IT access controls is also growing at an equally rapid pace. Further, the

Banks are swift in adopting these IT security initiatives. Hence, if a Bank deploys proper IT Security architecture, cyber-crimes can be kept under check.

SS (Federal Bank) : Cyber crimes do distract bankers but certainly they are not cause for great concern. Banks have been systematically investing in technology upgradation from time to time to counter such threats from cyber criminals. Its always crucial that we as an Industry are out-thinking the fraudster.

RMM (IDBI Bank Limited) : Cyber crimes present high risk to banking industry as we move from the traditional model of 'brick and mortar' banking to a technology-enabled one. The banks commonly face cyber crime risks such as phishing, spoofing, identity theft, spyware viruses and worms, search engines etc. The growing threat of cyber crime and increasing institutional liability compels the banks to be more proactive in guarding against them. It is commendable that the banking industry as a whole has actively woken up to the threat of cyber crimes and undertaken steps to eliminate them. The banks are keeping abreast of technological advancements and are using technology to mitigate the cyber crime risks. Further, as part of risk mitigation through creation of awareness, employees as also customers are being educated about the evils of cyber crimes.

IDBI Bank too has adopted state-of-art technology to mitigate the risk of cyber crimes strategically which also includes aspects of compliance and privacy. We have in place a well structured risk management framework recognizing various facets of risk and their effective & efficient management.

TMB (Indian Bank) : Yes. Cyber crimes are a matter of concern for banks. Cyber crimes involve transactions carried out by cyber criminals with the credentials of customers which are obtained either by stealing or by social engineering methods. In both these modes, cyber criminals operate outside the Bank's systems to get confidential information from customers and use this information in Bank's systems to carry out fraudulent transactions. To prevent such transactions, a second factor authentication in the form of a One Time Password (OTP) is introduced so that for each transaction can be carried out by entering the code sent to his / her registered mobile number with our Bank. As deterrence to internal Cyber Crimes, biometric authentication of users is implemented in pilot branches which are being extended to all branches.

MN (Indian Overseas Bank) : Cyber crime is an evil having its origin in the growing dependence on technology in modern life. Cyber crimes are a source of great concern to Banks on account of their accountability to customers and also non-traceability of the perpetrators.

The main cyber crimes include :

- Hacking and defacement of sites
- Bringing down services by online denial of service attacks
- Capture of card numbers by cloning devices at POS
- Online use of card numbers to siphon off amounts
- Online fictitious transfers resulting in loss of money to account holders

To minimize these incidents, banks educate customers in the following regard :

- Safe storage of ATM cards
- Keeping the PIN numbers and passwords confidential
- Education regarding phishing attacks
- Use of second factor of authentication to secure online transactions for cards and net-banking

While the tech-savvy younger generation wants to explore and exploit the weaknesses in the systems, may be with malicious intent or just for the thrill of it, the senior not-so-tech-aware staff fall victims unknowingly. Passwords have become passing words and ignorance is no longer a bliss.

Implementation of various delivery channels like Internet banking / Mobile Banking / ATM etc., have enabled transactions to be carried out from anywhere in the World. Even though Banks protect their systems through Firewalls, Intrusion Detection Systems, Anti-virus and Anti-Spam solutions and use of secure socket layer to communicate sensitive data securely, they have to depend on outsiders (vendors) for maintaining these systems.

The handling of electronically created documents still remains a mystery to many. Bank Staff who are well versed in the systems and procedures of the

Bank are not confident of examining an incident happening electronically. Most of the Banks depend on vendors for technology and they are unable to detect any vulnerability in the system until a fraud is reported. Plugging such loopholes is also time and cost consuming. Banks as of now do not have skilled staff to handle cyber crimes.

While technology has enabled banks to reach out to worldwide customers, it has also made the Banks easy targets for cyber crimes.

While a nation has physical boundaries in terms of its geographic location with other countries, there is no such 'boundary' in cyber world. Our cyber boundary is not yet defined. We have to protect our cyber boundaries also. Cyber Laws at both national and International levels are still struggling to catch up with cyber activities worldwide.

SLB (Oriental Bank of Commerce) : With the advances in IT, most banks in India have migrated to core banking solutions and have moved transactions to payment cards, debit / credit and to electronic channels like ATMs, Internet banking and mobile banking. The threat has followed customers into cyberspace with mechanisms like phishing, keylogging, spyware, malware and other internet-based frauds targeted specifically to the bank customers. Phishing is a major concern for Bank's in India.

As far as the technology and infrastructure are concerned, I think banks are fairly secure. The banks are already doing a lot as far as RBI Guidance and adopting the new processes which are being necessary for robust system. Now, every bank has a mandatory CISO position to be accountable for the risks and also there are committees set up within the bank for data security issues and reporting of the same.

Only a small fraction of Customers of Banks understands their liability for fraudulent transactions. Therefore the Customer awareness & education will be the key.

KRK (Punjab National Bank) : Banks have invested in IT to enable customers have the convenience of anywhere, anytime banking. However Banks are yet to put in place adequate measures to strengthen their security network so as to keep cyber crime under control. While banks have e-enabled their systems and processes, the threat of customer information being misused is real. Banks need to invest heavily in ensuring robust security at multiple levels as per the international standards to prevent any mishaps. To prepare strong checks against cyber crime, we need coordinated steps among banks, police, industry and educational institutions.

Besides, Know Your Customer (KYC) and Anti Money Laundering (AML) guidelines issued by the Banks are in place to protect the financial system against threat of money laundering/terror financing and frauds. What we need is the due compliance of the guidelines at all the levels of transactions. This can be ensured by strict supervision and building a compliance culture.

VAJ (South Indian Bank) : Risk, as they say is the possibility of a threat exploiting a vulnerability causing significant damage to assets. Hence, there are two components that needs to be looked at. One is the threat front and the other, on the vulnerability front. As we know, we live in a world where technology has become omnipotent. It has made life really easy. But convenience does not always augur well when we think in terms of security. Today when all banks in the country have moved on the online space, the threats have become manifold. While threats cannot be avoided, vulnerabilities can be plugged. A lot of investment is being made to fortify the Information System Infrastructure. But the biggest vulnerability is on the customer awareness front. Social engineering attacks are the most commonly deployed cyber crimes. Banks have to take great pains to ensure that their customers are completely aware of the inherent dangers of the cyberspace. An added security measure such as a second factor authentication may not always make matters convenient leading to immediate customer dissatisfaction. However, the onus is on the bank to educate the customer on the risks that are strewn on the cyberhighway.

DG (State Bank of India) : Yes, cyber crimes destabilize trust and confidence of customers dealing in banking transactions through virtual banking. Needless to say that trust and confidence is very essential part of banker-customer relationship. There is need for strict implementation of cyber laws to prevent cyber crimes in the country.

MGS (Syndicate Bank) : Yes. Any crime is a concern for Banks and that too since banks are operating on technology platform cyber crimes are of great concern. With the development in Information Technology and Telecommunications, the geographical boundaries of States do not pose any restrictions to the activities of the criminals. There is an increase in the activities of the criminals by making use of the advanced technologies. Organized-crimes restrict the smooth functioning of the market mechanism. Crimes discourage public to have their dealings with such fraud prone banks. The image of the Bank will be badly affected by such crimes. The threat of cyber crime never truly goes away, particularly as banking increases use of the Internet. Businesses and individuals now rely heavily on the Internet and the number of web-based financial transactions continues to increase. All major operational areas in Banking have thrust of frauds. Increased risk of intrusion alongwith the various links in the chain, technology is exposing Bank to risk. Banks are taking help of technology promoters and are plugging Risk. Example : pre-approved parties are only allowed for internet banking.

Threats to cyber security include (1) Mis-Configuration of computer systems (2) Inadequate User and Administrator Education; (3) Inappropriate Software Design; (4) Network and System Design issues; (5) Incorrect operational procedures; (6) use of Insecure Protocols; (7) Hacking Passwords / key information / important data; (8) and finally, lack of awareness and indifference. Fraud is one of risks, which is not only mitigated system on going way that also factored in priority.

AK (UCO Bank) : Technology has become the backbone of banking operations across the globe including in India. Most Banks in India have migrated to core banking platforms and are encouraging customers to use alternate electronic delivery channels like ATMs, Internet Banking and Mobile Banking. But on the flip side, e-banking channels have become targets for cybercriminals. Such crimes may threaten a nation's security and financial health. According to a recent survey, cybercrime is second only to asset misappropriation among economic crimes affecting companies in the financial services sector.

In light of this, the Banking sector and government must continue to train / groom specialised staff to respond to the new wave of attacks as they occur. This will require the continued involvement of veteran cyber security experts, investment in better day-to-day security controls, and a careful technical and legal analysis of response options available during an attack.

Cyber-security should be embedded into the business processes of the banks and the risks fully defined and understood. Finally, a comprehensive cyber crisis response plan should be in place to protect against financial and non-financial loss.

DS (Union Bank of India) : Finance is a business of trust as here the stock of trade is none other but promises linking present with a distant future. With fiat resting in digital signals, there is nothing more damaging for banking than misinformation as it may create bank runs in a matter of seconds today. Cyber attacks against banks create serious economic damage, and obtain extensive media coverage of the operations which is a primary objective of these types of attackers. With all the different types of cybercrime, the motive of attackers is theft of personal information & money of customers of banking systems. Hence, Bank's need to be on guard for any kind of cyber crimes and their attacks.

BS (United Bank of India) : We have put in place various checks and balances to provide safeguards against cyber crimes. However, there is no room for complacency and we are continuously assessing the needs and providing adequate resources so as to ensure safe banking for our customers.

HSUK (Vijaya Bank) : No doubt about it. Like any other organization, these crimes do affect the working of the Bank very badly. In fact, as the banks deal with public money, the magnitude and consequence of such cyber crimes is more pronounced in banking sector. So, it is very much necessary to have fool-proof system of preventive measures to guard against cyber crimes and ensure that the bank, its clients and their dealings are protected against such crimes.

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6. Is technology creating islands of ignorance in the banking industry?

BAP (Andhra Bank) : Adoption of technology has become an integral part of all businesses and banking is not an exception. The technology is playing a significant role in improving the operational efficiency of the banks. It is a fact that the new technology had created islands of ignorance in the early years of its implementation. Over the years, with continuous education and awareness among the users, the industry is able to address the issues to a large extent. However, these efforts are to be continued as we are operating in a dynamic environment.

MDM (Bank of Baroda) : Banking industry too moves with the times. In the present context, Banking without technology is inconceivable.

Technology entered banking way back in the nineties by way of ALPMs (Automatic Ledger Posting Machines) and then to LAN & CBS. And as such, technology is not new to banking. Hence, the statement that technology creates islands of ignorance in Banking Industry does not hold good. Rather technology creates a more collaborative environment among banks due to intra bank connectivity. However, as the innovation in technology is an ongoing process and today's technological system becomes obsolete tomorrow; it should be the endeavour to keep pace with the latest technological developments. With strategic thinking on universal bank account and interoperability of delivery channels, more cohesive relationship is set to build among banks.

VRI (Bank of India) : No. On the contrary, Technology helps in enrichment of knowledge base of individuals by enabling easy access & availability of information in electronic mode.

NS (Bank of Maharashtra) : This certainly is not the case. People in the present contemporary modern age, no matter bank employees or bank customers, are adapting to the changed working environment. Awareness about the potential technological advantages and the IT products / services is being generated amongst the customers as well as the staff. Our Bank keeps communicating the power of technology as a business driver, whereby it is being endeavored that everybody is made aware of IT driven products and services. For example, Government's IT initiative such as e-Governance ensures proper disbursement of subsidies to the beneficiaries. Here correct amount of money is transferred to the correct person whereby frauds in any form during the transit of fund transfer (which would otherwise deprive the beneficiary of his benefit, either partially or fully) are totally eliminated.

RKD (Canara Bank) : There are two aspects to this question - technology related and banking related. Technology related issues are only temporary. Initially they may occur on the introduction of a new technology or a new product. With hands-on and hands-off training, this will get resolved in the short run.

The second issue is related to professionalism in banking field and requires appropriate training, knowledge inputs; and placements and exposure. Both these aspects need to be monitored on a continuous basis.

MVT (Central Bank of India) : IT is an enabler. Banks are using Technology extensively from record keeping, accounting and settlement, Customer Interface to MIS. At Interface stage, whether with employee or with customers, Interactions are made easy and menu driven. Every time a new product released, front line staffs are trained and made them understand. Bank employees need not know the complex Operating System, Application software or the Programming part as it is the Software vendor / IT Support staff to handle it.

However, it depends upon the IT Governance status in the concerned Banks. The Banks who are having well defined IT Governance are able to address this issue to a great extent.

We have implemented IT Balanced Score Card and probably, we are the first bank. This gives the fair idea of performance of IT on various parameters, viz. corporate contribution, customer (user) orientation, operational excellence, and future orientation. Further, we are in the process of implementing Single Data Repository (SDR).

Few of the features of SDR are already in use, such as budgeting, Asset Liability Management (ALM) etc. Above all there is also adhoc report generation system based on the requirement of the concerned department. We are having good system in place for generating awareness. Apart from the regular internal and external trainings, the awareness sessions are conducted during business meetings.

AK (Corporation Bank) : Banking being a service oriented industry, the increased need for specialization and efficiency to beat the ever rising competition among peers, has given rise to specialization, which has its own pros and cons. While, this has helped to deliver improved and targeted customer service, it has also brought in limitations like not being able to serve beyond the specialization area. Automation of banking operations has contributed most to this isolation. It is more appropriate to term this as “islands of specialized knowledge”, rather than “islands of ignorance”.

To counter this isolation, the rotation of personnel among various arenas of Banking shall improve the overall understanding of the Banking business. Besides, the initial training can pay attention to the working knowledge of all spheres of Banking, with the emphasis on contemporary banking technology. Besides, employees can be continuously empowered with knowledge sharing and incentive linked knowledge improvement which can counter such ignorance. Like in case of our Bank, the intranet serves as a bridge in linking the “islands of ignorance” by providing all the information in the portal. Periodic scheduled e-learning sessions across branches on product features using WAN is an initiative by the Bank to reduce the level of ignorance and bridge “islands of knowledge”.

SS (Federal Bank) : No, it has on the contrary made banking accessible to the underserved and the unbanked. Could you have visualized hand held terminals being operated in 75,000 villages across India? Could you have visualized such huge numbers of Aadhaar enabled Bank accounts?

RMM (IDBI Bank Limited) : Technology has brought about a complete paradigm shift in the functioning of banks and has widened delivery channels for banking services. With the advent of technology, there has been an increased ease of delivery of services on the part of the banks as also increased accessibility on the part of customers leading to efficient customer interaction and service. However, with the advancements in technology, it is inevitable that the employees will have to undergo training on regular basis to keep themselves abreast of the developments. It does take time for the advancements to percolate to each and every level but can be ensured at a faster rate through on-the- job as well as classroom training programmes. Overall technology facilitates creation of a cost effective and efficient banking environment.

IDBI Bank recognises the need for continual training programmes and organises internal as well external workshops to train its team members. Further, we have initiated internal blogs to ensure that the IDBI team is updated on products and processes so as to serve our customers efficiently.

TMB (Indian Bank) : No. technology is in fact bridging the gaps between islands of data in banks. Core Banking Solutions helped in consolidation of data, earlier existing in each branch system across the country. Technology has given the facility of anywhere and anytime banking to the customer. But during the initial phases of implementation of technology, till such time the end-users understand full features and benefits of the technology, there are likely to be some gaps. A tool like a centralised Help Desk will help in removing such gaps.

MN (Indian Overseas Bank) : Initially standalone computers were the mainstream of computerization in banking industry in the form of ALPMs. Later we had branches with interconnected PCs and later CBS systems encompassing the wide area network. Even within the CBS system there are various modules all of which are not used by all the users. Users concentrate on the areas of work and do not access other options. A user who is managing counter operations may not know credit or trade finance operations. Thus within the CBS we have islands of ignorance.

In the administrative offices of the Bank there are many other systems in addition to CBS such as HRMS, Treasury (domestic and foreign operations), Asset Liability Management Systems, AML systems and Inspection and Audit software. These are integrated through interfaces and exchange data. The users of one system do not know about the features, capabilities and utilities of the other system.

Non- recruitment of staff in the public sector banks in the 90s and early 2000's has resulted in a vast gap in the age group of staff. The seniors who are not tech-savvy have to learn from the youngsters resulting in either resentment / frustration or they simply give their passwords to the juniors. While the newly recruited staff are adept at handling Computers, they are lacking in Banking knowledge .

Ignorance or lack of interest on the part of the seniors and inexperience and impatience on the part of the Juniors make communication difficult. Banks have to put in extra efforts in training both sections of staff.

Many senior staff do not want to deal with electronic products and are more comfortable with physical documents while the opposite is true for the younger generation. Technology has indeed created islands of ignorance in the Banking Industry.

SLB (Oriental Bank of Commerce) : Continuous improvements in the information technology have enabled banks to provide their services in a more direct manner to adjust their products better to the clienteles' needs. Although banking has always been an information business, until now information technology was mainly used to automate administrative processes. Many customers are still not fully aware of the convenience of technology. Due to ignorance or technophobia, many clients still opt for more cumbersome and costly methods of banking. On the other hand, some Bank clients make effective use of technology like use ATM banking instead of waiting in long queues at the bank.

All banks have introduced various other products which are linked to technology viz. mobile banking, internet banking which need to be channellised to the customers through customer interaction. The bank staff also needs to be updated on the products of the bank. Let us not forget the experience of manual banking a few years ago. Technology has definitely made a huge difference to our banking experience. Ignorance, if any is in the mindset as banks are still in the core activity i.e. taking deposits from public and lending to borrowers. If there was ignorance, banks would not have grown as it has over the past decade. If there is shortfall in knowledge skills, the same will be surely plugged.

KRK (Punjab National Bank) : There has been a strong relationship between IT and Banking. IT is expected to reduce costs, increase volumes and facilitate customized products. Thus adoption of technology is a dire necessity for banks and it has become a 'compulsion' rather than a 'choice'. After adopting technology in our day to day banking operations, what we need now is leveraging technology and enhancing service quality. The banking staff needs to come up to the expectations of all customers who are more demanding and particularly Gen Next customers who are more informed. Young, fresh talents and trained staff may cater to demands and expectations of these customers.

VAJ (South Indian Bank) : Our lives have been dramatically transformed by the power of technology. In the yesteryears banking used to be learned through theory and practice. It is definitely a matter of concern that increased use of technology has standardized many of the procedures leaving no room for the novices to understand the nuances of banking practice. Everyone gets confined to his or her role. In many cases, the underlying principle behind a prescribed procedure is never learned. Experience does not have substitute. However, banks in the country are trying their level best to train their staff to become more and more rounded in various facets of their work.

DG (State Bank of India) : It is true to some extent that technology is creating ignorance. This ignorance however is not deliberate but eventual. Let us look at the fact that after massive computerisation majority of accounting related work is being done in computer therefore, new generation people are unaware of double entry accounting systems and its implication for banks. Apart from training in technology there is a need to impart basic banking training to new generation bankers.

MGS (Syndicate Bank) : The Banking has undergone a sea change in concept, percept and outlook and there is a gradual transition partial mechanization / total mechanization banking to Core Banking Solutions platform since early 2000. Banks have gone in for recruiting manpower at various levels to cope with the business growth and branch expansion and attrition. As technology reduces the cost on one hand and enhances reach and efficiency on the other, Banks have gone in a big way for automation. By ensuring that each branch will have a mix of experienced and new recruits thereby the generation gap will to some extent be reduced.

It is not out of context to mention that Mentoring and Reverse Mentoring are the order of the day. When Corporate mantra is learning organisation and knowledge is an unending voyage no Bank will afford to allow for creating islands of ignorance.

AK (UCO Bank) : Technology is now all prevalent, not only in the banking industry but practically in all walks of life. One interesting thing to note is, in India even "illiterates" are regular users of mobile phones. The islands of ignorance, if any, can be converted into islands of "awareness" of at least basic technological knowledge. This would require some initial hand-holding, constant training and encouragement and upgradation of skill sets. All banks are doing this and spending lot of resources to abolish "technological ignorance" among their employees. But in the final analysis a lot depends on the person concerned and the organizational culture.

DS (Union Bank of India) : Technology must be seen as complementary to human diligence and not as substitute. How best we leverage the potential unleashed through technology determines the gain / loss as an individual or as collective. With the introduction of technology related products in bank such as Core Banking Solution, internet banking, electronic payments, security investments etc. bank can now provide more diverse services to customers with less manpower. But this has also resulted in few disadvantages like excessive reliance of bank employees on technology. Earlier employees used to acquire the knowledge on system and procedures and specific knowledge about products in order to perform day to day function at bank branches as well as to cater customer needs. Moreover, with old generation bankers at the verge of retirement and new generation banker being most tech-savvy, it has created an environment where bankers are more dependent on system and less aware of banking rules and regulations to be followed during data handling, maintaining and processing the accounts. In case of any failure in computer systems, employees may not be able to do banking functions effectively. To avoid such situations, training acts as an effective tool. Employees must be made aware of these processes. In short, technology can play a role which is both positive and negative. It is up to us how we leverage it.

BS (United Bank of India) : Technology has become a great enabler in the banking industry. Without technology support, it is just not possible to provide the nature of services that the customers are expecting from us. However, while technology upgradations are happening regularly, we are making it a point to re-jig our workforce and strengthen their knowledge base so as to provide quality products and services to our customers. We strongly believe that knowledge and technology supplement each other.

HSUK (Vijaya Bank) : I strongly disagree. Technology is not creating islands of ignorance in the banking industry but on the contrary it is spreading knowledge and dispelling ignorance. Technology has brought knowledge, information and awareness very close to everyone. Even those, who were initially averse to and uncomfortable with technology, are seen to be embracing technology in a very big way. These sections have since realized that technology has, instead of rendering them obsolete and incompetent, empowered them to a great deal.

7. What are the steps needed to improve "face-to-face" interaction with the clients when such a "personal touch" has become casualty in the electronic environment? Are the staff properly equipped to utilize the full functionality of the existing technology?

BAP (Andhra Bank) : Though adoption of technology is on the rise, bank necessarily has to focus attention on face to face interaction as it plays vital role in attracting the new clientele besides keeping the existing clientele intact. Core Banking Solution (CBS) has now stabilized in the banking sector and it has enabled the banks to improve the service delivery significantly. In order to reap the full benefits of the technology, the bank staff is required to be adequately trained both on technology as well as operational aspects of the banking. Banks being service organisations, there is an imperative need to imbibe positive attitude among the staff to extend delight service to the customers.

MDM (Bank of Baroda) : In today's banking system, the needs of banking can be met at customer's own convenience even from home or while on the move. A customer need not necessarily go to a bank / branch for a banking transaction. However, a personal touch with the customers and interaction with them goes a long way in strengthening the bond between the banker and customer for a sustained relationship. Periodical 'Customer Service Meet' at all levels like branch / region / zone etc. will help achieve this objective. The employees are given necessary training / exposure to utilize the existing systems in the Bank and upgradation of the existing skills are also taken care of by way of periodical trainings / seminars. Branch layout, process flow, customers lounge etc., are getting modernized to provide an interactive space for customers. PSBs in particular have adopted an interactive model of customer services.

VRI (Bank of India) : The next generation banking should aim to provide customer-centric features, giving users an extremely personalized experience while at the same time providing increased intelligence and automation to help Banks sell appropriate products and services to their customers. Implementation of Customer Relationship Management (CRM) is one such example. The customer interactions can be further enriched by implementing audio / video chats with subject market experts / relationship executives. These technology enabled interactions will obviate the need of face to face interactions.

Staff needs to be regularly trained & informed about the latest technology initiatives in bank. Awareness, education and confidence level needs to be augmented to have more penetration of these Technologies. If this coupled with personal interaction at periodical intervals Bank can get phenomenal benefits.

NS (Bank of Maharashtra) : Evolving technology has led to increased operations / transactions though the comfortable confines of homes and workplace. However face to face banking via phone / webcam is not a distant vision; it is already in place in some places.

Humans are the necessary force even behind the electronic modes of interactions. Therefore they are to be trained to provide "personal touch" even through voice based / written communication. Our Bank has already in place Maha E-seva facility to cater to the queries of our customers.

RKD (Canara Bank) :

a) The present Indian scenario consists of two distinct groups : one, who nurtures a literal 'face to face' interface; and the other, who has no time or inclination for the same. There is no substitute for a real 'face to face' interface for the former group, e.g., elderly customers, people from rural areas, etc.

   In the case of latter, a virtual face to face interaction can be nurtured through 'social and other networking media'. However, utmost care is to be exercised to share only general information without delving into account / customer specific details to ensure confidentiality and safety of the client data.

b) As regards staff, with the influx of fresh recruits, some of the gaps in the Computer based operations have been addressed. However, the computer literacy and awareness of the existing staff needs up-gradation. While the new entrants are computer savvy, the above requirements apply more particularly to the existing old guards. The old guards have certainly improved through constant training and exposure in this area.

Banks may adopt methods suitable to them in the above process, including virtual classes, situational training, hands-on experiences, etc.

The success of technology introduction and up-gradation necessitates adoption, absorption and assimilation of technology. While adoption of technology has been carried out successfully by the banks, absorption and assimilation levels need to be increased to derive maximum benefits of technology. As technology itself is dynamic, these three processes need to be attended to on an ongoing, real-time basis.

MVT (Central Bank of India) : Only a Brick and Mortar presence could facilitate face to face interaction with a customer. Traditionally Banks in India trained to serve the customer across the counter and a smile in the face of service provider while serving the counter brings customer delight.

With advent of ATM, Debit Card, Mobile Banking, Internet Banking etc , Customers having time constraint and / or do not want to visit Branches for Cash withdrwal, cash deposit, Bill Payment, payment of Utility Bills, repayment of Loan installments etc prefer to use Technology. If the customer able to complete the transactions in a hassle free manner and in shortest possible time, customer feels satisfied with the level of customer services in the bank.

The following measures could improve customer's satisfaction :

- User friendly delivery channels
- Regular communication with customers
- Response mechanism to resolve issues
- Incentivisation
- Branch ownership of customer service

Banks are re-skilling employees of all levels to understand the use of Technology for customer service. Managers are trained in the area of Sales and marketing tricks which is necessary over traditional banking knowledge.

AK (Corporation Bank) : Though there is lot of electronic intervention, the importance of 'personal touch' continues to be a differentiator and one of the key drivers for business growth. Today, while almost all the services are being offered on electronic mode, still the concept of personal contact continues in the Banking Industry in India.

With changing generation, the interactions are more through electronic media which is going up day by day. This is mainly due to the convenience and the working environment of the present generation. The personal touch and face to face interactions can be to a great extent restored or improved with the help of modern technology. With the current pace of innovations in the electronic and telecommunication technology, the day is not far off when the interactions between the Bank officials and Customers could be video based, using the latest technologies.

Training opportunity is utilised to educate the staff the importance of customer and customer meets, need for providing a feel of importance in each of the customer. Bank is imparting training both in the area of products & services and etiquette to all the frontline staff. In order to bring forth the importance of customer, facilitate effective interaction & enhance customer relationship exclusive training programmes such as Product Awareness and Etiquette, Delivery Channels / Technology Products, Attitudinal development, Customer Service / Marketing etc are being imparted. Staff is also being exhorted on to scale-up to utilize the functionality of existing technology.

SS (Federal Bank) : Different segments deal with their needs differently. Younger, tech-friendly, salaried people prefer more remote channels. However, the conservative views will continue but direct interactions between the Banker and the customer at Brick & Mortar branches will become increasingly advisory in nature. Both Brick & Mortar and Click & Portal will co-exist. A good cross section of society still prefer to do Banking the conventional way. They want to visit a brick and mortar branch, talk to the desk officer and do their transactions spending some time at the Bank. Many technological innovations had created a situation where the customer was not required to come to the Bank at all ! But the large block of 'touch and feel' customers are finding it uncomfortable with all the technological changes around them or perhaps it is simply that inspite of all these changes, they still want to do their transactions the traditional way. Trust happens when you see things. Perhaps they just want to see the person they entrust the money to. But times are changing, the younger generation of customers, do not wish to visit their Banks. It is only an option for the customer. Having said that, I must also mention that banks are now taking extra efforts to shore up their personalized customer service initiatives.

RMM (IDBI Bank Limited) : I wouldn't say that 'personal touch' has become a casualty in the electronic environment. Instead, the nature of personal interaction of a customer with the bank has evolved over time to encompass a different spectrum. Today, the customers have differing financial needs which also include investment needs. The complex array of products and services isn't always familiar to them and to address this, a dedicated relationship officer is assigned to the customer. The officer advises them in accordance with their needs and aids them in choosing the most suitable product / service. Hence, the role of a banker has evolved from a basic financial transaction to financial planning and investment advisory services. As I said earlier, regular and continuous training programmes for the staff would ensure that they fully utilize the state of the art technology to provide better and efficient service.

IDBI Bank has dedicated relationship officers for its customers who guide them through the varied products and service to address their financial requirements. Our officers are regularly provided training in the different products / services offered by us as also the latest developments in the banking sector to enable the best-in-class service for our valued customers.

TMB (Indian Bank) : Either in physical branch environment or in electronic environment, customer can be satisfied if his / her query is responded immediately and issues resolved within a reasonable timeframe. In an electronic environment, this becomes easier as more number of customers can be contacted simultaneously using email facility and responded instantaneously. To respond to a query, data is also available at a single location. Staffs are equipped to utilise the full functionality of existing technology.

MN (Indian Overseas Bank) : In the olden days when banking was confined to a branch, the Branch Manager had control over what was happening in the Branch and he could see the customer in person. With the advent of Internet / ATM / Mobile banking etc. transactions are happening all over the world and the Branch manager does not even know what transactions are being carried out in his Branch books.

Due to the acute shortage of staff, banks prefer to service clients through alternate delivery channels like ATMs, Netbanking, Mobile Banking, IVRS which are automated and available round the clock. This results in lesser costs for banks. Customers also prefer these channels - net banking, ATMs, as they are available round the clock.

In the process, face-to-face interaction with customers is increasingly becoming less. In order to improve personal touch, banks resort to mailers of greetings and offers to customers. Personalized emails are sent to account holders regarding offers and reminders. Banks also improve their reach by means of advertisements in media like TV. Reaching out to customers through social networking sites like Facebook and Twitter is yet to take off in Banks.

In our Bank we take pride in being customer centric. We had arranged a 'Walk-in-Bank' campaign last year which was a huge success. Our Staff went to the Customers' residences canvassing business which was very well received by the public. Though today's younger cash-rich generation do not have the time to go to a branch for their banking needs, if the Bank reaches out to them they are more than willing to meet us half-way. All that they want is Internet / Mobile Banking and ATM facilities which we have already implemented. Though the personal touch is no longer there, mails and SMS promotions are welcomed.

We arrange for regular training to our staff to educate them on our e-products so that they can sell the products to the customers. Unless the staff are thorough on the product they may not be able to market it. So we encourage our staff to use all our electronic products.

SLB (Oriental Bank of Commerce) : Retail Banking is currently undergoing rapid changes. Customers expect face-to-face channels to focus predominantly on sales of products and advise while transactions will be handled almost exclusively by electronic means. Development of staff knowledge on bank's own products and improvement in their soft skills is something which requires focused attention. As large amount of retirements is in the anvil for PSBs, the banks are gearing up to face this challenge by creating talent pool of officers who will be part of the succession plan of all banks. Product and process training and capacity building is also the need of the hour and banks are now giving importance to the placement of the best people as front line staff at the branches.

KRK (Punjab National Bank) : I wish to emphasize here that Punjab National Bank has been adopting technology at a very fast pace which has led to banking at the click of the mouse to the customers of the Bank. However, the Bank has not stopped its physical expansion which is reflected in its continuous branch expansion. Total Branch network of the Bank stood at around 6000. I feel that majority of the customers still prefer visiting the branch. Moreover, at Punjab National Bank, we have institutionalized a system of inviting customers once a month and interacting with them so that we are able to meet their requirements and redress their grievances, if any. We believe that technology has brought our customers closer to us as they can get in touch with us any time of the day as per their convenience rather than waiting for the branch to open. We have set up a 24*7 call centre having Customer Service Agents trained in soft skills and bank's products / services to address any query from the customer. With the advent of technology, customer preferences have also changed. Definitely there is a greater role for customer segmentation today as we have customers of different expectations simultaneously dealing with the bank.

In such digitalized banking environment, to meet the requirements of the time, Bank has set up a State of Art Training Infrastructure which are providing much needed training towards bringing attitudinal change in the staff working at the front office and making them well versed in usage of technology so that they may in turn guide the customers towards using the technology enabled services of the bank.

VAJ (South Indian Bank) : When we started our major core banking initiative, we had taken a vow that we would blend tradition and technology while serving our customers. Today, even as we offer next generation banking, our prime focus is always on keeping the personal relations a top priority. But it is a constant challenge. Why should a customer visit a bank branch, when he could do almost 90% of his banking transactions through alternate channels? The time when banks start wooing their customers to visit a branch, is not far away. A delivery channel while being very convenient can never provide the emotional connect, that a human interaction does. It is this truth that the bank staff should be trained about. By and large staff are trained round the year on the operational aspects associated with technology. However, the paradigm shift from operational efficiency to customer relationship management shall be the real game changer.

DG (State Bank of India) : It is important to note that a paradigm shift to hassle free, quick and 24x7 banking will bring in its wake less face to face interaction. The majority of our customers particularly depositors either deposit money or withdraw money from bank. With massive computerisation, net-working of branches and ATMs, Internet banking, mobile banking, customers now hardly need to go to a branch and interact with bank staff for normal banking transactions. The business model adopted by most banks also discourages customers to visit a branch for normal banking transactions. The important issue is to keep the customer satisfied with the services provided by the bank even in this scenario of decreasing face to face interaction.

The following measures could be a step in this direction,

1. Bulk, routine transactions of low value should be net based.
2. Niche Banking should have more personal touch points - HNI, Corporate Banking with the development of Relationship banking.
3. Grievance Redressal mechanism and frontline staff should be more responsive and sensitive to customer complaints / needs.

MGS (Syndicate Bank) : Today's fiercely competitive environment demands that employees at all levels ought to know more about the Products, Services and Delivery Channels so as to cross sell the products across the counters. In other words, each Bank expects that every employee to be the Brand Ambassador of the organisation. On a quick look at the present position prevailing in the Banking Industry, more than 75% of the business time is being spent by frontline employees on transactions and less time is being spent on interacting with the customers. In order to improve the quality of service and ensure customer satisfaction, Multi Delivery Channels of services are to be increased. In this direction, banks are coming in a big way to encourage for alternate channels like Internet Banking, e-Lounges, issue of Debit cards to all eligible customers, Door-step banking, etc. Further the use of technology in a large way provides relief in the form of more effective work process, capacity building to handle large volume of transactions with remarkable ease. As suggested earlier, back offices are to be created to take up functions related to opening of accounts, processing of loan proposals, on line submission of loan applications of retail credit products, putting in place Voucher verification software, establishing centralized pension processing and payment cells. Customer Relations Officers are being designated at the branches to give personal attention to the public. Creating “May I help you” counters to guide the customers. Volumes can be serviced by technology without manual intervention but some time save old customer friends it as ignored but Bank can take care by keeping HNI customer mark on system.

AK (UCO Bank) : I wouldn't agree that “personal touch has become casualty”. Face-to-face interaction with clients is very much there. In most banks there are sizeable number of customers - particularly the elder generation and senior citizens - who prefer to come to the bank for meeting their banking needs. Our frontline staff is being trained in soft-skills to make them more customer-oriented and guide customers on technology matters whenever needed.

Equipping staff members to utilize full functionality of the existing technology is an on-going process. With constant evolution of technology, the skill sets among staff members need to be continuously upgraded to keep pace with the changes in systems and processes. Towards this end our Bank puts lot of emphasis on employee development through e-learning, on-location and off-site trainings and workshops.

DS (Union Bank of India) : Well, I don't see 'personal touch' in electronic environment as a casualty for there is nothing more satisfying than seeing a customer happy. Today, one need not stand in queue to meet one's banker personally as the desired business is transacted at one's comfort. With 24/7 Call centers and help-lines, one need not wait till the banker is relieved of routine business to listen one's complaints. Nevertheless, there is always a person, in flesh & blood, who operates behind these tech-enabled interfaces. It is here that we need to inculcate the business values to build long lasting relationships with customers. Going forward, the banking enterprises are set to add more vitality in its workforce by inducting young bankers as seniors retire. These young recruits are techno-savvy and it would be rather easier to mould them as sensitive bankers than training the grey bankers to be tech savvy.

BS (United Bank of India) : While we always try to leverage on our technology base in extending normal banking services, we also feel it necessary to put up a humane face so that the customers do not feel alienated. We are organizing regular training programmes for the staffs with a view to make them familiar with the technology and at the same time we encourage them to interact with the customers, particularly the senior citizens and others, depending upon their requirements.

HSUK (Vijaya Bank) : It is my firm belief that machine is not a complete substitute to man in whatever area we are concerned with, more so in a service industry like Banking. Even those who were earlier enamored by the advent of technology with a hope that it would relieve them of problems associated with dealing with a human being are slowly finding it necessary to have personal interaction instead of dealing with silent machines. It is not to take away any credit from the technology, which has helped us in a very big way but the fact remains that mere technology is not a solution for all the problems. Rather, “technology with human touch” is the right strategy because man is basically a social animal. Therefore, it is imperative that not only the machine or its software should be good but the man behind the machine should also be equally good. So, we have to ensure that the element of personal touch is not lost in the deluge of technology. Even in a very simple and basic service like pass book printing in the counter of a bank, while technology takes care of everything, a mere human interaction face to face, a personal greeting and carrying out the job with a smile adds lot of value to the dealing. Further, we should also remember that in our country when still about 26% of the population is basically illiterates, we cannot expect everyone to be tech-savvy. So, greater amount of human element in making available the benefits of technology to the common man is needed. At this point in time, we have a composition of staff a majority of whom are technologically equipped and conversant. However, we should ensure that they do not function as mere "tech-operators" but more of a "tech-counsellers". Their mindset and approach should be so tuned in to align it with the overall business approach and policy of the Bank.

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8. Is 'quality service' the sole differentiator for acquiring market share? What are your views?

BAP (Andhra Bank) : Yes. I agree that the 'Quality Service' is only the differentiator for acquiring market share as today the Banks are operating in a technology and product neutral environment. This necessitates the banks to pay focused attention on personalized service to strengthen the bondage with clientele further to grow further in the fierce competitive environment.

MDM (Bank of Baroda) : Banking being a service industry, 'Customer Service' is the critical factor in improving the image and thus acquiring market share. There are no two opinions in this respect. Reinforced customer centricity with a balanced product pricing and providing value to customers can help in capturing better market share. More competition can lead to rise in customer aspirations. Sensitivity towards pricing, quality and product range will be the biggest challenge for the Banks. Reinventing products and intense customization with the help of technology will be the life line to continue to win customer patronage. As the margins dip, it will be difficult for the banks to compete only on pricing. A tradeoff between pricing and value of choice will be a determining factor as we move forward. Hence quality of customer service with human face will be the necessary wherewithal to increase satisfied face.

VRI (Bank of India) : Banking being a service industry, accurate exact quantifiable is never possible but the smile on the face of the recipient will be the measurement levels. In today' Banking Scenario, with the competition in place and each one vying for that extra piece of pie service with quality and smile will be the deciding factor for acquiring market share. Those who go beyond the call of cluster will definitely progress as the Banking Service Products are uniform except cosmetic add-ons.

NS (Bank of Maharashtra) : Quick and efficient service is the only differentiator whereby Bank can increase its market share in the industry. Quick disposal of loans and advances and courteous service extended by the banks' staff, help to build long term relationships with the clients & customers. Word-of-mouth advertising; sans any media publicity; by satisfied customers is the most credible way to increase Bank's business.

RKD (Canara Bank) : The modern customer is fully aware of the price and service provided by various players. Consequently, customers quickly differentiate players, who provide fast service and shift to institutions, which provide prompt and efficient service. In view of the changing customer profile, we must create value for the full spectrum of customers by providing delightful customer service across all delivery channels. With customer-centricity, Canara Bank has initiated several measures to improve customer service by aligning its strategy and organization in pursuit of differentiation through service excellence. Our focus is on exceeding customer expectations by increased attention on quality and faster delivery through innovative and cost-effective banking services, effective business models and leveraging technology optimally.

MVT (Central Bank of India) : We are a service industry. The quality of customer service binds a customer to a particular bank. A satisfied customer is the Brand Ambassador for a bank. Central Bank of India is the 4th most Trusted Bank as per ET Brand Equity - Mot Trusted Brands, 2012 and 14th Most Trusted Service Brands in the country. Bank has 30 million loyal clients, many of them are third generation customers. This is possible due to high level of customer service and building trust over years.

Improve access, reaching to geographic as well as demographic customer segments are key to increase market share.

I believe, only 'Quality Service' is the sole differentiator for customer loyalty.

AK (Corporation Bank) : Banking is predominantly customer oriented business and good customer service is the key to bank's growth and stability. The quality of customer service is the most important aspect. Good customer service goes a long way not only in expanding the clientele base, but also helps us to retain the existing clients which is very essential for thriving in the banking industry. It also helps in building the goodwill of customers which is like a strong foundation on which we can pave the way for our growth and achieve all round success.

Customers respond better when he is attended to in a friendly and polite manner. Delivering a high quality and consistent customer experience is the top driver of loyalty.

We strongly believe that the sole differentiator for acquiring market share is the 'Quality Service' to the customer. We are endeavouring to provide efficient and cost effective services leveraging the technological capabilities.

SS (Federal Bank) : It is a necessary but not sufficient condition. Indeed a big differentiator. But the full experience of products, pricing, brand recognition all matter in addition to service. Service encompasses everything and not merely smiling faces alone.

RMM (IDBI Bank Limited) : The banking sector competition is intense with a number of public, private and multinational players in the market. Further, the products and services offered by the banks are more or less homogenous in nature which compels each of the banks to define a Unique Selling Point (USP) for themselves. The banking sector also has become increasingly customer-centric in cognizance of their critical importance for its success. In a service-oriented industry like ours, the defining factor would be the service that the customer receives once he / she walks through our doors. An excellent customer service would not only ensure highest level of customer satisfaction but also customer retention and recommendation thereby helping us to grow. Further, it has been seen that the service rendered to a customer during a personal emergency creates a stronger impression on the customer than the day-to-day services. During an emergency, the customer may make requests which aren't a regular one but a humane and understanding approach by the bank officers would go a long way in establishing a good rapport with the customer and ensuring loyalty. The banks must ensure that the highest level of customer service is demonstrated during a crisis so that the customer leaves satisfied and also passes the word around about our service. Our best advertisement is our customer's word.

IDBI Bank has ingrained the spirit of best-in-class customer service in its vision statement itself which is "To be the most preferred and trusted bank enhancing value for all stakeholders". The statement itself reflects the commitment of the bank towards the highest level of service for all our stakeholders which include our customers.

TMB (Indian Bank) : There is no denying that "quality service" is one of the main factors. Acquiring or enhancing market share also depends on the finesse of interest rates offered; cutting edge our products offer vis à-vis the discerning customer expectations and requirements; and the technology platform on which these products are offered. All these factors also act as a differentiator in acquiring market share.

MN (Indian Overseas Bank) : 'Quality service' will be a major differentiator for garnering more accounts. Though, there are other factors like technology and customized products, 'quality service' only can ensure retention of existing customers. New customers will look for a mix of technology, product design and customer service. The quality of service will be measured in terms of the time taken for resolving a complaint and the quality of the solution offered. A bank providing quick and efficient service will be able to up its market share.

SLB (Oriental Bank of Commerce) : Good customer service is the essence of success in today's highly competitive world of business. There are two big imperatives from consumer models of the future vintage point. One is the new segment that is emerging, the Digital Consumer or Gen-Y Consumer and other imperative is around the current customer and how we serve them. Customers are demanding improvements in service and clarity in fees and charges. The combination of these put together would define the quality service to customer and enable banks to capture the high growth opportunity in a profitable manner.

KRK (Punjab National Bank) : Banks are the part of the services sector where the key differentiator is the quality of services we provide to our customers. I fully agree with this view. The Bank has been able to attain the mark of being a pioneer in technology adoption. Now the phase has come to leverage the technology to provide improved service delivery to the customers through convenient channels. We must also ensure that the security aspects transactions done through technology are also addressed adequately. This will further encourage customers to use the banking services suitably and confidently.

VAJ (South Indian Bank) : I completely agree to this concept, as the banking products in the country, irrespective of the banks, are more or less standard. It is the packaging of quality service that differentiates a bank from another. The customers have exacting standards about quality and therefore it becomes very important for the banker to keep up the levels of service consistently. Quality of service is normally associated with quickness in response, courteous behaviour, trust and a strong sense of commitment to serve. This would require the banks to empower the staff with sufficient decision making capabilities, so that the bureaucratic delays can be avoided. The loyalty factor is almost a thing of past. Pricing can only be a short term strategy. The key is in really understanding your customers and staying with them through thick and thin.

DG (State Bank of India) : I agree quality of services can certainly help in augmenting market share. However, this is true in respect of gaining market share in deposits. In credit, apart from quality of service other important things are capital strength of bank i.e. CRAR, exposure norms, balance sheet size, reputation, which will be decisive in determining share in consortium and ultimately market share in credit.

MGS (Syndicate Bank) : The age old notions that customer creates business and the purpose of business is to create to win a customer, still holds good in the present context. The expressions customer, buyer, client, consumer, borrower, beneficiary etc. means one and the same. The customer is right, king, and is relevant in all businesses and more so in service industry like Banks. Hence, any organisation which needs to survive against competition needs to focus on quality service with assent on value addition. During 80's organisations saw customer in a very individual and during 2000 they saw an individual in every customer and 2010 onwards they are seeing an individual in every employee. Not only to meet the needs of the customer but to exceed them is a must to entrench the Market Share. Being customer driven is much like motherhood and apple pie. Achieving customer satisfaction cannot result from just doing the traditional things better and organisations need to feel that the customer is a valuable asset and a source of innovation. The customer retention is as important as acquiring new customers. The development of multi-functional ICT has also enabled banks to provide more diversified and convenient financial services without adding many physical branches hitherto. Thus customer centric service, sustainable growth in product diversification and proper application of technology continues to help not only to retain the market share but also to entrench sizeable market share from the competitors. Speedy & efficient services with help of technology is demand of the day

AK (UCO Bank) : Customer loyalty is a bank's biggest driver of long-term prosperity. The quest for customer service excellence should be the overarching goal for a bank. Studies have shown that customers rate a service organization like bank as excellent when it exceeds their expectations on intangible things such as approachability, courtesy, responsiveness, flexibility, front-line attitude and competence.

Highly satisfied consumers are more loyal, recommend bank to others, and can give valuable suggestions for improving quality of offering.

Increasing market share would depend on the efficacy of the business enablers - the people, processes, and technology that keep the business running day to day.

Hence, in our views although quality of service to the customer is not the sole differentiator, it plays a major role in increasing the market share.

DS (Union Bank of India) : Today, technology has leveled out playing field for all and the only differentiator that remains is the customer centric approach of the respective banks. Moreover the changing customer profile, with influx of newly bankable class and next generation customers to existing pool, also requires that banks consistently create 'moments of truth' for each customer. The increased competition has improved the customer service standards across industry to a level unthinkable even 10 years ago. With new bank licenses on the anvil, the existing equilibrium is certainly being shaken. This will further raise the bar on quality service in Industry.

BS (United Bank of India) : Quality service always helps in acquiring market share. Although banking services are largely dependent on technology, still delivery mechanism needs to be fine tuned so that the quality does not suffer. We also believe that more than an advertisement or a business campaign, the standard of service of a particular organization speaks of its culture and commitment and high standard of services always attracts new customers by words of mouth.

HSUK (Vijaya Bank) : There is no doubt about this. As already discussed earlier, a bank may be having high level of technology but the customer is attracted and retained only by quality service. Technology itself will not deliver results unless it is delivered properly to the customers. Howsoever good may be the products launched by a bank but they will remain on paper unless they are properly marketed by the staff of the Bank. In my opinion, in banking industry customer service plays the most important role in acquiring and enlarging the market share of business. The interest rate may attract the customer to the Bank, publicity and ad blitz may catch his attention, technology may facilitate his dealings but ultimately, it is the solid foundation of customer service that retains the client in the fold of a bank besides drawing others. Hence, customer service is paramount in business expansion of a Bank.

9. Is there sufficient reorientation of staff to achieve high levels of satisfaction of customers?

BAP (Andhra Bank) : Banks are required to maintain high levels of customer satisfaction to remain in the market. It is necessary for banks to conduct Customer Satisfaction Surveys to elicit feed-back from the customers about the service delivery across the channels. The employees need to be sensitized and trained through reorientation programs on an ongoing basis.

MDM (Bank of Baroda) : 'People, process and technology' has been the 'in-thing' in the banking.

In the present circumstances, banking cannot be perceived without these three vital elements. Development of specialized skill sets, in tandem with the dynamic ever changing needs of the customers have been receiving focused attention. Coaching and mentoring of staff to develop an emotional connect with the Bank and the customers, are already a part of the Bank's operational strategy. Each and every staff has been from time to time sensitized to educate the customers to move to alternative delivery channels, which are more customer friendly. Banks which are able to shift their customers to alternative delivery channels quickly can be the forerunners in satisfying customer needs. The other dimension is to optimize the capability of technology to generate useful data to improve customer centricity. Eventually manpower should be deployed for servicing customers, marketing and evolving strategies for the bank. Using manpower for data processing / compilation of returns / statements need to be quickly phased out so that they are deployed for customer connectivity, thinking, designing action plans and talking to customers. Technology should eventually be harnessed in a way that manpower is relieved from transactions / data processing so that more time can be given to customers to improve customer satisfaction. More of them need to be deployed for intelligent work, more importantly to service customers. The end use of technology should be intended to (a) improve efficiency / accuracy / access (b) free major percentage of employees to render personalised customer service (c) reduce intermediation costs (d) create unique market differentiation.

VRI (Bank of India) : We have devised 06 weeks Induction Training Programme for Direct Recruit Officers (DRO) consisting of 02 weeks basic banking class room training, 02 weeks On The Job Training in branches and 02 weeks advanced banking class room training. The DROs are trained to familiarize with Core Banking environment, update themselves on soft skills products and procedures for better customer service.

- We have also devised 02 weeks Induction Course for Clerks consisting of Basis Banking and Finacle coaching.
- After a gap of 6 months to 1 year, we impart refresher training of 02 weeks to Officers and 01 week course to Clerks. The above ensures relearning and filling of skill gaps.
- Apart from above orientation, we conduct workshops on Customer Service, Marketing, Credit Application Processing System (CAPS), Know Your Customer (KYC) Due Diligence, Lead Management System and special workshops for RSMs.
- General Managers and Zonal Managers address the DROs to share their knowledge and experience for smooth handholding.
- There are post promotion training programmes in all the scales for knowledge up-gradation. The trainings up to Scale SM IV are conducted in our 04 Staff Training Colleges (STCs) at Noida, Bhopal, Chennai, Kolkata and apex institute Management Development Institute. Refresher training for scale V, VI & VII are conducted at ASCI Hyderabad, NIBM Pune, IIM Bangalore, MDI Gurgaon.

NS (Bank of Maharashtra) : Bank is constantly training and updating its staff to address the customers' issues and to build long term banking relationship with them. With changing regulatory norms and policies knowledge enhancement is an ongoing phenomenon. Bank's training colleges and centres are engaged in conducting training sessions and providing online training to our staff members to apprise them of all the latest developments to heighten customer satisfaction.

RKD (Canara Bank) : Canara Bank has launched a unique training programme, i.e., “JAGARAN” for the front office staff with a view to improving their customer facing skills and achieving high level of customer satisfaction. 15 Premier Institutes were involved to train around 9000 officers and clerks over the last one year. This is in addition to the various functional training imparted for skill development. During the year so far (January 2013), we have imparted training to 23985 employees across cadres.

We are also associating premier institutions like IIMs, XLRI, JNIBF, NIBM etc., to conduct in-company Training for competency building among staff members.

MVT (Central Bank of India) : Front line staff at the Branches are key differentiator to achieve high levels of customer satisfaction. Product Knowledge, skill and attitude of front line staff are crucial for customer service. We have segregated back office and front office work. Most of back office functions are centralized and front line staff are relieved for more customer interaction and marketing. Age profile of Branch Managers and front line staff changed to give a younger, Tech savvy interface with customers. Front line staff are trained in use of technology, product knowledge and alternate delivery channels for customer satisfaction.

AK (Corporation Bank) : In the last 2 years, the Bank has extensively implemented a transformation programme to all the frontline staff to reorient themselves to the changing circumstances. Customer Service / Etiquette programmes are also being administered along with Induction Programmes to deliver high quality customer experience in the Bank.

SS (Federal Bank) : That varies from Bank to Bank. The quicker Banks respond and adapt faster to changing environment and varying customer demands. They successfully orient their employees also along the same direction, resulting in productive resonance. The Bank that shows better enterprise reaches its goals faster. This challenge is compounded with many youngsters joining traditional Banks and need lots of training.

RMM (IDBI Bank Limited) : The increased emphasis on quality improvement has led the banks to emphasize customer-centric models and customer service skills are crucial for success. Personal skills such as interpersonal relation, problem solving, leadership and team work lay the foundation for positive attitude, effective communication, courteous and respectful interaction and consequently, better customer service. While the customer-centric approach is being advocated, it is necessary that the move is supported by adequate training to the employees. The banks have to introduce soft skills and personal skills training for their employees on a regular basis as also introduce activities which would enable the development of these skills in them.

IDBI Bank team truly believes that the customer is the very reason for our existence. Every customer is a valued family member for us. In order to service our customers better, the Bank organises soft skills and interpersonal skills workshops for its officers to effectively enhance their communication and interpersonal skills.

TMB (Indian Bank) : Our Training College - IMAGE (Indian Bank Management Academy for Growth and Excellence) and other Training Centers across the country are conducting various training programmes from time to time. In all these programmes, one or two sessions are devoted to 'ensuring customer satisfaction'. In addition, exclusive training on Customer Service is also imparted with the focus on the following to ensure Complaint-Free Customer Service in branches :

1. Better Customer Service for higher profits.
2. Art of handling Customer Complaints & Grievances.
3. Banker - Customer Relationship.

MN (Indian Overseas Bank) : The banks, especially public sector banks, are ensuring that there is a reorientation of staff to achieve high levels of satisfaction to customers. Specialised training programmes are being conducted using external faculty to enhance customer delight. Receiving complaints online, providing 24-hour toll-free helpdesks and deploying a dedicated Customer Relationship Manager are being taken up by banks in right earnest.

SLB (Oriental Bank of Commerce) : Customers' satisfaction with Bank staff refers to the willingness of the bank employees to help customers and provide prompt service to its customers. The customer satisfaction is linked to minor ingredients such as courtesy of the staff i.e. politeness, respect, consideration and friendliness of the staff, knowledge to perform the service, information delivery, quality of information received and attitude of the bank staff. Selecting the right profile of employees, investing in training and embedding the right matrix become very important for customer satisfaction. We need to transform frontline sales force with qualities like patience, PR skills, tech savvy, being energetic with good communication skills, changed mindset. Orientation of staff for better counter service is the key to achieve high levels of satisfaction to customers.

KRK (Punjab National Bank) : Yes, we are ensuring that there is constant orientation of the employees of the Bank for achieving the high levels of customer satisfaction, especially frontline staff. Also, Bank is trying to make staff well versed in technology usage and fine points of the technological operations. Recently we have initiated PNB Pragati, an Organisational Transformation and Business Excellence exercise which also emphasizes upon grooming the staff sitting at the windows to welcome customer with smile and provide them convenient banking services.

VAJ (South Indian Bank) : As mentioned earlier, banks are changing the dimensions of training from operations to customer relationship management. Staff are taken through role playing, case studies and simulations. The virtual environment capabilities are also being tapped into. On the incentive front, staff are made aware that it is not just quantitative performance that counts, but qualitative too. I personally believe that beyond the training methods and incentives or disincentives it is the organizational culture that is the key. When customer service becomes an overarching credo throughout the organization, from top to bottom across different functional lines, banks shall find it is easy to acquire and retain customers.

DG (State Bank of India) : I think this is what all banks aspire for and have made it an essential part of their training system, in order to sufficiently reorient staff to achieve high levels of satisfaction of customers. The training system in a bank should be designed in such a manner that it will increase efficiency of staff and concern for the customer. Training system should also be able to improve knowledge of staff about products and services offered by bank as the same will be a great enabler in rendering quick and efficient services across the counter which ultimately will increase level of satisfaction of customers.

A refocus is required as we are still talking about products and services. The key is the customer experience.

MGS (Syndicate Bank) : Improvement is a continuous process for a winning organisation. The fast growing service industry requires multi-skilled, multi tasking professionals to effectively handle the sensitive and ever increasing needs of the customers. Banks are reorienting the staff members to see the present with the eyes of tomorrow and to move a step ahead of others to provide value addition to the products and services. Initiatives are taken by many banks to create an environment where the employees will bring out the hidden talents by to honing their skills. Importance has been given to the customer feedback during customer meet / visit of Executives. Banks have constituted Board level Customer Service Committee and Standing Committee on Customer Service to analyze the complaints received in the quarter and put in place appropriate redressal mechanism. Efforts are in place to turn the complaints into compliments and complaints are not treated as grievances but are looked up as feedback to improve upon with the ultimate goal of Customer Delight. In a dynamic situation like this, Banks are moving towards just in time / just where needed training model so as to increase employee satisfaction leading to customer satisfaction.

Again more and more emphasizing back office services with technology will make branch level staff more efficient and marketing clientele.

AK (UCO Bank) : Training and re-training of front-line staff in all aspects of service delivery including development of soft skills is an ongoing process in our Bank.

DS (Union Bank of India) : The 'Client First Attitude' in employees is a must for servicing customersin today's competitive era. Banks need to institutionalise it by emphasizing aspects such as positive attitudinal change, behavior and practices. We, at Union Bank of India, have always valued customers first. This reflects in the wide array of customer friendly services offered by bank. Our UnionXperience initiative stands out with capability for relationship management and customer experience to a well defined role responsibility, infrastructure and front line automation (self service lobby i.e. Cheque depositing machine, Pass book printer which customer himself does without depending on staff).

BS (United Bank of India) : High level of customer satisfaction is possible only through quality services. And for rendering quality services, we need committed and skilled workforce for which again frequent orientation is necessary. This can be attained through a tailor-made training system which can encourage, motivate and mobilize existing workforce for rendering highest level of customer service.

HSUK (Vijaya Bank) : This is the common business and administrative strategy of not only a bank but of any organization that deals with its clients everyday. As they say - “put your best foot forward”, we also endeavour to place our best staff in the front line. They are coming in direct contact with the customers and it is they who project the image of the Bank. In otherwords, they are the brand ambassadors of the Bank. So, a conscious effort is made in placing the right people in the counter of the branch. Once we have right people there, half of the job is done.

10. Is the present level of regulation and compliance necessary for the health of banking industry? Do we have excessive regulation? What are your views?

BAP (Andhra Bank) : Fundamentally, the regulation is required for financial stability of the Banking Industry. Since banks are dealing with public money, it is of utmost importance to ensure that the industry does not fail due to mismanagement. The existing regulation is adequate to ensure systematic cohesion of banking system. However, as in case of any public policy, the regulation framework should be dynamic which would encourage innovation.

MDM (Bank of Baroda) : Surveillance of a high performing financial system is always a complex challenge and is systemically important. Following the implementation of bank reforms, RBI / SEBI, the key regulators heightened the prudential measures to tow the financial system towards best practices. In such league, the regulatory reforms have been advanced more considerably after the financial crisis and many of the new measures suggested to date are welcome and necessary to continue the policy of enhanced standards of prudence. The quality and quantity of banks' capital have also been increased and will continue to increase, while significant progress has been made in the areas of macro-prudential oversight, supervision & resolution. All this is going to further enhance the resilience of the financial system and hence financial stability.

As India enjoys one of the best governed, supervised and transparent banking system there was no significant shift in the customer confidence within India, as a result of the recent financial and economic instability in the developed economies. In fact, Indian policy-makers' prompt response to the financial crisis and the state-owned banks' continued lending support to productive sectors strengthened the bank-client relations and trust in India.

VRI (Bank of India) : Our banking system is well regulated and the fact that the Indian Banks withstood two major financial crises speaks of our prudence in regulation. However, having said this, it would be worthwhile to have a re-look at some of our practices. For instance, Banks have already reached their sectoral cap for infrastructure funding due to which this sector is starved of funds. Banks are also losing opportunity to fund upcoming infrastructure projects with good potential. It may be necessary to revisit such guidelines in tune with the present scenario.

There are certain other areas as well where some relaxation might help Banks to improve bottomline. One such case is giving Banks an option to trade in more complex products in the equity segment. If Banks are allowed, for instance, to indulge in stock futures and options (like currency futures and options which they are doing) Banks will get a better hedging tool which will minimize their mark to market losses under equity portfolio. There are certain other areas as well like speedy clearance for opening foreign branches, allowing Banks to trade in commodity futures etc which may be considered to augment non-interest income of Banks.

However, it would not be fair to say that regulations are excessive since greater degree of financial integration mandates prudent and stringent regulation. However, what is needed is to frequently re-look these regulations in tune with changing demands and times.

NS (Bank of Maharashtra) : As it was proved in the past, these regulations are necessary to keep up the health of the financial system and hence should be complied. However, single window regulation, will enable to avoid multiplicity in the process of compliance reporting. Besides, technology based off-site monitoring system should be put in place for minimizing the pressures of compliance reporting.

RKD (Canara Bank) : The global financial crisis clearly brought out that Government regulation and oversight are necessary for a functioning market economy. But excessive regulation and red-tapism stifle innovation. There has been a justifiable tightening of the broadened regulatory architecture under Basel III to restrict the banks from indulging in unhealthy and imprudent practices. But regulation of the financial services industry must not degenerate into submission. There is also a compelling need for greater transparency, better accounting valuation of risks, and clearing houses and exchanges must make derivatives safer and less opaque.

Developing less pro-cyclical prudential regulations requires fostering risk management practices suitable both for individual banks and the banking sector as a whole. While micro-prudential regulation deals with individual risk (i.e., factors affecting the stability of individual institutions), macro-prudential regulation focuses on factors affecting the stability of the financial system as a whole (i.e., common, herd behaviour and with shifts in generalised attitudes to risk). In the ultimate analysis, we must strike a judicious balance between regulation and growth of the banking industry.

MVT (Central Bank of India) : Though we are sufficiently integrated with global economy, financial system has been well sterilized from contagion effect due to appropriate regulation by Reserve Bank of India and other regulators. We are adopting best practices of the world to the extent it is necessary for our types of economy. Implementation of BASEL recommendation, Know Your Customers (KYC) / FATF guidelines, Accounting standards, Disclosure norms are some example of best practices we have adopted in compliance of International best practices.

To me, present level of regulations are appropriate and necessary to safeguard our economy and development momentum.

AK (Corporation Bank) : In the present global scenario, Compliance plays an important role in the banking industry. We have heard of many instances in the recent past, which led to the collapse and failure of many global financial giants due to non-compliance of regulatory guidelines. Regulation and compliance has so far helped the Indian banks to remain unscathed, to a large extent from the crisis which engulfed world's major banks and financial institutions post the sub-prime crisis of 2008. Therefore, the banks need to ensure that effective compliance policies and procedures are followed and that management takes appropriate corrective action when compliance failures are identified.

The regulatory requirements need to be fulfilled and it should be integrated with statutory procedures and processes and a healthy Compliance Culture should be imbibed within the organization.

SS (Federal Bank) : Though I agree that excessive regulation can curb business enterprise, I do not believe we in India are subjected to excessive regulation. Post crisis and post-bank-failures internationally, we still continue to be a living breathing economy, partly because of our regulations. Regulation and the culture of compliance ensure that the growth of the economy is not a bubble but built on the foundations of quality portfolio which will hold good even in times of international strain. A formula racer can push the accelerator to the floor because he knows fully well that his car is equipped with all modern control measures of precision engineering including airbags, cutting edge braking system and state of the art transmission. It is the Control that Liberates him!

RMM (IDBI Bank Limited) : Regulation and compliance is inevitable for any industry in order to manage and mitigate risks. This is more so in the banking business whose role is essentially fiduciary in nature. The Indian banking sector has largely withstood the global financial crisis owing to the prudential regulatory norms. Further, as I said earlier, with the implementation of Basel III norms, the banking sector will be in a better position to withstand financial upheavals and mitigate risks arising from various avenues. The need of the hour is not to have an over-bearing regulatory environment but to have a regulatory environment which supports the development of financial sector towards a more developed level to cater to the capital needs of the country and thus, support growth. The question is not of excessive regulation but rather of uniformity in the regulatory norms.

TMB (Indian Bank) : Yes. The present level of regulations and compliance is considered extremely important for the health of the banking sector as it provides the required level of checks and balances, particularly in view of the recent crises witnessed in global financial arena. It is essential to have these regulations to enable banking sector to tide over unforeseen financial climate changes. As such, these regulations do not appear to be excessive.

MN (Indian Overseas Bank) : Banking industry has undergone a sea change with varied business and investment dimensions. Necessarily, there should be adequate level of regulation and compliance to protect the interest of the stake holders, customers and general public.

I would say that the present regulatory prescriptions are not excessive. Leaving everything to “Market” saying market will adjust itself; is not prudence as evidenced from the US sub-prime crisis. Banks should practice compliance of prescribed standards on their own for their health and to compete in the international banking environment rather than by enforcement.

As banks are commercial organizations and bound to take business decisions based on commercial judgement and prudence, there is a need for increased delegated powers to the respective Bank's board in both regulations and compliance in certain functional and operational areas.

SLB (Oriental Bank of Commerce) : After liberalization of the economy in 1991, the Indian banking sector witnessed tremendous growth and it now enjoys a global footprint. Banking sector reforms covered the areas of interest rate deregulation, flexible credit, statutory pre-emptions (lowering of CRR and SLR) and entry deregulation for both domestic and foreign banks. Recently, the interest rates on saving deposit have also been deregulated. All these measures have shown that the deregulation has been part of the banking sector reforms and these measures have made a sea change in the banking practices all over the country. The objective of banking sector reforms was in line with the overall goals of the economic reforms of opening the economy, giving a greater role to markets in setting prices and allocating resources, and increasing the role of the private sector.

Apart from the sustained growth in the last decade, the regulatory bodies like Reserve Bank of India have also established a vibrant regulatory framework which is at par with the best economies in the world. Though, the global economic crisis has exposed the vulnerability of the financial systems across the globe, the financial system in India was able to withstand the crisis at large and India was one of the few countries which have still been able to maintain a GDP growth rate of over 5%. The regulator is therefore playing a very important role to maintain the health of the Indian Banking System inspite of all odds and to that extent banking regulation in India has been fruitful for the country.

But the challenge before the country is the low penetration of the Indian banking system. Nearly 40% of the population does not have a bank account and only 15% have borrowed from banks. The share of consumer credit remains very low in total bank loans. What is required is to spread the banking culture to the unbanked areas and consider financial inclusion as a business opportunity instead of an obligation.

KRK (Punjab National Bank) : The current level of regulation is necessary. I believe that we are one of the best regulated banking systems in the world and Indian Banking system having stood firm even during the crisis is the testimony to this fact. Our regulators are taking adequate steps to ensure that Indian banking system continues to grow and remain healthy. Hiccups like deteriorating asset quality and meeting the higher capital norms are being addressed by the Central Bank in a very calibrated and an efficient manner. I feel that we have a well balanced regulation which is much required for the growth of the efficient and strong banking system.

Even during the global meltdown, Indian Banks remained unscathed shows the prudence and well thought out policy being followed by our regulator.

VAJ (South Indian Bank) : As we have seen in the past, our regulatory framework has provided us the resilience to withstand the onslaught of global economic crisis. We need to really look at compliance from a pro-business viewpoint. There could be cases where compliance leads to investment in technology and manpower, which could prove costly in the short run. A good risk management framework, however, would need this investment. The ROI on regulatory and compliance aspects is always a tricky affair, which is only realized with a 20 / 20 hindsight vision. If the same question was asked a few years back, in the pre-crisis era, I am sure there would have been voices of dissent. But as always, the real value of the stringent guidelines, provisionary norms etc. was realized only when we came unscathed to a large extent from the crisis.

DG (State Bank of India) : Before talking about regulation, it may be pertinent to note that the Indian banking industry escaped unscathed during the global financial crisis of 2008 when banks all over the world were collapsing, and this was due to the strong regulatory system of the country. RBI's role was appreciated by even central banks of developed countries. Further, after global crisis when central banks all over the world were changing regulations, our regulatory system has stable and resilient so there is no danger of any knee-jerk rise in regulation. The Financial Stability Report released by RBI every six months has commented about stable banking and financial system of the country. Considering all these, I think the banking system in India is adequately regulated.

MGS (Syndicate Bank) : Banks occupy a strategic position in the Financial system. The major objective of Financial Sector Reforms was to improve the financial health of the Banking system by introducing appropriate prudential norms / controls / regulations. In other words, it is to create Banking system which is resilient, viable and efficient. Regulation is no longer reckoned as an irrelevant intrusion, but considered necessary to help achieving key development goals. The compliance function acts as an advisor to the business heads and helps in advising the management on various issues. The Indian Financial markets are integrated to International Markets. The Risk Management functions and Compliance functions were introduced to allow the banks to operate in deregulated environment. Present day Banking is an eclectic mix of fine balance of tradition, innovation and modernity. Considering the fact that the risk profile of Indian Banking is changing fast, RBI / Government has broadened and deepened the umbrella of supervision through controls, regulations and compliance. A subsidiary of reputed foreign Bank was a few months ago penalized heavily for facilitating money laundering. This has occurred on account of laxity in compliance with regard to anti money laundering regulation. Keeping the above issues in mind, the existing Regulation and Compliances are adequate in the present business scenario. Indian history tell no Bank / Institution has failed and RBI had acted proactively to protect public interest. This is due to proactive role of RBI.

AK (UCO Bank) : Bank regulation and compliance are meant for inculcating responsible banking habits and discouraging imprudent practices for short-term gains that might weaken the foundation of the banking system. They also aim to enhance the banks' resilience to absorb economic and financial shocks. Post-crisis, regulation and compliance have emerged as important tools to protect the financial system and prevent systemic risks.

In India, we have had remarkable financial stability on account of pre-emptively and pro-actively introduced prudential measures by RBI. The pre-crisis regulatory measures of RBI - like increasing risk weights for exposures to commercial real estate / capital market / venture capital funds / non-deposit accepting NBFCs - represented the 'countercyclical prudential measures' which were recently commended for adoption by various international regulators.

The present level of regulation of Indian banking sector is not excessive. The prudential guidelines issued by the regulator covering wide range of issues - the exposure norms for bank credit, Asset Liability Management, Risk Management, on-site and off-site surveillance / supervision, Income Recognition and Asset Classification norms, Loan Restructuring and Provisioning - have played a key role in ensuring stability along with growth of Indian Banking system. The affirmative regulatory action, on the other hand contributed to inclusive banking.

DS (Union Bank of India) : The 2008 global crisis brought important revelations about the fault lines prevailing in the pre-crisis regulatory framework. Accordingly, the new regulatory regime across the globe has focussed on putting a preventive cushion against future shocks while mitigating the current damages to the economy. Indian banks, unlike the global banks, have been largely insulated from the balance-sheet repercussions of excesses during pre-crisis years before 2008, thanks to macro-prudential regulation by RBI that were under criticism for being excessive at the time. Whether the current level of regulations are excessive needs to be judged with reference to our recent experience as well as our medium term ambitions of sustainable & inclusive growth.

BS (United Bank of India) : It is a general perception that the Indian banking system has all along been very resilient to the upheavals in international monetary system. This was possible because of pragmatic approach of the regulators. I do not believe that the Indian banking system is subject to excessive regulation.

HSUK (Vijaya Bank) : Framing of regulations and defining the areas of compliance is done at the Regulator's level after taking into consideration the overall interest of the concerned sector. In Banking too, the Government and RBI devise various rules, regulations and stipulate various areas of compliance keeping in view the overall interest of the Banks, economy and country. Since, it is done at the highest level after taking into consideration various factors, which may not be properly understood or appreciated by all at the lower level, it is not proper to comment on the wisdom behind them. However, as far as the regulations and compliances in the Banking sphere, I feel that they are framed in tune with the need of time and are relevant. Further, the Regulator is also reviewing them from time to time keeping pace with the changing time.

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BAP (Andhra Bank) : The banks have been implementing Financial Inclusion initiatives on low cost Information and Communication Technologies (ICT) based model which enabled the banks to provide basic banking services in unbanked areas in a most cost effective manner. The Indian Banking system is ready to implement the Direct Cash Transfer Scheme, a prestigious and most important government program, through ICT model across the country shortly. In the above backdrop, the Rural Banking is going to be a viable business opportunity for the banks.

MDM (Bank of Baroda) : In order to systematize implementation of financial inclusion in banks on a mission mode, at the instance of Reserve Bank of India, a three year Financial Inclusion Plans (FIPs) have been put in place by the Banks. Each bank has its own plan of action in implementation of this Plan over the years. These self set targets in respect of rural brick and mortar branches, presence through virtual mode based on Information Communication and Technology (ICT) and Business Correspondents (BCs) models are set to cover all the unbanked villages with population of 2000 and above. Government is also contemplating to extend mission to cover all the 6,00,000 Indian villages in the next few years depending on the success achieved by the banks and future outcome. In this league, Government is also supporting by providing 'Broadband' internet connection across around 2,50,000 Gram Panchayats under National Telecom Policy 2012. This will help banks to use ICT model in villages. While the banks are seriously implementing their own plan of action to reach out to more villages, the RBI, Central Government and local state governments are collectively monitoring the progress. Considering the inputs received so far, it appears that this is going to be one of the significant measures that have been taken for the upliftment of the rural masses. It is a well begun mission and Financial Inclusion poised to change the lifestyle of people across the country.

VRI (Bank of India) : A considerable progress has been made in the area of implementation of ICT based Financial Inclusion but still there are a few pain points in view of the following :

- High end technology in the hands of people with low technology know- how.
- Steep learning curve. Most of the processes are new, technology driven and even Bank personnel are not aware of technology and processes.
- Requirement of massive deployment of manpower (BC agents) and micro-ATMs in a short period of time.
- Possible solution :
  - i) Field level collaborations with networks like CSCs etc.
  - ii) Leverage on emerging platforms like Aadhhaar.
  - iii) Effective usage of telecom networks.

NS (Bank of Maharashtra) : With staggering 50% of the Indian population without any access to formal banking, we are duty bound to explore options of reaching out to them. ICT based financial inclusion, leveraging on BCs and BFs, will help to provide communicable link between people in unreached areas by ensuring the flow of information, benefits and access to all the amenities and benefits for the under privileged sections of society. It will ensure reaching of the benefits to the actual beneficiaries, with little or no scope for malpractices. Research based seamless integration of CBS with the multiple options like mobiles, cards, Micro-ATMs, branches, Kiosks etc by finding the most cost effective delivery means will enable banks to provide for low cost door step banking services to be sustainable in long run.

RKD (Canara Bank) : Surely yes. The various initiatives by the Government and public sector Banks to bring the unbanked person to the banking fold through the ICT model is a success. The ICT model helps to provide Basic Banking Services to the vast number of unbanked people at their door steps. Smart card based BC model, Biometric ATMs, Kiosk Model, Biometric based Micro ATMs, Mobile banking are the various ICT based Channels for Financial Inclusion.

MVT (Central Bank of India) : ICT-based financial inclusion is to promote more deeper and sustainable financial inclusion.

Success of Business Correspondent (BCs) Model, Ultra Small Branches and Direct Cash Transfer of Social Benefits are important for meaningful Financial Inclusion. These initiatives warrant huge operational cost for banks which can be to some extent reduced through use of technology. Technology again comes at a cost.

It is for us to harness this potential to achieve the objective of reaching to the financially excluded wherever s/he is, deepening the financial inclusion supported by low cost, secured ICT based mobile banking model and moving towards a less-cash society as envisaged in draft Payment System Vision Document for 2012-15 of Reserve Bank of India. Yes, it is a near term reality.

AK (Corporation Bank) : The ICT based financial inclusion is an opportunity to expand its rural outreach by leveraging Information Technology for providing efficient service delivery points in a secure and cost effective manner. It is a Smart Card based solution. The customers can approach Business Correspondents and get the Banking services using smart Cards through Point of transaction terminals.

By using ICT Model, Providing financial services to the rural people at their doorsteps provides immense opportunities for business growth and cross selling of products and services apart from fulfilling the national objective of Inclusive Growth.

However, providing mere basic banking services in their 'no-frill' accounts cannot be termed as inclusion. It is only a stepping-stone to enable them to avail other banking products. This would require changes in the credit delivery mechanism at the rural customer touch points that are more need based, easily accessible and affordable. Understanding the cash flows of the poor is much more important rather than merely providing credit. Many times the poorest are without any assets and their incomes are highly seasonal and skewed. Products aimed at increasing their household savings would enable them to handle their seasonal cash flows better and to resort to it in times of need. By developing customized Banking, insurance and pension products, delivering the financial services through ICT model banks should view Financial Inclusion as a viable business proposition for extending its outreach.

SS (Federal Bank) : Certainly. A few Banks, including ours, already have put in place quite a few initiatives riding on the ICT based FI platform. The future reach-outs by Banks will be backed by sound technology. 'Grama Jeevan' branches, micro ATMs, Smart cards, Electronic Benefit Transfers, Aadhaar linked bank accounts, Kisan credit cards etc form the technological continuum with which financial inclusion is being achieved in our country.

RMM (IDBI Bank Limited) : Under the financial inclusion programme, the banks have been advised to use Information Communication Technology (ICT) and Business Correspondent (BC) model to ensure that the banking services are accessible to the unbanked population in the remotest part of the country. The ICT-based financial inclusion can be leveraged to bring the unbanked masses under the purview of financial inclusion and help them participate in the growth story of the economy. The model is supported by its easy usage, low cost, flexible KYC norms. The banks have leveraged ICT-based approach to ensure that banking services are available in the remotest part of the country.

IDBI Bank too has implemented ICT-based financial inclusion plan in the urban as well as rural areas to ensure that each and every citizen of the country gains from the economic progress of the country by being the part of the banking system. The spread of banking services is expected to inculcate the habit of thrift in them as also provide them with avenues to invest their money.

TMB (Indian Bank) : Indian economy is basically rural centric and agrarian economy. 72.17% of India's population lives in rural areas. About 58 per cent of the population is dependent on agriculture. Agriculture and Allied sectors contribute nearly 14 per cent of Gross Domestic Product (GDP) of India.

Lack of financial services has considerable impact on the economic condition of the people as well as economic health of the country. A large number of rural and poorer sections of the country still depend on informal sources of savings and borrowing. Thus, a vast majority of population is excluded from the ambit of services offered by formal financial institutions. Financial exclusion is a symptom as well as cause of poverty.

Financial Inclusion is a powerful tool to fight against poverty. It facilitates social and economic empowerment of the people at the Bottom of the Pyramid and spread the concept of inclusive banking and to provide banking services in the rural hinterlands.

For catering to the banking needs of 6.34 lakh villages in the Country, there are only 33495 rural branches of Scheduled Commercial Banks including Regional Rural Banks (RRBs). The recent census indicates that just about 40% of the population across the Country has Bank accounts and only 26.2% of the rural population is covered through bank accounts. 41% of the adult population in the country do not have Bank accounts and this number is more than 61% in rural areas. Out of 89.3 million farmer households, about 45.9 million (51.4%) do not have access to credit either from credit institutions or from non-institutional sources.

Providing banking services to all the villages within a short span of two years is a certainly a challenging task. With the advancement of technology in banking and initiatives provided by the Central Bank (RBI) and Govt. of India, banks have started providing banking services in the unbanked villages through various models.

Providing banking services to the unreached through traditional banking systems like brick and mortar branches are not viable (due to high transaction cost) and time consuming nature of such services.

The goal of financial inclusion cannot be achieved without the help of technology. Banks need to leverage modern technologies to provide banking and financial services to the rural populace and thereby create economic opportunities for them.

Under Financial Inclusion Plan, as on March 2012, banks have provided banking services to 74,199 villages with population above 2,000 of which majority of the villages are covered through ICT (Information Communication Technology) based smartcard enabled Business Correspondents model. Under this model the Business Correspondents provide online banking facilities like withdrawals, deposits, remittances, credit linkage, etc. Besides, other low cost delivery models associated with technology like kiosk model (Banking Service Centres) and mobile vans in rural areas are also deployed by the Bank for providing online banking services in the villages.

Information Communication Technology (ICT) model has a great role to play in Implementing Financial Inclusion. The advancement of telecommunication network infrastructure in rural areas has facilitated the banks for bringing the branches under CBS arena. Technology has helped the banks to increase in their reach to rural populace and provide online banking through Business Correspondent model. The technology has helped to cut down the operational cost considerably and can be reduced further with increase in the business volume by offering suitable deposit and loan products to satisfy the need of the rural customers.

Mobile Banking is going to play a vital role in financial development of all sectors in general and poor rural masses in India in particular in the days to come without involving any middlemen or incurring transportation cost and man-power wastage. Mobile Money transfer also offers a safer, more reliable way to send cash.

Alternate channels such as ATM, Internet Banking are picking up steadily. Further, unmanned e-banking lounges are going to occupy a predominant place in future banking scenario.

MN (Indian Overseas Bank) : In the initial period when the idea had germinated, ICT based financial inclusion might have been perceived more as a casual service than as an implementable reality. But time has proved its attainability as well as sustainability. The ICT element in ICT based FI is restricted only to allowing identification of the account holder and providing access to his account. As of now, the physical deposit and withdrawal of cash is still manual. A Business Correspondent receives or gives cash. But there is scope for this activity also to become ICT based, when ATM like devices take over the money dispensing work from BCs. This has already started happening with the introduction of mini ATMs and biometric-enabled

ATMs. Thus ICT based Financial Inclusion is not only a reality but also a proven successful model.

SLB (Oriental Bank of Commerce) : One of the reasons for slow progress in financial inclusion is absence of reach and coverage by banks. This gap now can be bridged through the user of information and communication technology. Mobile banking / Micro ATM offers one of the most promising options for providing financial services to the unbanked population. The use of technology and using economies of scale will, however bring down the cost of transaction to the banks and it will be a win-win position for both banks and customers. The goal of financial inclusion cannot be achieved without the help of technology. The enrolment to UID and UID enabled bank account will be a game changer in the entire process of financial inclusion plan.

KRK (Punjab National Bank) : The importance of Financial Inclusion, based on the principle of equity and inclusive growth, has been engaging the attention of the policy makers across the world. It has been emphasized that the initiatives towards FI should be technology driven so that the financial services could be delivered in a cost effective manner. In India, Reserve Bank of India's guidelines have been quite supportive of ICT based FI, which will enable banks to overcome barriers of geography and ensure efficient Financial Inclusion. Already our regulator has taken several steps towards implementation of ICT based FI model.

The journey towards effectively integrating rural and other excluded beneficiaries with the technological stream has crossed many more milestones with the AADHAAR becoming an exclusive identity tool and enabling direct transfer of welfare and developmental funds into the bank accounts of end-beneficiaries. With this huge innovation and banking systems support, the Indian rural economy is likely to be stimulated further towards higher growth.

With a view to further the cause of financial inclusion, the Reserve Bank of India (RBI) has said that business correspondents (BCs) can operate from ultra-small branches / outlets established by banks in rural areas. These BC outlets may be in the form of low cost simple brick and mortar structures. With expanding access to banking services, it is also important that quality services are provided through the ICT based delivery model. Such an initiative is expected to lead to efficiency in cash management, documentation, redressal of customer grievances and close supervision of BC operations.

However, much more is still needed to accomplish full financial inclusion. To make it happen, what is required is concerted efforts on the part of every participant. Also every technical issue has to be tackled quickly. Moreover, it is essential that adequate attention is paid to security, especially IT security. Reserve Bank of India has been taking several measures to strengthen the security for electronic transactions to prevent their misuse. Further, Infrastructural limitations such as power supply, network connectivity are also the areas which need attention so there is no hindrance in the path of progress of the FI through ICT based model.

VAJ (South Indian Bank) : With almost around 5% of the 6 lakh indian villages having access to basic banking services, the need for an aggressive mechanism for bankers to reach these zones. This would only be possible using ICT. The initial efforts by banks in the country have been a step in the right direction. But the enormity of the exercise would mean, more is needed within a quick time. The infrastructure bottlenecks in the remote areas would mean that we may need to look at a combination of offline and online models with the help of a banking correspondent. Our country has perfected the art of creating innovation from scarcity. I am sure that the current model of bio-metric devices would probably be replaced by mobile technology with in-built capabilities for multi factor authentication.

DG (State Bank of India) : Banking has expanded many-fold in the post nationalisation period. However, the fact remains that banking is yet reach to about 50% of the population of the country. Moreover this vast population is spread over 7,00,000 villages, 90% of which are below 1000 population. Now the challenge is how to provide banking and financial services that too at affordable cost. Considering this, RBI has adopted the ICT-based agent model through BCs ensuring door step delivery of financial products and services since 2006. The list of eligible individuals / entities who can be engaged as BCs is being enlarged by RBI from time to time. For-profit companies have also been allowed to be engaged as BCs.

Disparity in development in different regions of the country is the stumbling block. Lack of GPRS / other communication channels / last mile connectivity is biggest challenge. Position mobile based banking transactions by revisiting the prescribed norms / KYC / caps etc. to widen the net.

MGS (Syndicate Bank) : We need innovations to provide affordable and accessible products and services to the people at the bottom of the economic pyramid. As per the directions given by Government of India to deepen and widen the banking network in the villages allotted to the Bank, a number of steps have been taken by our Bank to promote Information Communication Technology based Financial Inclusion.

1. Selected TSPs through RFP for providing end to end solution in the allotted villages with population of over 2000 using ICT based devices.
2. The CSPs / BCAs engaged for the purpose have been supplied with HHM / Mobile based devices to extend door step banking in the allotted villages.
3. During the current year, villages in the population group of 1600-2000 allotted to the Bank are also being covered through ICT based devices.
4. Certain technical issues such as interoperability of BC transactions are being addressed which will make implementation of FI fully ICT based.
5. Banks have also gone for ultra small Branch concept through B.C.

With the coverage of large number of villages through ICT that too in a short time, technically ICT based FI will be a reality very soon.

AK (UCO Bank) : Through ICT-based BC model, banks can provide a bouquet of financial services through the various networks of agents and branches by leveraging technology. Through this model both the service providers and service seekers have a number of technology options, such as, smart cards, micro-ATMs, ATMs, Rupay card, Aadhaar Enabled Payment Systems (AEPS), etc. to choose from - to provide / seek financial services irrespective of their geographic locations.

However, viability of the BC model in general has remained a critical issue for which the model has not taken off as expected. There is a mismatch between the revenues earned and costs incurred while undertaking the BC operations, resulting in non-viability of the model. Hence, attempts to employ large number of BCs under competitive L-1 (lowest one) bidding system without (a) ensuring their financial and technical capabilities, and (b) without assessing the performance of the large number of existing BCs who are yet to become viable, entail huge risks for the Bank-BC partnership model.

Many of the BCAs became non-operational due to lack of timely payments by Corporate BCs & inadequate commission paid. It is extremely crucial to ensure that the remuneration paid to the BCs is adequate to keep the model economically viable and attractive. A combination of fixed and variable pay would encourage BCs to strive harder for bringing in more business for the bank. Under the circumstances, it is imperative that the Bank-BC partnership model is structured appropriately, supervised closely by the banks / regulators and scaled up in a calibrated manner after taking into account the problems encountered at the grass-root level. If this is not done, there is a great risk of the entire model being discredited with all its adverse consequences for the financial inclusion efforts.

DS (Union Bank of India) : There is still a large segment of society which is out of formal finance. However, banks have gradually started looking at this segment not only as business opportunity but the driver of growth in the present decade. Each customer may be small in value; however, combined strength is enormous. The most important aspect of Financial Inclusion is to reach out to customer at his doorsteps instead of the customer walking to the Branch. The traditional model of banking has not worked here because of cost implications of servicing such small ticket accounts. ICT based financial inclusion is more cost effective and efficient response to this challenge. With Aadhaar Enabled Payment Systems coming in effect the two other major hindrances in Financial Inclusion-connectivity and authentication issues - are set to be conquered. Currently, over

1.2 crore FI customers are being served by Union Bank through ICT based Financial Inclusion system using various technologies at their doorstep. We have customized our products and introduced new products which specifically suit the requirement of customers under Financial Inclusion umbrella. Considering the pace of technology currently one is witnessing in the Banking Industry, I sanguinely hope that ICT based Financial Inclusion is definitely a near term reality.

BS (United Bank of India) : ICT-based financial inclusion which was envisaged in 2010 is a reality now all over the country. Villages with population of 2000 and above are being provided with basic banking facilities mostly through Business Correspondents who can route the transactions through the banking system. In course of time, the smaller villages also will be brought under the process and the country as a whole will have the benefit of optimum financial inclusion even at the remote corners.

HSUK (Vijaya Bank) : Financial inclusion has been both a national commitment as well as a policy priority for our country. To achieve the ultimate objective of reaching banking services to all the 600,000 villages, financial inclusion has to become a viable business proposition for the banks. Despite vast expansion of banking net work in the country, a large proportion of people / households remain excluded from the opportunities and services rendered by formal financial institutions. They do not have access to formal financial services (Savings, Credit, remittance Insurance, etc.). Therefore in order to bring every household into the formal banking fold, Financial Inclusion programme is being implemented.

Information Communication Technology (ICT) can offer various solutions for cost effective implementation of this objective. In the first phase all villages with above 2000 population is provided with banking facility through the ICT enabled Business Correspondent (BC) model. The technology implemented is proven and can deliver the products. But the total number of villages covered through this model is only 68000 villages having more than 2000 population. So it can be seen that more than 5 lakhs villages are to be covered. Engaging a BC for each of these villages is not a viable proposition. So banking services can be provided up to Gram panchayat level where in BC will be offering his services in the gram panchayat office during the forenoon and travels to a pre determined village afterwards may be a viable proposition.

ICT based delivery of banking services will be a reality in the villages in near future but scaling up the operation to cover all the villages has to be taken up based on the learning from the operations so that it can be made fool proof and robust.

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12. How do you address the challenge of financial literacy in reaching the unreached?

BAP (Andhra Bank) : Financial Inclusion and Financial Literacy need to go hand in hand to enable the common man to understand the needs and benefits of the products and services offered by the formal financial institutions. It essentially involves two elements viz., Access & Literacy.

Financial literacy would invariably involve addressing deep entrenched behavioral and psychological factors that are major barriers to participating in the financial system. The efforts are primarily directed towards dissemination of simple messages of financial prudence in vernacular language through awareness campaigns combined with vigorous roll out of financial inclusion plans by banks, insurance and pension funds, and all other associated entities.

MDM (Bank of Baroda) : The Financial Inclusion Plan initiated by Government of India is one of the major steps that can bring the people under the umbrella of financial services, who are hitherto deprived of the same. Technology plays an important role in taking the Banking services to the unbanked areas. Several measures have been introduced in the recent past to educate the customers, particularly in the villages, in the use of technology and take benefit of the banking system. Introduction of Ultra Small Branches (USB) in unbanked areas, appointment of Business Correspondents, biometric technologies etc. are to name a few. Campaigns, seminars and Financial Literacy classes have also been launched to disseminate information on banking facilities. Panchayat net-works and local languages are also to be used in surmounting the challenge of spreading the knowledge of financial services.

Banks will also have to move beyond biometric to word of mouth. Short films can be screened along with popular movies in villages and towns in local language before or during the literacy program. The people should be able to realize the benefit of opening of the account and use the services to improve their lifestyle.

With the Regional Rural Banks having shifted to CBS technology, ECS / NEFT facilities can also be introduced for seamless electronic transfer of funds throughout the banking system soon. With the faster developments in technology domain, better qualitative facilities will be available to customers at economical pricing once the banks are able to optimize its utilisation.

VRI (Bank of India) : Financial inclusion plays a greater role when we intend to penetrate banking into hinterland of India. All the stakeholders should coordinate and play a role in spreading financial literacy. This can be done through -

a) Usage of print and electronic media

b) Launch of campaigns

c) Preparing Financial literacy modules

d) Collaboration with Educational institutions

e) Including Financial literacy topics in text books etc.

NS (Bank of Maharashtra) : For making financial inclusion a reality, ultimate beneficiaries need to be provided with knowledge about the financial services offered by the Banks and BCs. With this objective, financial literacy camps are being conducted. All the Lead Banks have opened financial literacy cells at their offices, with an in charge, who is exclusively assigned the job of creating awareness on financial matters amongst ultimate beneficiaries. Those heading the FLCs in coordination with Lead District Managers of the District are engaged in some of the following activities as Face to Face counseling of customers, informing the importance of savings and existence of various deposit and credit facilities available for their betterment; Participating in outreach programmes like awareness camps, attending gram sabhas, attending melas at villages, arranging road shows / puppet shows etc, for mass scale dissemination of financial literacy.

RKD (Canara Bank) : There are 26 Financial Literacy Centers (FLCs) opened in all our Lead Districts. Each center is headed by a counselor and supported by an office assistant. The counselors educate the public coming to the center and also participate in various meetings on banking, finance, Govt sponsored schemes etc. Further, counselors attend the BLBC, DCC, DLRC and Gram Panchayat meetings and spread the message of FLC and its objectives. This exercise attracts many unbanked people to the centers for guidance and also enables them to know the various facilities available from banks and Govt Departments.

All the counselors also reach out to villages and meet people, conduct literacy programs at villages and educate them on several aspects of banking and finance. During their visit to the villages, rural officers educate the villagers on financial / banking aspects. MSME branches and SME Sulabh also spread literacy in the area of their functioning. Various literatures like comic Books for young students were published and distributed among the students / villagers. Canara Bank has provided 35 Mobile Vans, namely, Canara Vikas Vahini, in specified districts to visit villages and educate people on aspects of banking.

As per RBI guidelines, all Rural Branches are FLCs and an officer has been nominated as FLC counselor.

MVT (Central Bank of India) : Financial literacy is considered as an important factor for promoting financial inclusion and ultimately financial stability. Though in broad terms, Financial literacy or financial education be defined as 'providing familiarity with and understanding of financial market products, especially rewards and risks, in order to make informed choices. To me, financial literacy is the ability to understand and judiciously use scarce financial resources to enhance the well-being and economic security of oneself, one's family, and one's business.

Financial Literacy is to help the unreached sector, realize the importance of financial services in improving the standard of their living. In 2001, 49.5 percent of Households were having access to Banking Services which has gone up to 67.8% in 2011. In absolute terms, the number increased from 68,230,642 to 144,814,788 households. Though there has been substantial increase in number of household using bank services, still a substantial portion of our population left behind who are actually the poorest of the poor and are financially illiterates. It is a mammoth task to reach to these section who reside in remote areas, inaccessible by road and lack basic civic facilities.

All PSU Banks, RRBs, NABARD, RBI and several NGOs are part of initiatives for financial literacy and Financial Literacy cum Credit Counseling Centres (FLCCC) have been set up in remote locations. My Bank has established 50 such FLCCCs in 48 Lead Districts and two other Districts, spread over 7 States in the Country.

I am confident that the initiatives of opening one bank account per family would help to reach the unreached.

AK (Corporation Bank) : Financial literacy means knowledge about finance. So, it is the first step to impart banking knowledge to the general public. It requires empowering people who are yet to avail the banking services and the usefulness of the bank account for all economic needs. Over 6,00,000 habitations in the country are lying in varied geographical regions, separated by communities and are deep in illiteracy and ignorance. It is difficult to have a brick and mortar branch in every village. This is the challenge of financial literacy.

A widespread awareness on financial literacy is being created among the unreached mass by banks with involvement of top management of banks. Various stakeholders such as RBI, Banks, and NGOs / Trusts etc. have come forward for spreading financial literacy in the country. Financial literacy centres are being established, Financial literacy campaigns, workshops, exhibitions, sensitization programmes etc. are being organised covering varied sections of the society to educate people on savings, credit and basic banking. Mobile banking vans are introduced to propagate financial literacy in difficult territory of the country. Biometric ATM is also a step towards this.

SS (Federal Bank) : India is a country where a huge chunk of the population lives in rural areas. Banks, supported amply by Government and RBI, are making forays into rural Bharat with 'Financial Literacy Counselling Centres' to bring the under privileged to the Banking fold. Banks are distributing vernacular pamphlets and booklets as well as conducting classrooms to create awareness and financial discipline among the rural underprivileged. It is indeed a slow journey but the rewards will be in the form of up-liftment of society as well as economy.

RMM (IDBI Bank Limited) : IDBI Bank has put in place a Financial Inclusion Plan (FIP) which entails the use of Information Communication Technology (ICT) along with Business Correspondent (BC) model to ensure that the banking services are extended to each and every citizen of the country. Further, through the years, the Bank has been expanding its presence across the country with the purpose to ensure banking services for each citizen in the country. To mark the historic date 12/12/12, the Bank opened 12 branches across the country in 12 states out of which 6 were rural branches, 5 semi-urban and 1 urban. The Bank, also recognising the existence of financial exclusion in the urban areas, has launched Urban Financial Inclusion Programmes in the Ambedkar Nagar, Cuffe Parade and Dhobi Ghat, Mahalaxmi in Mumbai to spread awareness about financial products and services which can cater to the needs of people staying in these areas.

TMB (Indian Bank) : The major stumbling block for spreading Financial Inclusion is financial illiteracy. Hence the primary focus of the Financial Inclusion programme should therefore be on provision of basic information about benefits of having a relationship with a formal banking institution. The aim should be to build the required long-term trust and ultimately to enlarge the 'bancarisation' of the population.

More over financial education can contribute to a more proactive use of scarce financial resources by the people, through a better understanding of the opportunities and options on offer.

Sensing the ground reality, Indian Bank has initiated steps for spreading financial literacy including opening of Financial Literacy Centres(FLCs) in our Lead districts.

In India, SHGs have already a strong presence in the villages. These SHGs can be used as the ambassadors of the bank for spreading financial literacy and educate the clientele regarding the benefits of banking habits in villages. Help of the NGOs and other governmental agencies working in the area will also be taken for educating the villagers.

Regular awareness campaigns should be conducted in the villages and pamphlets on various products and services in vernacular should be distributed in the villages informing the need of Bank account and the advantages under FI. Village meetings and street plays are to be conducted to explain the new banking model and to create confidence on BCs.

Film shows and Road shows on various banking products and its advantages can also be prepared in various regional languages and screened in FI villages for creating awareness among the villagers.

Programmes such as “ Swabhimaan” should be used to spearhead the Financial Literacy efforts of the Bank in rural areas. Customers, especially the most vulnerable ones should be educated to protect themselves from abusive financial practices and prevent them from overburdened by debt.

Financial Literacy and awareness should be created in the minds of the children and young population who are the future potential customers of the banks. Financial education should be introduced as a part of the school curriculum.

The entire end objective should be to empower people to achieve their own goals through enhancing their financial capabilities.

MN (Indian Overseas Bank) : Financial Literacy will percolate down to the unreached only by synchronized efforts of the government, Financial Institutions and other stakeholders. The first challenge is to generate a need for literacy in the minds of people. It is difficult to force financial awareness down the throat of an unwilling receiver. This is best addressed by arranging field level camps, rural road shows and cultural programmes. IOB has activated NGOs and Self Help Groups have to create awareness. They function under the umbrella of the Bank. The FLCCC (Financial Inclusion and Credit Counseling Centers) are functioning in all lead districts of our Bank. The counselors are carefully chosen taking into account their ability to relate to the villagers and their counseling skills. They are encouraged to conduct off-site awareness camps in neighboring villages. Outreach programmes have been organized in many centers; some of them were under auspices of RBI. IOB has set up an additional FLCCC in Nilgiris to cater to the needs of tribals of that locality. This is over and above the mandated centers in Lead Districts of the Bank. In total, IOB is now running 14 Counseling Centers.

SLB (Oriental Bank of Commerce) : Financial Literacy is to help the unreached sector realize the importance of financial services in improving the standard of their living and where and how the services can be availed, i.e. to basically create a need and synergize the demand thus created with the supply of financial services by the Banks.

When the bank started with its Financial Inclusion drive, one major stumbling block which the bank faced was the lack of knowledge and confidence of the huge unreached population about the financial services on offer and the formal financial institutions. The bank thus came out with a mandate to set up FLCC in every district and make the masses aware of the available services the benefits of those and the benefits of transacting through banks rather than informal institutions.

Though the bank branches were doing their bit to spread financial literacy, our bank has set up a Trust in the name of 'OBC Rural Development Trust' and has set up 5 training institutes at Jaipur, Sriganganagar, Ferozepur, Dehradun and Palwal to begin with to fulfill its mandate of financial literacy and counseling of the unreached and unbanked sector.

KRK (Punjab National Bank) : Financial education plays a vital role in making demand side respond to the initiatives of the supply side interventions. Financial inclusion is one of the top most policy priorities of the Government of India. One of the most visible aspects of the governance has been agenda of social inclusion of which financial inclusion is an integral part. 'Financial literacy and education, plays a crucial role in financial inclusion, inclusive growth and sustainable prosperity'. As being the part of the regulated industry, we comply with all the guidelines of the regulators which are issued from time to time. Besides, Bank has set up Financial Literacy and Counseling Centers and Rural Self Employment Training Institutes on financial literacy. The objective of these centers is to advise people on gaining access to the financial system including banks, creating awareness among the public about financial management, counseling people who are struggling to meet their repayment obligations and help them resolve their problems of indebtedness, helping in rehabilitation of borrowers in distress etc. Some of these credit counseling centers even train farmers / women groups to enable them to start their own income generating activities to earn a reasonable livelihood. Our people are undertaking Outreach visits to villages with a view to spread financial literacy. However I feel there is still a long way to go.

VAJ (South Indian Bank) : This is one of the main stumbling blocks to financial inclusion. It is quite a strange fact that financial literacy is not confined to the realms of the rural folk. The highly complex nature of many of today's financial products which combines insurance, investment, risk vs return aspects, has made even a urban educated customer wary. However, the degrees are obviously different. Unless banks start seeing financial inclusion as a business model and not a CSR initiative, true measures of creating financial literacy would be constrained. The under-privileged needs simplified banking procedures to relieve them from the clutches of the unscrupulous money lenders. The micro finance model has been a good example. The group effect does help in dissemination of information on importance of having financial goals and using the banking channels for achieving them. Banks can rely on the power of mobile telephony to create applications which are simple and help the rural folk do normal banking.

DG (State Bank of India) : Financial literacy is necessary for financial inclusion. In countries with diverse social and economic profiles as in India, financial education is particularly relevant for people who are resource poor, operate at the margin and are vulnerable to persistent downward financial pressures. Financial education can broadly be defined as the capacity to have a familiarity with and also an understanding of financial market products, especially risks and rewards to make informed choices.

I) RBI has undertaken a project titled 'Project Financial Literacy' with the objective of disseminating information regarding the central bank and general banking concepts to various target groups including school and college going children, women, rural and urban poor, defence personnel and senior citizens.

Ii) A multilingual website in 13 Indian languages on all matters concerning banking and the common person has been launched by RBI and illustrated books have been prepared for the different target groups and are widely distributed in regional languages.

Iii) Financial literacy programmes are being launched in each State with the active involvement of the State Government and the SLBC. These programmes include skits, road shows, exhibitions, workshops, seminars, and dissemination through radio and television.

Financial education stresses on the capacity building measures to enable small and marginal borrowers to avail of the entire suite of financial products and services i.e., savings, remittance, insurance and pension from the banking sector, in addition to credit. In view of the utility of these centres banks were asked to set up Financial Literacy and Credit Counselling Centres (FLCCs) in all districts. So far, over 250 FLCCs have been set up in various states of the country.

MGS (Syndicate Bank) : Financial literacy is an integral part of the financial inclusion. It is about changing the behavior with regard financial discipline and the ultimate goal is empowerment of people. When the ultimate beneficiaries know about financial products / services available, merits and demerits of each aspect, he / she is able to derive the maximum benefit of the financial inclusion. Given the socio-demographic complexities in India, the endeavor has been towards a multi institutional and multi instrumental approach to address the financial inclusion. Financial inclusion means access to savings, loans, payments, remittance facility and other allied services by a formal financial system to those who tend to be excluded. The role of financial literacy could ideally supplement the financial inclusion initiatives for long term efficacy.

Creating awareness and educating the people in rural areas with regard to schemes and services, benefits provided by Government of India, banks and other financial institutions is a continuous process. One of the main challenges in promoting financial literacy to reach the unreached is the insufficient financial education in respect of majority of the villagers who were not covered under FI initiatives in the past. The location of large number of villages in far flung, inaccessible and remote areas have made the task of spreading financial literacy much more challenging.

To address these challenges, a series of financial literacy efforts have been made to cover not only the villagers but also the FI implementing personnel such as Branch Managers, BC Agents, Officers and Executives in the Controlling Offices who are entrusted with the task of monitoring implementation of FI programme. Customized training programmes and workshops have been organized by the Bank to orient the implementing personnel about the approach to be adopted in spreading financial literacy. Mobile Publicity Van was put in service to communicate the message of financial literacy. A separate Trust was established to promote financial literacy by opening FLCCs and FIRCs in Lead Districts of the Bank.

AK (UCO Bank) : Campaigns for spreading financial literacy need to be intensified. This can be done through innovative dissemination channels including films, documentaries, pamphlets and road shows. Stakeholders, including the regulators and policy makers, may launch large scale awareness programmes. Reserve Bank of India is in the process of launching electronic Banking Awareness And Training (e-BAAT) programmes to increase awareness about technology enabled financial services.

Financial literacy should become integral part of school syllabus. There is also a pressing need for certain amount of standardization of services / facilities extended by the Financial Literacy and Credit Counseling Centre (FLCC) being set up at several centres by the Lead Banks. Such facilities should cover the entire gamut of the requirements of the under-privileged / inadequately informed customers like basic financial concepts, appropriateness of savings and credit products, use of credit cards, financial planning and debt management, retirement planning / micro-pension, insurance, investment, grievance redressal mechanism, awareness about electronic banking and the safeguards to be followed. It is hoped that the efforts to evolve a nationwide strategy of financial literacy involving all the financial sector regulators across banking, insurance, capital market and pension products would bear fruit.

DS (Union Bank of India) : For effectively engaging the hitherto unbanked ones, it is essential that they are made aware of products and processes of formal finance. Since poor have fewer resources, the prudent management is not a choice but necessity for their day to day survival. Thankfully, the basics of finance are as simple today as it were in long past. And, making people aware of it is not that difficult either. We, at Union Bank of India, have pursued this by arranging several financial literacy programmes for school children, migrant labourers, road transportation staff, villagers, etc. through innovative mediums for deepening the financial inclusion. Awareness stalls are put up on occasions like festivals, gram mela, etc. to connect with rural masses visiting there. Some documentary films on financial inclusion have been shot for raising awareness in school children.

BS (United Bank of India) : Financial illiteracy is indeed a major challenge in the rural areas. The bankers are addressing this issue through counseling system for which FLCCs have been set up in different parts of the country. Apart from these FLCCs, the banks with the help of the local administration are also organizing awareness programmes at regular intervals. There has been a perceptible improvement in the literacy level. However, a lot more needs to be done in the future.

HSUK (Vijaya Bank) : Financial Literacy has gained importance in view of the thrust given by Government of India to achieve total Financial Inclusion. In fact financial literacy is one of the main components of achieving Meaningful and Holistic Financial Inclusion. Along with greater access to the financial services offered by different organizations, the customers must be able to evaluate each of the schemes offered and to select the one which is most suitable for them. Financial literacy is important to each individual to plan and invest his earning to derive the highest return, safety of the assets and to ensure that the value of asset appreciates and steady income is derived from it.

Urban and educated people will be having an increased access to the information through various modes. But the illiterates and villagers may not be having access to the authenticated source of financial information. In order to address the requirement of this sections of the customers our bank has taken up various financial literacy initiatives.

In order to sensitize and create awareness among the beneficiaries we have launched extensive campaigns in each of the FI Villages allotted to our bank.

- Poster and Banners have been displayed in various places in the FI Villages and the link Branches.
- Pamphlets in vernacular languages on various aspect of Financial activities have been distributed to all households in select Villages where campaign for account opening is being conducted.
- In Mandya District, TV scrolls in the local channel is played detailing the benefits of the FI Programme being implemented in the District and the services offered by the Bank to the Rural Households.
- Publicity through Mobile Van is conducted in all the villages allotted to our bank detailing the various facilities offered by the bank.
- Street plays were organised in villages as means to understand the importance of formal banking and to popularise the financial products offered by the bank to the villagers.
- Programme for sensitising school children on the need for financial literacy has been taken up. Quiz programmes and seminars are conducted in schools and pre university colleges.
- Financial literacy Centres are set up in Mandya, Dharwad and Haveri districts. These centres offer free education on financial literacy and credit counselling services to the clients. These centres also guide villagers how much is their credit needs, how to space repayment and if he is defaulter, how to cure the default etc. Further these centres also conduct camps in villages, schools, markets to popularise the various schemes being implemented by banks, Government, RBI, NABARD.

13. How do you see the consolidation of Indian banking industry in the near future?

BAP (Andhra Bank) : Consolidation of Public Sector Banks (PSBs) is a widely debated topic, based on the principle of Economies of scale and Operational efficiency. PSBs are gradually but surely to move towards consolidation which will positively amplify the business prospects of the industry in the domestic as well as international market place. The process of consolidation is likely to commence in the ensuing years, however, mostly it may confine to synergy driven mergers.

MDM (Bank of Baroda) : There is a continuing debate on consolidation in the Indian banking industry. In order to build up a robust risk management architecture, it is necessary to scale up the size of bank which the organic growth takes time to achieve. Acquiring banks could be one strategy to increase the size and corresponding risk appetite. In this context it is necessary to iron out several cultural, technological and human resources issues. Despite a robust banking system, Indian Banks ardly figure in the league of prominent global banks. Some consolidation in banks was seen in private sector but such mergers are yet to occupy the main space in Indian Banks. The thought and realization that size does matter for better capital efficiency and risk appetite is a good beginning and a lot of homework is needed to take it forward as a strategy.

VRI (Bank of India) : There is a felt need for increasing the size and scale of our Banks. Many of our Banks have gone global with a presence in almost all major financial centres. In this context, achieving a critical mass is essential to finance the needs of our domestic as well as overseas clients. Moreover, the stage is set for the entry of more private players and it will happen sooner than later. This will shrink margins which are already under strain. Viewed in this backdrop, some consolidation seems unavoidable. Bigger size also brings along with it the advantages of economies of scale. It is pertinent to note that there are no Indian Banks among the top 100 global Banks. Having said this, the process of consolidation would happen only after a careful evaluation of the pros and cons of individual cases and after assessing other factors like cultural and organizational fitness.

NS (Bank of Maharashtra) : To compete globally consolidation of Indian banks is essential. However it would have to be brought about by allowing to develop synergies amongst the banks rather than merger being thrust upon them.

With a long term perspective consolidation would help the banks to enhance their capital reserves and improve their operational and distribution efficiency.

RKD (Canara Bank) : The consolidation process in Indian banking has primarily been confined to a few mergers among private sector banks, although some recent consolidation moves among the public sector banks are also evident with the most notable being the merger of SBI with two of its associates, State Bank of Saurashtra and State Bank of Indore.

Post-financial crisis has stalled the process of merger and acquisition worldwide. The thinking on 'too-big-to-fail' (TBTF) has evoked considerable debate. However, M&As will continue in the banking space to gain from economies of scale and scope. Increasing presence of private and foreign banks, heightened competition and rapid technological advancement are also forcing banks to become cost efficient and financially strong.

MVT (Central Bank of India) : Under the Banking Regulation Act, banking companies cannot merge without the approval of the Reserve Bank of India. The government and the Reserve Bank have left it to individual banks to decide about merger and seek approval from Regulator. Reserve Bank and Government refrained from playing any proactive role in either encouraging or discouraging mergers.

As banks are leveraged and the credibility of the top management has tremendous supervisory implications, Government and RBI allow consensual mergers to hostile takeovers. In the past, a few forced mergers have been caused by the financial ill health of the acquired banks. Banks witnessing erosion in net worth, huge NPAs and decline in capital adequacy ratio have been forced by the regulatory authority to undergo merger.

In my view, merger or consolidation should happen to gain balance sheet size, to enter new geographies for inorganic growth, to gain competitive advantage, asset distribution for mitigating concentration risk, driven by synergies and locational and business-specific complementarities.

Merger of Regional Rural Banks to one single entity in a state is a right step to give them locational advantage and synergy to serve the state better. Today we have SBI and 6-7 PSU Banks have national presence but rest PSU Banks have very strong regional presence.

The existence of only a few large banks potentially exposes the system to undue risk, as even a bank-specific liquidity crisis could trigger systemic problems. Ideally, the banking system should comprise a few large banks to ensure a healthy competitive environment and smaller banks and sector-specific financial institutions to cater to the needs of small business nd agriculture.

AK (Corporation Bank) : To grow faster, to face competition effectively, to increase market share, to strengthen the balance sheet, to meet capital requirements, to improve profitability, to fund the growing needs of a vibrant economy and to reap the benefits of economies of scale - are some of the reasons why consolidation may make sense. However, the flip side is the risk arising out of 'too big to fall'. It is for the Government, the majority stake holder to take a call on it.

Overall, a strong banking system is critical for sound economic growth and it is natural to improve the competitiveness and quality of the banking system to bring efficiency in the performance of the economy.

However, in the present Indian context, there are several issues, which the banking sector needs to address before going for the process of consolidation. There are business and cultural issues, duplication of branches, HR & IT related issues, which may impede this process. Further, the slowdown in economic growth both domestic as well as overseas and the issues such as asset quality requires the banking sector in the country to focus on its fundamentals in the immediate future.

SS (Federal Bank) : Both consolidation and Expansion will happen, though they may appear contradictory. New banks will find new markets while the existing may merge to form bigger entities.

RMM (IDBI Bank Limited) : The Indian Banking Industry has a large number of players including public and private sector banks. While the banking history has witnessed the merger of private banks with larger public banks, within the public banks there hasn't been any significant instance as of yet. There is a strategic reason for each bank to desire its independence. The banks have - in setting up its branches - defined a catchment area for themselves which has influenced their business strategies. Further, asset size is not always the priority but customer service is. The banks have now shifted their focus to optimal customer satisfaction and customer retention to fuel its growth strategy. Further, each bank focuses on a certain segment to fuel its business growth and seeks ways to augment its presence in that segment.

TMB (Indian Bank) : The banking industry in India has been in the process of transformation and consolidation ever since 1961. The Banking Regulation Act, 1949 empowers the regulator with the approval of the government to amalgamate weak banks with stronger ones. Most of the mergers in India during eighties and nineties of last century were meant for bailing out weak banks to safeguard depositors' interest and to protect the financial system. However, there have also been mergers between healthy banks driven by business and commercial considerations in the recent past.

The Narasimham Committee (1998) recommended for a multi-tier banking system with existing banks merging into 3 or 4 international banks at the top level; 8 to 10 national banks engaged in universal banking and local and rural banks confined to specific regions.

Consolidation is desirable to counter the threat of competition from foreign banks; and to put in place effective cost control strategies and measures; competing internationally with global players; and facilitating even distribution of banking services in the country. Substantial investments required for putting in place systems and processes endowed with cutting edge technology, advanced management information systems and delivery mechanisms, are possible through consolidation. These would ultimately result in cost cutting, enhancement in risk absorption capacity, enlarged customer base, even geographical spread, improved operational efficiency, and meaningful product diversification.

Consolidation may also lead to establishment of monopolistic structures; marginalization of small customers on the one hand and create problems in the areas of integration of workforce with heterogeneous work cultures.

Nevertheless, Indian banks are gradually but surely moving from a cluster of 'large number of small banks' to 'small number of large banks'. Consolidation will positively amplify the business prospects of the industry in the domestic as well as international market place.

MN (Indian Overseas Bank) : Consolidation of Indian banks is unlikely to happen in the near future. However, in the long run, probably, the scenario might change, as the banks start to perceive the advantages of size in a competitive environment.

SLB (Oriental Bank of Commerce) : The benefits of consolidation far outweigh its drawbacks. The major gains from merger are the increase in size of the banks, the strengthening of the performance of the banks, effective absorption of new technologies, capability to meet the demand for sophisticated products and services, strengthening of risk management systems and the ability to arrange funding for major development works. Consolidation leads to cost reduction and revenue enhancement. It enhances the reach of the banks to the underserved segment and also reduces the cost of intermediation.

Global competition is the greatest driver of consolidation in Indian Banking. The largest Bank of China is five times the size of the five largest banks in India. Consolidation is unavoidable if Indian Banks are to become a force to reckon with in the near future. But, we have to wait and see how this consolidation will take place. The Hon'ble Finance Minister has hinted on the reasons for consolidation in order to have 2-3 big sized banks which are comparable to the global counterparts.

Under the Basel III regime, providing capital to all PSBs is a big challenge. The total requirement of additional capital is to the tune of ₹1,50,000 Crore. As providing capital by the majority stakeholder which is Govt. of India would be a big challenge, consolidation of banks would be a necessity. This consolidation poses certain stiff challenges also viz. HR, Technology and Risk Management. The mergers of banks pose human resource management problems. The cross cultural integration is an important post merger issue which will require deft handling. Integration of technology platforms may also poses a stiff challenge as the merging banks may be under different working platforms.

KRK (Punjab National Bank) : I feel that the government and the regulator i.e. RBI have to provide an enabling environment through an appropriate fiscal, regulatory and supervisory framework for the consolidation and convergence of financial institutions, at the same time ensuring that a few large institutions do not create an oligopolistic structure in the market. Mergers should be based on the need to attain a meaningful balance sheet size and market share in the face of heightened competition and driven by synergies and locational and business-specific complementarities.

RBI has generally been pro market-driven consolidator. Over the years, there has been considerable progress in consolidation in India and the mergers have happened not only between the weak and the healthy banks but also between healthy and well-functioning banks more particularly in private sector space. The Indian Regulator has been supportive of the initiatives for consolidation and there have been no instances where the approval for merger of banks has been denied by the RBI, if the proposals conformed to the requirements and guidelines of the RBI.

In the globalised era, where there is increased capital requirement, rising cost structure and immense competition from the foreign and international Banks, we need a Bank at par with the International Size / Standards. So industry may see the consolidation in the near future.

VAJ (South Indian Bank) : For a country as diverse as ours, with a spread of 33 lakh square Km and 1.2 billion people, banking needs small, medium and large players. Hence, even as I appreciate the power of consolidation, the special nature of services offered to customers by each bank in the country should never be overlooked. With the new banking licenses bill being passed in the parliament, we are going to see new players too. I see a future where there could be consolidations that happen between banks which believe in complementary strengths. The Basel III guidelines could also act as a catalyst for this exercise. But, I strongly believe that the age old adage, “Small is beautiful” should not be completely overlooked.

DG (State Bank of India) : In India, with some small exceptions, most of the consolidation we have seen has been through mergers and acquisitions that were more in the nature of bail-out packages. We expect that consolidation in banking should now be shifted to be done based on commercial viability. RBI's policy with regard to mergers and acquisitions is clear that proposals should come from banks and the merger proposals should first be approved by respective boards and only thereafter they must approach the regulator.

MGS (Syndicate Bank) : The Narasimhan Committee Report on Policy framework to formulate the structure of Indian banks and financial institutions was based on adequate capitalization, good provisioning norms and well structured supervision. The Government of India and RBI accepted those recommendations and started implementing the same in phased manner. During 2012, the heads of major Banks like Punjab National Bank, Canara Bank, Bank of Baroda, Bank of India and Union Bank of India were reportedly asked for their views on consolidation so as to draw the roadmap. Shri Pranab Mukherjee, the earlier Finance Minister and the present President of India, said in June 2012 that Public Sector Banks should look at consolidation as a serious option and the initiative should come from the Banks themselves. The government will play a supportive role if the proposals emanate from the Banks. The present Finance Minister Shri P. Chidambaram has once again raised the issue during the recent BANCON Conference of IBA held at Pune. This issue is on the policy agenda ever since Narasimhan Committee Report II in 1997 on Financial Sector Reforms was recommended for creation 4 to 5 large Banks in place of 27 PSBs. There are many other reasons like ownership constraint, elusive synergies, human factor, uniformity in perks etc., which is why lot of hought process is going on with regard to the issue on mergers between Public Sector Banks.

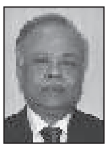
World over large Banks are substantially larger than our SBI / PNB and for economy of scale in long run, consolidation will become a must when capital needs also go up in Basel III and also to compete with International Banking

AK (UCO Bank) : While we talk of bank mergers and consolidations in the Indian context, one has to keep in mind the two biggest challenges - harmonizing technology issues and tackling employee-apprehensions and protecting their career path.

The technology issue may be easier to handle - though systems and processes, technology platforms and technology partners may be different for different banks - compared to the second issue relating to HR. Bank employees and their unions fear there might be cultural issues when two banks are brought together and overlapping branches might have to be closed down, leading to potential job losses. Finding the right job for top management of small banks in the merged entity is also an issue.

Another factor that might come into play is the role and stance of the Competition Commission of India (CCI), which has been given the powers to look at all banking mergers and acquisitions.

DS (Union Bank of India) : Voluntary transfers and mergers are part of businesses' long term strategy of acquiring economies of scale. For consolidation not only saves the weaker ones but also makes way for stronger entities to expand their presence in different markets and across products. Moreover, the bigger and stronger banks are essential to meet the financing needs of a US$ 2 trillion sized economy. Indian economy is very dynamic one and is structurally transforming at vigorous pace. It is vital that the enabling institutions of finance also scale up at similar pace if not faster. Fear of 'too big to fail' is rather irrelevant at current state of development of our institutions. In my view, competition by entry of new players and consolidation among the existing ones will move together in India, going forward.



BS (United Bank of India) : Consolidation of Indian banking industry is being debated for quite some time now. It is a fact that the banks in India on a stand-alone basis are very small in size which becomes a limiting factor in withstanding pressures, particularly because of the poor capital base. Consolidation of banks is expected to address these limitations and it is also expected that once consolidation phase gets through, the Indian banking system would become a force to reckon with in the whole world.

HSUK (Vijaya Bank) : It is very difficult to make any prediction in this matter as this is dependent on various factors. Firstly, Central Government, which is the major stakeholder in Public Sector Banks, who account for more than 75% of banking business in India, has categorically stated on several earlier occasions that they will not force upon the Banks any mergers and consolidation proposals. They have also stated that it is for the concerned Banks to decide themselves how to go ahead. As of now, we are not seeing any such serious moves either in the Public Sector or in Private Sector. However, only time will tell what is going to happen in the days to come.

14. What role do you think will e-learning and other new training methodologies in capacity building play in the coming years?

BAP (Andhra Bank) : Capacity building is the need of the hour to improve the operational efficiency as well as to enhance the value to all stakeholders. In this direction, E-learning is one of the appropriate and powerful tools to achieve the desired results in a most cost effective way. E-learning enables the banks to send uniform message with quality to the target audience which has edge over traditional training methods. It is a self learning mechanism where the individual has a choice. Hence, it would become more effective in transforming the Human Assets into Knowledge Assets in the ensuing years.

MDM (Bank of Baroda) : Banks having made steady headway to acquire latest technology, have the capacity to serve customers better. Moreover the focus on financial inclusion is adding wide customer base. The literacy levels are going up and more number of youngsters is forming part of customer base. The appetite of customers to use technology is rising. More customers are opting debit card / internet / mobile banking services and realising the benefits of technology. The experience of anywhere any time banking is catching up. Facility of bill payments / electronic remittances has changed the expectation levels of customers.

The last decade has demonstrated that engineering change requires a tremendous coordination between technology, process and people. I would emphasize that banks need to develop the competence of their people and create the differentiation to compete in future. Creation of trained talent pool is essential. The expectations and aspirations of customers keep changing with times.

On the whole banking sector is well poised to enter a more exciting and enterprising phase with prospects of growth on one side and challenges of rising customer aspirations on the other. I am sure the Indian Banking System will set a better tone to redefine best practices in International banking space.

VRI (Bank of India) :

- E-Learning is a revolutionary method of training without geographical boundaries. The modules contain graphical presentation with story boards mounted with studio processed voices. They help tremendously a beginner to understand the basics of banking, procedures and nittygritties of products.
- E-Learners in any numbers can access the systems simultaneously 24 x 7 x 365 as per their convenience. The on line knowledge tests can also be attempted which will give instant results on the post training evaluation.
- The modules uploaded on a dedicated server can be updated from time to time by uploading patches of the software purchased by the Bank under Learning Management Solutions (LMS).
- With more and more hits to the E-Learning modules the project becomes cost economical and ensures to create genuine interest in the minds of learners. Based on the inputs of the staff the modules can be further fine-tuned.
- The other training methodologies like Virtual Training thorough Video Conferencing, Vertical Training through Field Visits, Case Studies and Analysis, Group Discussions & Presentations, Management Games, Soft Skill Developments, Mentoring and adoption of DROs by faculty members will result in building up a talent pool in the organization and smooth transition of knowledge and experience from Seniors to Juniors.
- Considering the capacity constraints of the classroom training, exhaustive use of E-Learning will assist in achieving the recommendations of Khandelwal Committee (2010) to train every staff member at least once in a year.

NS (Bank of Maharashtra) : E-learning carries broad advantages of flexibility, accessibility, convenience and choice. E-Learning and other new training methodologies ensure self-learning, unbinding us from the formal classroom type of learning. Online e-learning courses are quick and easy to update across the board without needing to spend time and money organizing and distributing paper, CD or DVD based content and materials. These techniques help in capacity building of the staff, who can update themselves about the rules & regulations and products & services of the Bank and in turn provide better customer service and project a better image of Bank.

RKD (Canara Bank) : Training is a very important corporate initiative in enhancing capacity building of staff. E-learning certainly will be a step forward in enhancing the skills and competencies of the work force as the system facilitates off-site learning through the intranet facility. The interactive e-learning portals enable a wider reach with cost-effectiveness.

MVT (Central Bank of India) : In this hi-tech environment in the Banks, the infrastructure may be used for e-learning training and capacity building. There are certain limitations of e-learning. The behavioral training and most of the skill buildings can't be conducted through e-learning. Yes informational and lots of self-administered trainings may be conducted through the e-learning. The new educational tools and software tools are being used for development of staff and capacity building, particularly for the innovative technologies and its related processes. This channel is extensively used for implementation of technological products as well as disseminating information about products and services. Virtual classroom and web-casting is very common in today's scenario. Above all these new methodologies also contribute to reduce carbon footprints.

AK (Corporation Bank) : In view of the advantages that the e-learning mode offers such as quick and vast reach, minimal dislocation of workforce and cost effectiveness, Bank has put in lot of emphasis in developing e-learning as an additional tool in capacity building. Bank has extensively utilised e-learning initiatives to quickly disseminate the information / practices across the spectrum of branches. Bank is in the process of building internal capabilities to roll-out e-learning programmes.

SS (Federal Bank) : Training plays a very important role in up-skilling the workforce. E-learning training modules are helping banks reach more number of employees at a lesser cost and at a higher frequency. This is a platform that will act as a Knowledge Management Tool of Banks' workforce.

RMM (IDBI Bank Limited) : With the transformation in the banking sector, the banks are faced with the conundrum to have a cost effective, highly accessible and efficient means of knowledge transfer which ensures that the employees gain knowledge and that too across different media. Further, the bank has to ensure that the training is in tandem with its daily operations and is designed keeping in mind the training needs of its staff. Employees today are pressed for time and embracing open learning through different media. These innovative training techniques help them in adding value to their work environment as also enhance their productivity. Technology has percolated to every dimension in a banking sector and it is being used to impart web-based training and prepare e-learning modules which not only offers a simulated class environment but also extends flexibility in terms of time and location. The move from traditional classroom training towards innovative training has underscored the need to have a learner focussed model and align the activities in real world terms to ensure success.

TMB (Indian Bank) : The bank has tied up with KESDEE Inc. San Diego, CA, USA for making available e-learning module to the staff members. Our e-learning module has got 59 courses covering various facets of banking. In the digital world where in all employees stay connected with either through e-media, e-learning is the most effective medium of education and training both in terms of reach and quality, besides being cost effective.

MN (Indian Overseas Bank) : The e-learning and other new training methodologies play a vital role in capacity building and un-bounding due to the fact that most of the present employees joining the banking sector are tech-savvy. As they are relatively young, classroom teaching has a tiring effect on them due to long hours of confining to classroom. In e-learning, they have the option of timing, and when they feel fresh and energetic, they can login to the system and learn. Besides due to privacy of learning, any mistake committed by them is known to them only and peer effect will not have any impact on them. They have the freedom of exposing their gap in private and learn to bridge the gap.

Most important factor is flexi timings and flexi locational. For employer it will be cost effective and saving of manhours, as the employees can do the learning side by side along with their routine work. An additional feature is the real time doubts can also be clarified. It will be a most accepted method of learning for both employees and employers in the days to come.

SLB (Oriental Bank of Commerce) : The basic facilitator for E-Learning is triggered by the exponential growth of internet and thirst for information to make smooth decisions at all spheres. Due to the current development in technology, the recent flow of information would definitely make learning easy for every individual who desires to do so. As part of e-based banking development in the coming years, e-learning becomes essential.

The continuous training of Bank's staff serves two distinct purposes. First, the progress of individual employee has to be ensured and assessed before decisions on promotion are to be taken. Second, staff need to update constantly their knowledge and skills in view of the competitive environment.

KRK (Punjab National Bank) : We all are aware of the fact Indian Banking sector is facing the twin problems of scarce human capital and talented human resources. Training and organizations go hand in hand, no matter what time of year it s because only training is the way out to make the people in the organizations capable and up-to-date. The success or failure of organizations depends on these aspects of their employees. At this time when economic crunch and cost cutting are becoming an order of the day, organizations are more inclined towards e-learning solutions as they substantially cut down the physical / human training costs. And they have switched on to e-learning for every facet of their training requirements such as product and Services training, sales training, soft skills training, etc.

The major benefits accruing to the organization for adopting e-learning are cost and time saving, enhancing the learning and training facilities, improving upon the workforce by ways of effective products, services, business or skills training and bettering customer-client relationship by ways of good support training and boosting of business growth. Skilled and better equipped employees are a must for organizations who want to make a head up amid the tightrope competition that exists today. E-learning is one good alternative to make their employees stay in sync with the competition.

VAJ (South Indian Bank) : With an increasing number of experienced hands retiring in the next few years, public sector and old generation private sector banks face an ardous task of training the new comers. While skills can be imparted, experience can only be earned. Hence, we need to build strong knowledge management tools which help in converting real life scenarios into simulation mode. Logistics prevent centralized training to a large extent. The best mode is one where the staff members get an opportunity to get trained without moving out of their chairs. Now this is becoming more of a necessity than a luxury. On the job training should be complemented by well thought out strategies for directed learning. I think specialization is required to a large extent considering the complexity of today's banking environment. It requires time for a person to acquire a skill and gain mastery over it. Hence, it may not be possible for an individual who joins a bank today to become an all rounder within a short-time. But at the same time, the importance of developing the habit of thinking in general terms should be driven down to the specialized task force too. Primary experience can be gauged through real life scenarios, whereas the complementary expertise required for getting an all round view can be achieved through the training methods based on virtual space, communities etc. We are already seeing similar training happening on various products in online forums. I am quite sure that going forward this would be the real way for future training methods.

DG (State Bank of India) : In today's world, e-learning is very critical as it provides continuous learning at low cost and can be undertaken at a time convenient to the employee. SBI has already initiated e-learning programmes. E-Learning is inevitable and should be made compulsory for all employees. Increments to be linked to passing levels to encourage this.

MGS (Syndicate Bank) : Training enriches knowledge, skill and ability of the employees. It contributes in keeping the employees dynamic and provides an opportunity to develop better understanding of what they do apart from enhancing capability. Training methodologies do play a vital role in the effective transfer of training inputs to the actual job situation. Learning is influenced by the trainees who attend the programme with certain expectations. The methodology adopted will have overall bearing on the programme. Knowledge can be imparted through traditional methods of training like lecture and group discussions. Skills and attitudes are developed through T-Group, In basket, Experimental learning, etc. The level of the trainees in the hierarchy and the nature of content (inputs) determine the methodology. According to Peter Drucker, "Human beings can become Human Resource when properly trained, developed and given competence for productive work. Unless there is a continuous development, the un-enlisted assets would rust and are likely to become liabilities. Further, skills are just like medicine. They become obsolete with the passage of time. Accordingly, up-skilling and re-skilling is needed on a continuous basis.

Banks are focusing on computer based training delivery system to keep the employees knowledge workers. Switching over to online learning system on a 24x7x365 basis is emerging as a most promising and robust solution as one can learn what he wants and learn from where he is. Online learning system allows the content creator to create contents fast, interesting and useful which can be uniformly adopted by all.

CONCLUSION : We must be flexible to business models with high volume, low margin, cutting cost by technology & efficiency and learn how to change / adjust fast to new business models in the days to come. Long term sustainable, risk mitigating Business Plan may help to build image of institution and constitute qualitative growth of business and profitability.

AK (UCO Bank) : Let me cite the example of our own Bank.

UCO Online, an e-learning platform, is an employee-only access Web site available at all the branches / offices through Bank's existing WAN as well as over the Internet. It helps cutting training costs and in increasing productivity by decreasing the time needed for routine knowledge transfer.

The portal is immensely popular among the staff because of its rich contents and host of unique key features those are very helpful for referral as well as self-learning purpose. Among many other features, various documents and operational manuals of the Bank, jobcards for applications, research reports, policies, forms are available on the site.

Queries, if any, on existing / new products are put up in the discussion forum and responded to by fellow UCOites and training college faculty. Online suggestions are evaluated, deliberated upon and implemented if found suitable.

Thus available knowledge across the organization is shared without any cost and acquired at the learner's convenience sitting at her / his desk.

DS (Union Bank of India) : Modern banking is synonymous with knowledge banking. Revolutionary changes in technology have transformed the channels of interaction and so have evolved the products and processes. Bankers need to be informed enough to serve their customers who range from newly bankable ones with limited requirements to tech-savvy NextGen. For that, we have to be active learners throughout our life time to remain relevant. Continuous learning through innovative means is essential as we certainly can't go back to college every time. Thankfully, there are many alternative channels which are accessible and also convenient. These new platforms, like e-learning, are enablers in our pursuits and we better harness its potential to further raise efficiency.

BS (United Bank of India) : The e-learning methodologies as well as other new training methodologies have tremendous potentialities in reaching out to the young workforce throughout the country. Because of the flexibility both in terms of time and pricing, as also its interactive attributes, e-learning is going to be more and more popular among the young bankers. I am convinced that the advantages of e learning and other emerging training methodologies would be fully capitalized by the budding bankers.

HSUK (Vijaya Bank) : This model is slowly and steadily taking center stage in capacity building in Banks. With more and more tech-savvy staff on the rolls of the Bank, especially the younger generation, it is very easy and fast to relate to them. It is also cost effective and procedurally less demanding. There is no surprise if this replaces the conventional learning methodology to a large extent if not completely in the days to come.

Books Added to the IIBF Corporate Library			
No.	**Title**	**Author**	**Publisher & Year of Publication**
1.	Banking Law & Practice	Sukhvinder Mishra	S. Chand, 2012
2.	Banking Law and Practice, 4th Edition	K. P. Kandasami & others	S. Chand, 2009
3.	Damodaran on Valuation : Security Analysis for Investment & Corporate Finance, 2nd Edition	Aswath Damodaran	Wiley India, 2012
4.	Documentary Letters of Credit & Collections : A Handbook for Bankers, Exporters & Importers, 2nd Edition	Raghu Palat	Vision Books, 2009
5.	FEMA Ready Reckoner, Volume 2, 21st Edition	D. T. Khilnani	Snow White, 2012
6.	Foreign Exchange Management Manual, Volume 1, 21st Edition (with CD)	D. T. Khilnani	Snow White, 2012
7.	Getting Along Better with People	C. Northcote Parkinson & M. K. Rustomji	Vision Books, 2010
8.	Getting Started in Options, 8th Edition	Michael C. Thomsett	John Wiley & Sons, 2010
9.	How to manage Foreign Exchange Risk : A Guide for Importers, Exporters, Treasury Managers, Bankers and Businessmen, 2nd Rev. Edition	Raghu Palat	Vision Books, 2010
10.	International Business, 8th Edition	Michael R. Czinkota & others	Wiley India, 2012
11.	International Financial Reporting Standards for India : A Quick Ready Reckoner & Implementation Guide	A. L. Saini	Snow White, 2010
12.	Investment Valuation : Tools & Techniques for Determining the Value of any Asset, 3rd Edition	Aswath Damodaran	Wiley India, 2012
13.	Invisible Wealth : The Hidden Story of How Markets Work	Arnold Kling & Nick Schulz	Encounter Books, 2011
14	Managerial Economics, 2nd Edition	M. A. Beg & Manoj Kumar Das	Ane Books, 2010
15	Managing Innovation : Integrating, Technological, Market and Organizational Change, 4th Edition	Joe Tidd & John Bessant	John Wiley (India), 2012
16.	Money & Banking : Theory with Indian Banking	T. N. Hajela	Ane Books, 2009
17.	Money, Banking & Public Finance, 8th Edition	T. N. Hajela	Ane Books, 2009
18.	Operational Risk Management : A Case Study Approach to Effective Planning and Response	Mark D. Abkowitz	John Wiley & Sons, 2008
19.	Project Finance in Theory and Practice : Designing, Structuring and Financing Private and Public Projects (with CD)	Stefano Gatti	Elsevier India, 2008
20.	Reverse Innovation : Create Far from Home, Win Everywhere	Vijay Govindrajan & Chris Trimble	Harvard Business School, 2012
21.	Risk Management and Financial Institutions, 3rd Edition	John C. Hull	Wiley India, 2012
22.	Strategic management	R. Duane Ireland & others	Cengage Learning (India), 2009
23.	Target 3 billion PURA : Innovative Solutions Towards Sustainable Development	A. P. J. Abdul Kalam & Srijan Pal Singh	Penguin Books (India), 2011
24.	Treasury Management : The Practitioner's Guide	Steven M. Bragg	John Wiley & Sons,, 2010
25.	What to ask the person in the Mirror : Critical Questions for becoming a more effective leader and reaching your potential	Robert Steven Kaplan	Harvard Business Review, 2011

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