

Creativity and innovation in indian banks

[Finance](#), [Banks](#)



Topic: Innovative products by Indian organizations in the Banking Sector

Akshita Shetty Student K J Somaiya Institute of management studies and research PGDM (RM) Roll no: 56 Email id: com Abstract

During the past one decade, one of the sectors which underwent visible sea-change through innovative strategies is undoubtedly the banking sector. The sector has been growing at a fast pace in India and is challenged with several aspects like new regulations from time to time, changing customer needs and perceptions, changing technology and changing operations.

Technology has been playing a crucial role in the tremendous improvement of banking services and operations. Indian banking industry has moved way ahead both in terms of offering value added services and delivering quality service. It was thought that the world financial crisis would impact the Indian banking sector in a serious manner. But, because of the strong foundations of Indian banking system with the support from well structured financial systems, the anticipated impact of the world crisis was almost insignificant. Instead, it helped the banks to get strengthened further and become closer to the customer with innovative approaches.

Banks appear to be on the path of achieving sustainability and a long-term survival because of innovation. Keywords: Innovation in banking, technology in banking, changes in banking, transformation in banking, IT in banking, Indian banking. Introduction Technology has brought about a complete paradigm shift in the functioning of banks and delivery of banking services. Gone are the days when every banking transaction required a visit to the bank branch. Today, most of the transactions can be done from the comforts of one's home and customers need not visit the bank branch for anything.

<https://assignbuster.com/creativity-and-innovation-in-indian-banks/>

Technology is no longer an enabler, but a business driver. The growth of the internet, mobiles and communication technology has added a different dimension to banking. The information technology (IT) available today is being leveraged in customer acquisitions, driving automation and process efficiency, delivering ease and efficiency to customers. Many of the IT initiatives of banks started in the late 1990s or early 2000 with an emphasis on the adoption of core banking solutions (CBS), automation of branches and centralization of operations in the CBS.

Over the last decade, most of the banks completed the transformation to technology-driven organizations. Moving from a manual, scale-constrained environment to a global presence with automated systems and processes, it is difficult to envisage the adverse scenario the sector was in the era before the reforms, when a simple deposit or withdrawal of cash would require a day. ATMs, mobile banking and online bill payments facilities to vendors and utility service providers have almost obviated the need for customers to visit a branch.

Branches are also transforming from operating as transaction processing points into relationship management hubs. The change has been very productive for banks bringing in an increase in productivity and operational efficiency to be more competitive. Better risk management due to centralization of information and real time availability of critical data for decision making. With most of the banks being technology-enabled, the focus is shifting to computerizing regional rural banks (RRBs).

In addition, banks are moving toward decision making and business intelligence software and trying to optimize the IT infrastructure created. The banking system in India has created a niche for itself in the current competitive global arena where adoption of new and innovative technological developments carries the key to expansion of business and its future development. The Indian banking system has come a long way from being a player restricted to domestic boundaries to a leading giant in the world of financial services across the globe.

Credit for this progress goes to a mix of factors like, the introduction of various economic reforms which gave a boost to the banking sector, adoption of new technology by banks in order to streamline their line of businesses and increasing profits by improving cost efficiency and offering doorstep banking convenience to their customers. Banking 'Then' and 'Now' Indian villages were deprived of various financial products like mutual funds, insurance and equity trading hitherto, which are now accessible through proxy banking in the form of Internet kiosks and ATMs.

The alias given to banking which is not routed through branches is 'Channel Migration'. Through this route, a bouquet of services is at the customers' disposal in today's banking system. This is possible because banking transactions are stored in a centrally located server with which all other branches of a bank are connected. The technological systems in India are considered far more advanced than those of Russian and Chinese banking systems but are lagging far behind the UK, USA and Singapore.

Connectivity takes root Today almost all scheduled commercial banks are connected to all the branches on a real time basis extending the anywhere banking facility to the customers, which means that it is not necessary for a customer now to visit the branch personally in order to conduct transactions. Now a customer has various other options available with him like internet banking, mobile banking, ATMs (automated teller machines), phone banking which offers 24 X 7 banking, etc.

Whenever and wherever a transaction is done in a bank account, the updated status is reflected in all the branches, thus making anywhere banking possible. ATMs have revolutionized the banking sector by making cash and other banking services available to customers at all times. Future Outlook The future of Indian banking lies in increased investment in technology platforms and a greater focus on end-to-end solutions provided by IT majors like core banking products, vertical specific CRM and risk management software. Body scope

Innovation by Indian banks in aspects such as: Service banking ATMS's Net banking Mobile banking ECS/RTGS/NEFT Debit card/credit cards CRM (customer service) Case studies: (for example) South Indian Bank: The salary disbursement of corporates , firms and such others who maintain accounts with any of the 511 CBS branches would be managed by the Bank, hassle-free and free of any bank charges. The employer would be benefited in that the salary could be disbursed to any employees/any single employee who are/is working even in far-off places where SIB has no presence.

Dr. V. A. Joseph , Chairman & CEO of the Bank and Mr. M. P. Gopalakrishnan, President , CMS Trust jointly launched the product . In his inaugural address Dr. Joseph said, " This convenience banking product, which is designed for the convenience of both employers and employees, leverages the bank's strong technology platform, which connects all the 511 branches and 26 extension counters of the Bank under Core Banking Solutions network offering anytime banking to its customers. GSSA can be opened with zero balance".

The Chairman and CEO of the Bank also stated, " South Indian Bank, being a customer - oriented Bank is striving hard to render personalized customer service using the latest technological capabilities. The technological capability of the Bank was recognised when the Bank could bag the banking technology excellence award from IDRBT which is the technical arm of RBI. The service quality of the Bank has also been recognized when the Bank was selected in the ' Outlook Money - C Fore' survey as the best private sector Bank in India in the service quality segment. . Dr. Joseph also referred to the facility recently started for online booking of offerings, free of bank charges , through South Indian Bank payment gateway-the first bank to go online booking -by the customers of the bank who are devotees of Guruvayur Sreekrishna Temple which is described as the Dwaraka of South India. This facility is being utilized by the NRIs also to effect offerings, hassle -free with greater transparency and security at the click of a button , either for themselves or their aged parents resident in India.. South Indian Bank had completed on 26. 03. 07 the project ' SIBertech' by introducing a centralised Core Banking Solution in technology partnership with Infosys Technologies

when many banks had not even started implementation of CBS . SIB, had started this project in 2001 to render personalized customer service. The new product now launched would confirm this belief”, the Chairman concluded his inaugural address.

With the following carefully thought-out value additions of this innovative convenience banking product , banking for employers and their employees, is made extremely easy and comfortable: - * ; Free International ATM-cum-Debit Card for which annual maintenance charges are not collected * Online booking of offerings for Lord Sri Guruvayurappan, free of bank charges * O Withdrawal of cash from the ATMs of other Banks free of bank charges (As charges would be borne by SIB) * O Free utility payment and e-commerce services * ; No stipulation on minimum balance ; The depositor enjoying many freebies can earn the usual SB interest * ; The depositor can operate his SB account –during his travel/temporary transfer /transfer- hassle-free * ; The account can be closed /transferred to another branch with out any charge * ; Free of cost cheque leaves (subject to limits in each category) * ; Free fund transfer facility through RTGS/NEFT/Fast Money /DD Customers of this feature-rich Savings Bank account are also provided with facilities to open Depository account and also enjoy mobile banking facility. Indian bank:

Indian Bank has won the ‘ Golden Peacock Innovative Products/Service Award’ for 2011. The award was received by the bank’s Chairman and Managing Director, Mr T. M. Bhasin, at the World Congress on Total Quality, held in Bengaluru on Saturday. The award was given to the bank “ in recognition of its contribution to promotion of self help groups (SHGs)”. SHGs

have turned out to be major vehicles of women empowerment. In the current year, Indian Bank has so far disbursed Rs 1, 360 crore to 55, 391 SHGs, taking the total exposure under the SHG portfolio to Rs 2, 336 crore, benefiting 175, 390 SHGs, says a press release from the bank.

State Bank of India: State bank of India, the largest public sector bank in India, offers the following innovative services. 1. SMS Unhappy This innovative idea was initiated by Mr. Siva Kumar, Dy. Managing Director of SBI. Any customer who wants to lodge a complaint sends the message “Unhappy” to a specified number (8008202020). The Happy Room then calls the customer and records the details of the complaint. The complaint is then forwarded. SBI has received thousands of such messages since its commencement and this service is a great success.

Other banks have also started imitating this service. 2. Crorepati Only Branch SBI has launched first of its kind branch for High Networth Individuals (HNI) where it takes minimum Rs 1 crore to open an account, and that too on invitation only. This branch offers specialized banking facilities like relationship managers, 24/7 lockers, extended banking hours, doorstep pick-up and drop facilities, in addition to pampering customers five-star amenities at the branch. “ We have opened as many as 50 accounts so far.

We are confident of opening another 150 by the end of the current fiscal,” as per Mr. Shiva Kumar, Chief General Manager, SBI⁴. According to SBI, an attractive feature of the branch is 24 hour open lockers. The bank also is providing special dressing rooms for customers to cater to the needs of late night function goers segment. References -Y. Ramakrishna, Service

Innovation in Banks for Sustainability, IJMBS Vol. 2, Issue 2, April - June 2012
-Indian banking System: Epitome of continuous innovation, 2008. -Process
innovation in the Indian banking industry, 2009 Indian Banking Sector:
Challenges and Opportunities -Keertiman Sharma, Innovations in rural
financial products and services, VOL. 2(1) - 2011: 35-37 -Outsourcing in the
Indian banking sector: gaining momentum, 2008 -Innovation in retail banking
-India PRWIRE, South Indian bank launches another innovative convenience
product, 2008 -Vortex engineering, Solar power to enable banking and ATM
facilities for rural india, 2011 -J U Ahmed, Services Rendered by Commercial
Bank: A Customer Oriented empirical Evidence from State Bank of India, Vol.
I No. - 2, Jan-2011 ----- [1]. Service Innovation in
Banks for Sustainability [2]. technology in banking: Insight and foresight
[3]. Indian banking system: epitome of continuous improvement [4]. Solar
power to enable banking and ATM facilities for Rural India [5]. Y.
Ramakrishna, Service Innovation in Banks for Sustainability, IJMBS Vol. 2,
Issue 2, April - June 2012