7 P’S OF SERVICES MARKETING
IN INSURANCE AND BANKING SERVICES

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INTRODUCTION

Wherever there is uncertainty there is risk. We do not have any control over uncertainties which involves financial losses. The risks may be certain events like death, pension, retirement or uncertain events like theft, fire, accident, etc. Insurance is a financial service for collecting the savings of the public and providing them with risk coverage. The main function of Insurance is to provide protection against the possible chances of generating losses. It eliminates worries and miseries of losses by destruction of property and death. It also provides capital to the society as the funds accumulated are invested in productive heads. Insurance comes under the service sector and while marketing this service, due care is to be taken in quality product and customer satisfaction. While marketing the services, it is also pertinent that they think about the innovative promotional measures. It is not sufficient that you perform well but it is also important that you let others know about the quality of your positive contributions.

Insurance marketing

The term Insurance Marketing refers to the marketing of Insurance services with the aim to create customer and generate profit through customer satisfaction. The Insurance Marketing focuses on the formulation of an ideal mix for Insurance business so that the Insurance organisation survives and thrives in the right perspective.

Marketing --Mix For Insurance Companies

The to best meet the needs of its targeted market. The Insurance business deals in selling services and therefore due weight-age in the formation of marketing mix for the Insurance business is needed. The marketing mix includes sub-mixes of the 7 P’s of marketing i.e. the product, its price, place, promotion, people, process & physical attraction.

The above mentioned 7 P’s can be used for marketing of Insurance products and banking services, in the following manner:

1. PRODUCT

A product means what we produce. If we produce goods, it means tangible product and when we produce or generate services, it means intangible service product. A product is both what a seller has to sell and a buyer has to buy. Thus, an Insurance company sells services and therefore services are their product. In India, the Life Insurance Corporation of India (LIC) and the General Insurance Corporation (GIC) are the two leading companies offering insurance services to the users. Apart from offering life insurance policies, they also offer underwriting and consulting services.

2. PRICING

With a view of influencing the target market or prospects the formulation of pricing strategy becomes significant. The pricing in insurance is in the form of premium rates. The three main factors used for determining the premium rates under a life insurance plan are mortality, expense and interest. The premium rates are revised if there are any significant changes in any of these factors.

• Mortality (deaths in a particular area) When deciding upon the pricing strategy the average rate of mortality is one of the main considerations. In a country like South Africa the threat to life is very important as it is played by host of diseases. • Expenses: The cost of processing, commission to agents, reinsurance companies as well as registration are all incorporated into the cost of installments and premium sum and forms the integral part of the pricing strategy.
•Interest: The rate of interest is one of the major factors which determines people's willingness to invest in insurance. People would not be willing to put their funds to invest in insurance business if the interest rates provided by the banks or other financial instruments are much greater than the perceived returns from the insurance premiums.

3. PLACE
This component of the marketing mix is related to two important facets
i) Managing the insurance personnel, and
ii) Locating a branch.
   The management of agents and insurance personnel is found significant with the viewpoint of maintaining the norms for offering the services. This is also to process the services to the end user in such a way that a gap between the services promised and services offered is bridged over. In a majority of the service generating organizations, such a gap is found existent which has been instrumental in making worse the image problem. The transformation of potential policyholders to the actual policyholders is a difficult task that depends upon the professional excellence of the personnel. The agents and the rural career agents acting as a link, lack professionalism.

4. PROMOTION:
   The insurance services depend on effective promotional measures. In a country like India, the rate of illiteracy is very high and the rural economy has dominance in the national economy. It is essential to have both personal and impersonal promotion strategies. In promoting insurance business, the agents and the rural career agents play an important role. Due attention should be given in selecting the promotional tools for agents and rural career agents and even for the branch managers and front line staff. They also have to be given proper training in order to create impulse buying. Advertising and Publicity, organisation of conferences and seminars, incentive to policyholders are impersonal communication. Arranging Kirtans, exhibitions, participation in fairs and festivals, rural wall paintings and publicity drive through the mobile publicity van units would be effective in creating the impulse buying and the rural prospects would be easily transformed into actual policyholders.

5. PEOPLE
   Understanding the customer better allows to design appropriate products. Being a service industry which involves a high level of people interaction, it is very important to use this resource efficiently in order to satisfy customers. Training, development and strong relationships with intermediaries are the key areas to be kept under consideration. Training the employees, use of IT for efficiency, both at the staff and agent level, is one of the important areas to look into. Human resources can be developed through education, training and by psychological tests. Even incentives can inject efficiency and can motivate people for productive and qualitative work.

6. PROCESS:
   The process should be customer friendly in insurance industry. The speed and accuracy of payment is of great importance. The processing method should be easy and convenient to the customers. Installment schemes should be streamlined to cater to the ever growing demands of the customers. IT & Data Warehousing will smoothen the process flow. IT will help in servicing large no. of customers efficiently and bring down overheads. Technology can either complement or supplement the channels of distribution cost effectively. It can also help to improve customer service levels. The use of data warehousing management and mining will help to find out the profitability and potential of various customers product segments.
A. Flow of activities: all the major activities of banks follow RBI guidelines. There has to be adherence to certain rules and principles in the banking operations. The activities have been segregated into various departments accordingly.

B. Standardization: banks have got standardized procedures got typical transactions. In fact not only all the branches of a single-bank, but all the banks have some standardization in them. This is because of the rules they are subject to. Besides this, each of the banks has its standard forms, documentations etc. Standardization saves a lot of time behind individual transaction.

C. Customization: There are specialty counters at each branch to deal with customers of a particular scheme. Besides this the customers can select their deposit period among the available alternatives.

D. Number of stores: numbers of steps are usually specified and a specific pattern is followed to minimize time taken.

E. Simplicity: in banks various functions are segregated. Separate counters exist with clear indication. Thus a customer wanting to deposit money goes to ‘deposits’ counter and does not mingle elsewhere. This makes procedures not only simple but consume less time. Besides instruction boards in national boards in national and regional language help the customers further.

7. PHYSICAL DISTRIBUTION:

Distribution is a key determinant of success for all insurance companies. Today, the nationalized insurers have a large reach and presence in India. Building a distribution network is very expensive and time consuming. Technology will not replace a distribution network though it will offer advantages like better customer service. Finance companies and banks can emerge as an attractive distribution channel for insurance in India. In Netherlands, financial services firms provide an entire range of products including bank accounts, motor, home and life insurance and pensions. In France, half of the life insurance sales are made through banks. In India also, banks hope to maximize expensive existing networks by selling a range of products.

The physical evidences include signage, reports, punch lines, other tangibles, employee’s dress code etc.

A. Tangibles: banks give pens, writing pads to the internal customers. Even the passbooks, chequebooks, etc reduce the inherent intangibility of services.

B. Punch lines: punch lines or the corporate statement depict the philosophy and attitude of the bank. Banks have influential punch lines to attract the customers. Banking marketing consists of identifying the most profitable markets now and in future, assessing the present and future needs of customers, setting business development goals, making plans—all in the context of changing environment.

Conclusion

In India, banks hope to maximize expensive existing networks by selling a range of products. It is anticipated that rather than formal ownership arrangements, a loose network of alliance between insurers and banks will emerge, popularly known as bank assurance. Another innovative distribution channel that could be used are the non-financial organisations. We can’t deny the fact that if foreign banks are performing fantastically, it is not only due to the sophisticated information technologies they use but the result of a fair synchronization of new information technologies and a team of personally committed employees. The development of human resources makes the ways for the formation of human capital.

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PROFITABILITY ANALYSIS OF SELECT PRIVATE SECTOR BANKS IN INDIA

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INTRODUCTION
A private sector Indian bank is one having its registered office in India, and majority of its shares are held by private parties. India is the largest country in South Asia with a huge financial system characterized by many and varied financial institutions and instruments. The banking system in India, like those in most developing economies, is characterized by the coexistence of different ownership groups, public and private, and within private, domestic and foreign. The Indian banking sector continues to witness domination by the public sector banks. Over the last decade, the banking sector has witnessed the entry of many new private sector banks, resulting in momentous changes. A noteworthy aspect of the private sector banks is their ability to command a proportionately higher share of net profit, even though they have a lower share in terms of customer deposits. Private sector banks are oriented toward niche banking, unlike the public sector banks, which meet the mass banking requirements. The strategies adopted by the private sector banks are more in tune with those of the foreign banks, where emphasis is given to establishing superior benchmarks of efficiency, focusing on niche customers, providing impressive customer service and bringing about operating efficiencies by using high-end technology. Like the foreign banks, the private sector Indian banks recruit the finest manpower, employ state-of-the-art technologies and are oriented towards building a strong brand image. Even though the private sector Indian banks do not have an extensive range of branch networks, the emerging trends indicate that they pose a great competition to the public sector banks because of their increasing market share. The paper aims at analysing the profitability of select private banks across the select period.

REVIEW OF LITERATURE
In India, research on the performance and efficiency of Indian banking industry is limited in the existing literature. Rammohan and Ray (2004) compared performances of 58 public sector, private sector and foreign banks for the period 1992-2000, using a revenue maximization efficiency approach. Das (1997) estimated the technical, allocative and scale efficiency of scheduled commercial banks for various pre-reform and reform years. The study considered net interest income and interest income of banks as the two outputs. In his study, Das computed the efficiency measures for the public sector commercial banks. The results indicate that the State Bank Group, in general, improved in terms of overall efficiency during the 26 year period. Das found that inefficiency was technical in nature, which showed that there is underutilization or wastage of resources rather there being allocative inefficiency.

Pal, Mukherjee and Nath (2000) studied the efficiency of 68 major Indian commercial banks for the year 1999. They took 27 public sector banks, 20 private sector banks and 21 foreign sector banks for their study. They also identified weak banks. Five output variables were taken. They were: deposits, net profits, advances, non-interest income and spread. Similarly, five input variables taken were net worth, borrowings, operating expenses, number of employees in the country and number of bank branches in the country. Uppal (2006) analyzed the profitability of four major bank groups, i.e., SBI and its associates, Nationalized banks, New private sector banks and foreign banks in the post-reforms era and concluded that there is a significant difference in the profitability of various major bank groups. Ballabh (2002) examined various techniques to increase the employees’ productivity.
PARAMETERS FOR STUDY
Profitability of the banks was analysed using selected parameters based on review of literature. Ten parameters in the form of ratios dealing with the profitability of a bank are
i. Interest Spread
ii. Adjusted Cash Margin(%)
iii. Net Profit Margin
iv. Return on Long Term Fund(%)
v. Return on Net Worth(%)
vi. Return on Assets Excluding Revaluations
vii. Interest Expended / Interest Earned
viii. Other Income / Total Income
ix. Operating Expense / Total Income
x. Selling Distribution Cost Composition

HYPOTHESES
The hypothesis developed were
H01: The select private sector banks do not differ in terms of the specified profitability parameters.
H02: There is no significant change in the profitability parameters of the private sector banks during the select period.

METHODOLOGY
Private sector bank that are listed and part of BSE BANKEX were identified. The period of study for analyzing the profitability of private sector banks was restricted to five years ranging from April 2006 to March 2011. The necessary data for computation was obtained through the website of the concerned bank and other websites offering financial information. For certain banks past data was not available, such banks were not considered for the study. Finally, based on availability of complete data, following four private sector banks are studied for a period from April 2006 to March 2011.
i. Axis Bank
ii. HDFC Bank
iii. ICICI Bank
iv. Kotak Mahindra bank

STATISTICAL TOOLS
Apart from the basic univariate analysis like Arithmetic Mean, Standard Deviation, percentage analysis and ratios, bivariate analysis in the form of Analysis of Variance (ANOVA) is also used.

LIMITATIONS
The study has the following limitations
i. The study is restricted only to large private sector banks listed on BSE 30 sensex, and the mid size private sector banks were excluded due to time and cost constraints.
ii. Four of the large private sector banks were considered due to non availability of data.
iii. The study period is restricted to five years.
iv. Select profitability parameters were used to analyse the profitability of these banks and other aspects such as efficiency, Networth etc were not considered.

ANALYSIS
Analysis of select parameters was done in the form of analysis of variance (ANOVA). First, ANOVA is applied to find the significance of difference in profitability based on select parameters across the sample banks. The analysis is given in Table1.

Table 1: ANOVA of Profitability parameters across selected banks
It is found that sample banks differ significantly in terms of Interest Spread, Return on Long Term Fund(%), Return on Net Worth, Return on Assets Excluding Revaluations, Interest Expended / Interest Earned, Operating Expense / Total Income and Selling Distribution Cost Composition.

Second, the significance of difference is identified in profitability based on select parameters across the specific time period ranging from April 2006 to March 2011. Table 2 provides the detailed information. It is identified that Adjusted Cash Margin(%) and Net Profit Margin ratio showed a significant difference over the years.

### Table 2: ANOVA of Profitability Parameters across different years

<table>
<thead>
<tr>
<th>Variable</th>
<th>df</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Spread</td>
<td>3, 16</td>
<td>15.795</td>
<td>0.000</td>
</tr>
<tr>
<td>Adjusted Cash Margin(%)</td>
<td>3, 16</td>
<td>1.264</td>
<td>0.320</td>
</tr>
<tr>
<td>Net Profit Margin</td>
<td>3, 16</td>
<td>0.923</td>
<td>0.452</td>
</tr>
<tr>
<td>Return on Long Term Fund(%)</td>
<td>3, 16</td>
<td>5.185</td>
<td>0.011</td>
</tr>
<tr>
<td>Return on Net Worth(%)</td>
<td>3, 16</td>
<td>8.557</td>
<td>0.001</td>
</tr>
<tr>
<td>Return on Assets Excluding Revaluations</td>
<td>3, 16</td>
<td>9.144</td>
<td>0.001</td>
</tr>
<tr>
<td>Interest Expended / Interest Earned</td>
<td>3, 16</td>
<td>36.389</td>
<td>0.000</td>
</tr>
<tr>
<td>Other Income / Total Income</td>
<td>3, 16</td>
<td>0.825</td>
<td>0.499</td>
</tr>
<tr>
<td>Operating Expense / Total Income</td>
<td>3, 16</td>
<td>9.093</td>
<td>0.001</td>
</tr>
<tr>
<td>Selling Distribution Cost Composition</td>
<td>3, 16</td>
<td>4.256</td>
<td>0.022</td>
</tr>
</tbody>
</table>

CONCLUSION

Since the process of liberalization and reform of the financial sector were set in motion in 1991, banking has undergone significant changes. The underlying objectives of these were to make the system more competitive, efficient and profitable. A decade of economic and financial sector reforms has strengthened the fundamentals of the Indian economy and transformed the operating environment for banks and financial institutions in the country. In
this background, the study is done to analyse the profitability of select private sector banks in India.
It is identified that banks differ in terms of Interest Spread, Return on Long Term Fund (%), Return on Net Worth, Return on Assets Excluding Revaluations, Interest Expended / Interest Earned, Operating Expense / Total Income and Selling Distribution Cost Composition. This may be due to the managerial and administrative differences across various banks. Further, it is attempted to find the difference in profitability aspects of banks over a period of time. Adjusted Cash Margin (%) and Net Profit Margin ratio showed a significant difference over the years. It shows that there is a change in total income and net profit. This is due to the growth and advances made by these banks over the same period.

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CUSTOMERS PERCEPTION TOWARDS MOBILE BANKING SYSTEM

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MOBILE BANKING

Mobile banking (also known as M-Banking, mbanking, SMS Banking etc.) is a term used for performing balance checks, account transactions, payments, credit applications etc. via a mobile device such as a mobile phone or Personal Digital Assistant (PDA). The earliest mobile banking services were offered via SMS. With the introduction of the first primitive smart phones with WAP support enabling the use of the mobile web in 1999, the first European banks started to offer mobile banking on this platform to their customers.

Mobile banking has until recently (2010) most often been performed via SMS or the Mobile Web. Apple's initial success with iPhone and the rapid growth of phones based on Google's Android (operating system) has led to increasing use of special client programs, called apps, downloaded to the mobile device.

Mobile Banking Services

Banks offering mobile access are mostly supporting some or all of the following services:

- Mini-statements and checking of account history
- Alerts on account activity or passing of set thresholds
- Monitoring of term deposits
- Access to loan statements
- Access to card statements
- Mutual funds / equity statements
- Insurance policy management
- Pension plan management
- Status on cheque, stop payment on cheque
- Ordering check books
- Balance checking in the account
- Recent transactions
- Due date of payment (functionality for stop, change and deleting of payments)
- PIN provision, Change of PIN and reminder over the Internet
- Blocking of (lost, stolen) cards
- Domestic and international fund transfers
- Micro-payment handling
- Mobile recharging
One way to classify these services depending on the originator of a service session is the ‘Push/Pull' nature. ‘Push' is when the bank sends out information based upon an agreed set of rules, for example your bank sends out an alert when your account balance goes below a threshold level. ‘Pull' is when the customer explicitly requests a service or information from the bank, so a request for your last five transactions statement is a Pull based offering.

The other way to categorize the mobile banking services, gives us two kind of services – Transaction based and Enquiry Based. So a request for your bank statement is an enquiry based service and a request for your fund's transfer to some other account is a transaction-based service. Transaction based services are also differentiated from enquiry based services in the sense that they require additional security across the channel from the mobile phone to the banks data servers.

Based upon the above classifications, we arrive at the following taxonomy of the services listed before.

<table>
<thead>
<tr>
<th>Bank initiated Push (alerts)</th>
<th>Customer initiated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enquiry</td>
<td>1. Balance Enquiry</td>
</tr>
<tr>
<td></td>
<td>2. Recent transaction history</td>
</tr>
<tr>
<td></td>
<td>3. Cheque Status</td>
</tr>
<tr>
<td></td>
<td>4. Requests – Cheque book, stop payment, A/c Statement</td>
</tr>
<tr>
<td>1. Credit / Debit Alerts</td>
<td>1. Fund Transfer</td>
</tr>
<tr>
<td>2. Threshold balance alerts</td>
<td>2. Bill Payment</td>
</tr>
</tbody>
</table>
| 4. Requests –
| Financial                   | 4. Investment services |
| Transactions                |                     |

Technologies behind Mobile Banking

Technically speaking most of these services can be deployed using more than one channel. Presently, Mobile Banking is being deployed using mobile applications developed on one of the following four channels.

- IVR (Interactive Voice Response)
- SMS (Short Messaging Service)
- WAP (Wireless Access Protocol)
- Standalone Mobile Application Clients

IVR – Interactive Voice Response

IVR or Interactive Voice Response service operates through pre-specified numbers that banks advertise to their customers. Mobile banking based on IVR has some major limitations that they can be used only for Enquiry based services. Also, IVR is more expensive as compared to other channels as it involves making a voice call which is generally more expensive than sending an SMS or making data transfer (as in WAP or Standalone clients).
SMS – Short Messaging Service

SMS uses the popular text-messaging standard to enable mobile application based banking. The way this works is that the customer requests for information by sending an SMS containing a service command to a pre-specified number. The bank responds with a reply SMS containing the specific information.

WAP – Wireless Access Protocol

WAP uses a concept similar to that used in Internet banking. Banks maintain WAP sites which customer's access using a WAP compatible browser on their mobile phones. The figure demonstrates the framework for enabling mobile applications over WAP. The actually forms that go into a mobile application are stored on a WAP server, and served on demand. The WAP Gateway forms an access point to the internet from the mobile network.

Standalone Mobile Application Clients

Standalone mobile applications are the ones that hold out the most promise as they are most suitable to implement complex banking transactions like trading in securities. They can be easily customized according to the user interface complexity supported by the mobile. In addition, mobile applications enable the implementation of a very secure and reliable channel of communication.

Mobile Banking Architecture

This two-part series on mobile banking security will help Bank security officers and auditors understand the security threats in Mobile banking. The concept is different from SMS Banking which was discussed previously. The architecture is based on the specific requirement that the facility is provided through GRPS, GSM, CDMA, EDGE, 3G and CSD enabled mobile phones.

With Mobile banking, the following services can be availed of, but is not restricted to,

- Viewing A/C statement
- Viewing Cheque Status
- Stopping Cheque Payment
- Cheque Book Request
- Fixed Deposit Enquiry
- Bill Payment
- Shopping/ Purchasing items

The services can be provided to customers directly by the bank or through a 3rd party vendor and explanations for both are followed. The setup will have a web server, application server and the database at the bank’s premises. The application will ensure what services are to be provided to the customer. Based on the banking services provided to the customer, the security of the infrastructure has to be built in. The database can be the same as the core banking database, having another table for mobile banking users. The customer uses his/her mobile phones to transact through the mobile network. The mobile banking server in turn talks to the Core banking systems of the bank for user authentication, processing transactions, authorization, etc.

This is the more popular architecture as banks can quickly roll out their mobile banking solutions by connecting to a 3rd party. This is also the architecture with more security issues as interconnection with a 3rd party is involved. In this architecture, the mobile banking servers are located at the 3rd party vendor’s data centre. These servers will talk to the core banking servers of the bank through a secured channel (dedicated or shared link) for authentication, authorization and transaction processing.

STATEMENT OF PROBLEM

Six billion people are expected to own mobile phones in the globe by 2011, there are currently 584.32 Million mobile subscribers in India and 100 million are added every year. Comprehend with the increase in mobile penetration in India, now banks and other financial
institutions are offering various services through mobile phones.

Realizing the importance of mobile banking services offered by banks the researcher has assume this study to assess the customers’ perception towards mobile banking services.

**OBJECTIVE**

- To study the mobile banking services offered by Indian bank.
- To assess and analyze the customer’s perception towards M-banking services offered by banks.
- To assess the main reasons for using mobile banking services offered by banks.
- To find out the problems regarding usage of mobile banking.

**HYPOTHESIS**

- There is no significant relationship between personal characteristics of the customers and their level of opinion about mobile banking.
- There is no significant difference between personal characteristics of the customers and their perception about mobile banking services.

**METHODOLOGY**

The following methodology has been adopted to study the awareness about mobile banking services.

**Data and sources**

Only primary data collected for the study with well prepared questionnaire.

**Sampling**

One twenty three sample questionnaires are collected from the public regarding the perception of mobile banking services. Convenient sampling method has been adopted to select the sample respondents.

**Period of study**

The study covers the period of four and half month from (05/01/11 to 2/05/11).

**Tools used for Analysis**

All the collected data were analysed with the help of suitable statistical tools. The following statistical tools were used to assess the awareness.

- Percentage analysis
- Chi-Square test
- Garrett’s ranking techniques
- Factor analysis
- One way analysis of variance and
- t- Test

**Mobile Banking Customers**

**1.1 Age Group of the Customers**

The Distribution of the sample customers based on their age group is given in the table below.

<table>
<thead>
<tr>
<th>Age Group</th>
<th>No of Customers</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 25</td>
<td>102</td>
<td>82.93</td>
</tr>
<tr>
<td>26 to 50</td>
<td>13</td>
<td>10.57</td>
</tr>
<tr>
<td>above 50</td>
<td>8</td>
<td>6.50</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>123</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

*Source: Primary data*
The table 1.1 reveals out of 123 sample customers taken for the study, 102 (82.93%) customers were in the age group is below 25. It is inferred that a vast majority of the sample customers are youngsters.

1.2 Educational Qualification of the Customer

The Classification of the sample customers based on their educational qualification is shown in the table below.

<table>
<thead>
<tr>
<th>Educational Qualification</th>
<th>No of Customers</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Post Graduate</td>
<td>118</td>
<td>95.93</td>
</tr>
<tr>
<td>Professional Degree</td>
<td>5</td>
<td>4.07</td>
</tr>
<tr>
<td>Total</td>
<td>123</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Primary data

From the table 1.2 it is observed that 118 (95.93%) out of 123 sample customers are completed their Educational Qualification is post Graduation and remaining five customers are completed Professional degree.

It is obvious that vast majority of the sample customers are post graduation.

1.3 Occupational Status wise classification of the customer

The Distribution of the sample customers based on their occupational status is shown in the table below.

<table>
<thead>
<tr>
<th>Occupational Status</th>
<th>No of Customers</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Sector</td>
<td>28</td>
<td>22.76</td>
</tr>
<tr>
<td>Business</td>
<td>8</td>
<td>6.50</td>
</tr>
<tr>
<td>Student</td>
<td>87</td>
<td>70.73</td>
</tr>
<tr>
<td>Total</td>
<td>123</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Primary data

The table 1.3 it is observed that 87 out of 123 collected samples occupational status of the customers are students, rest of them work in private sector and do business.

1.4 Family Income wise classification of the Customer

The Distribution of the sample customers based on their Family Income is shown in the table below.

<table>
<thead>
<tr>
<th>Family Income (Rs in Annual)</th>
<th>No of Customers</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 75,000</td>
<td>68</td>
<td>55.28</td>
</tr>
<tr>
<td>1,50,001 to 3,00,000</td>
<td>12</td>
<td>9.76</td>
</tr>
<tr>
<td>&gt;3,00,000</td>
<td>43</td>
<td>34.96</td>
</tr>
<tr>
<td>Total</td>
<td>123</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Primary data

The above table inferred that a vast majority of the sample customer’s family income is below Rs.75,000.

1.5 Bank Sector wise classification of the Customer
The classification of the sample customers based on their banking sector is shown in the table below.

It is observed from the table 1.5 says that 36 (28.15%) of the customers are operated their financial transaction through private sector banks and the remaining 87 (70.73%) are public sector banks.

### 1.6 Services used by Mobile Banking Customer

<table>
<thead>
<tr>
<th>SERVICES</th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mini-statements and checking of account history</td>
<td>21</td>
<td>102</td>
</tr>
<tr>
<td>Alerts on account activity or passing of set thresholds</td>
<td>5</td>
<td>118</td>
</tr>
<tr>
<td>Monitoring of term deposits</td>
<td>17</td>
<td>106</td>
</tr>
<tr>
<td>Access to loan statements</td>
<td>1</td>
<td>122</td>
</tr>
<tr>
<td>Access to card statements</td>
<td>11</td>
<td>112</td>
</tr>
<tr>
<td>Mutual funds / equity statements</td>
<td>5</td>
<td>118</td>
</tr>
<tr>
<td>Insurance policy management</td>
<td>2</td>
<td>121</td>
</tr>
<tr>
<td>Pension plan management</td>
<td>0</td>
<td>123</td>
</tr>
<tr>
<td>Status on cheque, stop payment on cheque</td>
<td>7</td>
<td>116</td>
</tr>
<tr>
<td>Ordering check books</td>
<td>1</td>
<td>122</td>
</tr>
<tr>
<td>Balance checking in the account</td>
<td>24</td>
<td>99</td>
</tr>
<tr>
<td>Recent transactions</td>
<td>13</td>
<td>110</td>
</tr>
<tr>
<td>Due date of payment</td>
<td>2</td>
<td>121</td>
</tr>
<tr>
<td>PIN provision, Change of PIN and reminder over the Internet</td>
<td>9</td>
<td>114</td>
</tr>
<tr>
<td>Blocking of (lost, stolen) cards</td>
<td>4</td>
<td>119</td>
</tr>
<tr>
<td>Domestic and international fund transfers</td>
<td>0</td>
<td>123</td>
</tr>
<tr>
<td>Micro-payment handling</td>
<td>0</td>
<td>123</td>
</tr>
<tr>
<td>Mobile recharging</td>
<td>0</td>
<td>123</td>
</tr>
<tr>
<td>Commercial payment processing</td>
<td>0</td>
<td>123</td>
</tr>
<tr>
<td>Bill payment processing</td>
<td>0</td>
<td>123</td>
</tr>
<tr>
<td>Peer to Peer payments</td>
<td>0</td>
<td>123</td>
</tr>
<tr>
<td>Withdrawal at banking agent</td>
<td>1</td>
<td>122</td>
</tr>
<tr>
<td>Deposit at banking agent</td>
<td>0</td>
<td>123</td>
</tr>
</tbody>
</table>

Table 1.6 observed that utmost of the customers have says no for services like domestic and international fund transfers, Micro-payment handling, mobile recharging, commercial payment processing, peer to peer payments, withdrawal at banking agent and deposit at banking agent are not used by the customers.

### 1.7 Reasons for using M- Banking

The Garrett’s ranking technique is used to find the major reason for using m-banking facilities among the bank customers in Puducherry.

<table>
<thead>
<tr>
<th>Reasons</th>
<th>Garrett’s Score</th>
<th>Mean</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instant &amp; Immediate</td>
<td>8456</td>
<td>68.75</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: Primary data
Form the above table, it is observed the ‘Instant & Immediate’ has secured highest mean score (68.75) and ranked as first, ‘Time saving’ (53.85) ranked as second, ‘Fast & Effortless’ (50.11) ranked as third and ‘Less cost’ has secured lest mean score (38.41) and ranked last.

From the eight reasons for using mobile banking services, the three reasons that have secured highest mean score are given below.

- Instant & Immediate
- Time saving
- Less cost

1.8 Perception towards M-Banking

To identify the perception towards M-Banking through the customer, the factor analysis technique has been used. The fourteen factors are identified namely V1,V2, V3…..V14 is given in the table 1.9 below.

Table 1.8: KMO and Bartlett’s Test

<table>
<thead>
<tr>
<th>Kaiser-Meyer-Olkin Measure of Sampling Adequacy</th>
<th>0.764</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approx. Chi-Square</td>
<td>1128.423</td>
</tr>
<tr>
<td>df</td>
<td>91</td>
</tr>
<tr>
<td>Sig.</td>
<td>000</td>
</tr>
</tbody>
</table>

Source: Primary data

Table 1.9: Rotated Component Matrix(a)

<table>
<thead>
<tr>
<th>Component</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Educating the customer- V1</td>
<td>0.826</td>
<td>0.021</td>
<td>0.074</td>
<td>0.141</td>
</tr>
<tr>
<td>Errorless-V2</td>
<td>0.813</td>
<td>0.084</td>
<td>0.315</td>
<td>-0.205</td>
</tr>
<tr>
<td>Meet the needs in future-V3</td>
<td>0.790</td>
<td>0.183</td>
<td>0.087</td>
<td>0.410</td>
</tr>
<tr>
<td>Low (or) No cost-V4</td>
<td>0.782</td>
<td>0.421</td>
<td>-0.053</td>
<td>0.135</td>
</tr>
<tr>
<td>Security-V5</td>
<td>0.699</td>
<td>0.169</td>
<td>0.303</td>
<td>-0.257</td>
</tr>
<tr>
<td>Easy to use-V6</td>
<td>0.451</td>
<td>0.400</td>
<td>0.401</td>
<td>0.365</td>
</tr>
<tr>
<td>Privacy is maintained-V7</td>
<td>-0.104</td>
<td>0.888</td>
<td>0.069</td>
<td>-0.157</td>
</tr>
<tr>
<td>24x7 Availability-V8</td>
<td>0.111</td>
<td>0.834</td>
<td>0.324</td>
<td>0.069</td>
</tr>
<tr>
<td>Customer friendly device-V9</td>
<td>0.348</td>
<td>0.693</td>
<td>0.183</td>
<td>0.154</td>
</tr>
</tbody>
</table>
Satisfies all my banking needs-V10  0.287  0.686 -0.307 -0.140  
Time savings-V11  0.446  0.616  0.338  0.064  
Motivate the work force-V12  0.054  0.081  0.840 -0.042  
Fast & Effortless-V13  0.353  0.171  0.813  0.058  
Quick decision making-V14  0.034 -0.069 -0.010  0.881  

Extraction Method: Principal Component Analysis.  
Rotation Method: Varimax with Kaiser Normalization.  
a Rotation converged in 5 iterations.  
Source: Primary data

The above table 1.9 presents the rotated component matrix(a) for each variable. The table shows that variables V1, V2, V3, V4, V5 and V6 have loading of 0.826, 0.813, 0.790, 0.782, 0.699 and 0.451 on factor 1 respectively; this suggests that factor 1 is a combination of these variables. At this point, factor 1 can be named “Convenience”. In case of the factor 2 columns indicates that shows variable V7, V8, V9, V10 and V11 have loadings 0.888, 0.834, 0.693, 0.686 and 0.616 on factor 2 respectively; this suggest factor 2 is named “24X7 & Flexible Services”. In case of the factor 3 columns indicates that shows variable V12 and V13 have loadings 0.840 & 0.813 on factor 3 respectively; this suggest factor 3 is named “speed” and V14 have a single loading 0.881 on factor 4 named as “immediate financial decision”.  

The important the perception towards M-Banking through the customer are given below.  
- Convenience  
- 24X7 & Flexible Services  
- Speed  
- Immediate financial decision  

1.9 Opinion about mobile information system  
For the purpose of the study opinion towards MIS decided to three categories like poor, moderate and good opinion. Intend of opinion concept the overall scores of each and every customer calculated then customer opinion was decided based on the mean and standard deviation derived from total score of hundred and twenty three customers. According to this technique the distribution of the sample customers based on their opinion about MIS is shown in the table below.  

<table>
<thead>
<tr>
<th>Opinion</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poor</td>
<td>48</td>
<td>39.02</td>
</tr>
<tr>
<td>Good</td>
<td>12</td>
<td>9.76</td>
</tr>
<tr>
<td>Moderate</td>
<td>63</td>
<td>51.22</td>
</tr>
<tr>
<td>Total</td>
<td>123</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Primary data

Inferred from the above table, nearly 2/5th of the customers are given that poor opinion about MIS. Followed by 9.76% of the customers are opined that well. On the other hand, more than half of the customers are moderately viewed about mobile information system providing by banks. It is concluded that more number of customers are moderately appreciate mobile information system.  

1.10 Relationship between personal characteristics of the customers & level of opinion
The Chi-square analysis was used to find the relationship between personal characteristics of the customer and their opinion about mobile information system or observed frequency related to expected values with the setting of hypothesis.

**Ho:** There is no significant relationship between age group of customers and their level of opinion.

<table>
<thead>
<tr>
<th>Age group</th>
<th>Opinion</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Bad</td>
<td>Good</td>
</tr>
<tr>
<td>below 25%</td>
<td>37</td>
<td>12</td>
</tr>
<tr>
<td>within age</td>
<td>36.27</td>
<td>11.76</td>
</tr>
<tr>
<td>26 to 50%</td>
<td>8</td>
<td>0</td>
</tr>
<tr>
<td>within age</td>
<td>61.54</td>
<td>0.00</td>
</tr>
<tr>
<td>above 50%</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>within age</td>
<td>37.50</td>
<td>0.00</td>
</tr>
</tbody>
</table>

**Total**

<table>
<thead>
<tr>
<th>% within age</th>
<th>Opinion</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Bad</td>
<td>Good</td>
</tr>
<tr>
<td></td>
<td>48</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td>39.02</td>
<td>9.76</td>
</tr>
</tbody>
</table>

**Pearson chi-square value = 4.984, df = 4, Sig.value = 0.289**

*Source: Primary data*

It is observed from the table, the Pearson chi-square comes out to be 0.289 which is greater than the five percent level of significant value 0.05. Therefore, the hypothesis is accepted. Hence, it can be concluded that there is no significant relationship between age group of the customers and their level of opinion about mobile information system.

**Ho:** There is no significant relationship between educational qualification of customers and their level of opinion.

<table>
<thead>
<tr>
<th>Education</th>
<th>Opinion</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Bad</td>
<td>Good</td>
</tr>
<tr>
<td>Post graduate</td>
<td>43</td>
<td>12</td>
</tr>
<tr>
<td>% within education</td>
<td>36.44</td>
<td>10.17</td>
</tr>
<tr>
<td>Professional degree</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>% within education</td>
<td>100</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>48</td>
<td>12</td>
</tr>
<tr>
<td>% within education</td>
<td>39.02</td>
<td>9.76</td>
</tr>
</tbody>
</table>

**Pearson chi-square value = 8.144, df = 2, Sig.value = 0.017**

*Source: Primary data*

The table, the Pearson chi-square statistics comes out to be 0.017 which is lesser than the five percent level of significant value 0.05. For that reason, the hypothesis is rejected. Hence, it can be concluded that there is a significant relationship between educational qualification of the customers and their level of opinion regarding MIS.

**Ho:** There is no significant relationship between occupational status of the customers and their level of opinion.

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Opinion</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Bad</td>
<td>Good</td>
</tr>
<tr>
<td>Private sector</td>
<td>14</td>
<td>4</td>
</tr>
<tr>
<td>% within occupation</td>
<td>50</td>
<td>14.29</td>
</tr>
<tr>
<td>Business</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>% within occupation</td>
<td>37.5</td>
<td>0</td>
</tr>
<tr>
<td>Student</td>
<td>31</td>
<td>8</td>
</tr>
</tbody>
</table>
It is observed from the table, the Pearson chi-square statistics comes out to be 0.367 which is greater than the five percent level of significant value 0.05. For that reason, the hypothesis is accepted. Hence, it can be concluded that there is no significant relationship between occupational status of the customers and their level of opinion regarding MIS.

**Ho:** There is no significant relationship between family income of the customers and their level of opinion regarding MIS.

<table>
<thead>
<tr>
<th>Occupation</th>
<th>% within occupation</th>
<th>35.63</th>
<th>9.20</th>
<th>55.17</th>
<th>100</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>% within occupation</td>
<td>39.02</td>
<td>9.76</td>
<td>51.22</td>
<td>100</td>
</tr>
</tbody>
</table>

**Pearson chi-square value = 4.301, df = 4, Sig.value = 0.367**

**Source: Primary data**

It is observed from the table, the Pearson chi-square statistics comes out to be 0.367 which is greater than the five percent level of significant value 0.05. For that reason, the hypothesis is accepted. Hence, it can be concluded that there is no significant relationship between occupational status of the customers and their level of opinion regarding MIS.

**Ho:** There is no significant relationship between family income of the customers and their opinion level of opinion regarding MIS.

<table>
<thead>
<tr>
<th>Occupation</th>
<th>% within Income</th>
<th>26.47</th>
<th>11.76</th>
<th>61.76</th>
<th>100</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>% within Income</td>
<td>66.67</td>
<td>0.00</td>
<td>33.33</td>
<td>100</td>
</tr>
</tbody>
</table>

**Pearson chi-square value = 11.152, df = 4, Sig.value = 0.021**

**Source: Primary data**

It is observed from the table, the Pearson chi-square statistics comes out to be 0.021 which is lesser than the five percent level of significant value 0.05. Furthermore, the hypothesis is rejected and it can be explains that there is a significant relationship between income level of the customers and their opinion regarding MIS.

### 1.11 Difference between personal characteristics of the customer and their level of opinion

One way analysis of variance and t-test can be used with the aim is to find out the difference of opinion level among the various groups of customers based on their personal characteristics through the testing of hypothesis in the appropriate variables.

There is no significant difference between age group of the customers and their level of opinion about m-banking or MIS.

<table>
<thead>
<tr>
<th>Income (In Rs.)</th>
<th>Level of Opinion</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 75,000</td>
<td>Bad</td>
<td>18</td>
</tr>
<tr>
<td>% within Income</td>
<td></td>
<td>26.47</td>
</tr>
<tr>
<td>150001 To 300000</td>
<td>Bad</td>
<td>8</td>
</tr>
<tr>
<td>% within Income</td>
<td></td>
<td>66.67</td>
</tr>
<tr>
<td>&gt;300000</td>
<td>Bad</td>
<td>22</td>
</tr>
<tr>
<td>% within Income</td>
<td></td>
<td>51.16</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>48</td>
</tr>
</tbody>
</table>

**Pearson chi-square value = 11.552, df = 4, Sig.value = 0.021**

**Source: Primary data**

It is observed from the table, the Pearson chi-square statistics comes out to be 0.021 which is lesser than the five percent level of significant value 0.05. Furthermore, the hypothesis is rejected and it can be explains that there is a significant relationship between income level of the customers and their opinion regarding MIS.

### 1.11 Difference between personal characteristics of the customer and their level of opinion

One way analysis of variance and t-test can be used with the aim is to find out the difference of opinion level among the various groups of customers based on their personal characteristics through the testing of hypothesis in the appropriate variables.

There is no significant difference between age group of the customers and their level of opinion about m-banking or MIS.

<table>
<thead>
<tr>
<th>Income (In Rs.)</th>
<th>Level of Opinion</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 75,000</td>
<td>Bad</td>
<td>18</td>
</tr>
<tr>
<td>% within Income</td>
<td></td>
<td>26.47</td>
</tr>
<tr>
<td>150001 To 300000</td>
<td>Bad</td>
<td>8</td>
</tr>
<tr>
<td>% within Income</td>
<td></td>
<td>66.67</td>
</tr>
<tr>
<td>&gt;300000</td>
<td>Bad</td>
<td>22</td>
</tr>
<tr>
<td>% within Income</td>
<td></td>
<td>51.16</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>48</td>
</tr>
</tbody>
</table>

**Pearson chi-square value = 11.552, df = 4, Sig.value = 0.021**

**Source: Primary data**

It is observed from the table, the Pearson chi-square statistics comes out to be 0.021 which is lesser than the five percent level of significant value 0.05. Furthermore, the hypothesis is rejected and it can be explains that there is a significant relationship between income level of the customers and their opinion regarding MIS.

### 1.11 Difference between personal characteristics of the customer and their level of opinion

One way analysis of variance and t-test can be used with the aim is to find out the difference of opinion level among the various groups of customers based on their personal characteristics through the testing of hypothesis in the appropriate variables.

There is no significant difference between age group of the customers and their level of opinion about m-banking or MIS.

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between Groups</td>
<td>275.190</td>
<td>2</td>
<td>137.595</td>
<td>1.372</td>
<td>0.257</td>
</tr>
<tr>
<td>Within Groups</td>
<td>1203.558</td>
<td>120</td>
<td>100.263</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>12306.748</td>
<td>122</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Source: Primary data**

It is obvious from the table performed analysis of variance between age group and the level of opinion and it can be concludes that there is no significant difference between age group of the customers and their level of opinion about m-banking or MIS because the significant value shows that lesser than the five percent level of significant value of 0.05.
There is no significant difference between educational qualification of the customers and their level of opinion about MIS.

<table>
<thead>
<tr>
<th>Table – 1.16: Educational Qualification &amp; Level of opinion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
</tr>
<tr>
<td>------------</td>
</tr>
<tr>
<td>Graduate</td>
</tr>
<tr>
<td>Professional</td>
</tr>
</tbody>
</table>

Source: Primary data

It is observed from the table 1.16 that, the t-statistical value comes out to be 0.181 which is higher than the five percent level of critical value 0.05. So, the hypothesis is accepted and it reveals that There is no significant difference between educational qualification of the customers and their level of opinion about MIS.

There is no significant difference between educational qualification of the customers and their level of opinion about MIS.

Table – 1.17: Occupation & Level of opinion

<table>
<thead>
<tr>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between Groups</td>
<td>164.781</td>
<td>2</td>
<td>82.390</td>
<td>0.814 0.445</td>
</tr>
<tr>
<td>Within Groups</td>
<td>12141.967</td>
<td>120</td>
<td>101.183</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>12306.748</td>
<td>122</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Primary data

It could be collected from the above table F-statistical value comes out to be 0.445 which is greater than the five percent level of significant value 0.05. So, the hypothesis is accepted and it reveals that there is no significant difference between occupational status of the customers and their level of opinion about MIS.

There is no significant difference between occupational status of the customers and their level of opinion about MIS.

Table – 1.18: Income & Level of opinion

<table>
<thead>
<tr>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between Groups</td>
<td>864.704</td>
<td>2</td>
<td>432.352</td>
<td>4.534 0.013</td>
</tr>
<tr>
<td>Within Groups</td>
<td>11442.044</td>
<td>120</td>
<td>95.350</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>12306.748</td>
<td>122</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Primary data

It could be collected from the above table; F-statistical value comes out to be 0.013 which is lower than the five percent level of significant value 0.05. So, the hypothesis is rejected and it reveals that there is a significant difference between family income of the customers and their level of opinion about MIS.

There is no significant difference between family income of the customers and their level of opinion about MIS.

Table – 1.19: Individual Banks & Level of opinion

<table>
<thead>
<tr>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between Groups</td>
<td>1657.95</td>
<td>13</td>
<td>127.534</td>
<td>1.305 0.221</td>
</tr>
<tr>
<td>Within Groups</td>
<td>10648.8</td>
<td>109</td>
<td>97.695</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>12306.7</td>
<td>122</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Primary data

It could be collected from the above table F-statistical value comes out to be 0.221 which is more than the five percent level of significant value 0.05. So, the hypothesis is
accepted and it can be concluded that there is no significant difference between individual bank of the customers and their level of opinion about MIS.

1.12 Problems under mobile information system

The expected problems under usage of mobile information system collected from the various bank customers through the ranking form in respect of seven variables. For the purpose of Garrett’s ranking technique used to find the foremost expected problem for using m-banking facilities.

<table>
<thead>
<tr>
<th>Problems</th>
<th>Total Score</th>
<th>Mean</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Signal Problem</td>
<td>7762</td>
<td>63.11</td>
<td>I</td>
</tr>
<tr>
<td>No Standard Software</td>
<td>6899</td>
<td>56.09</td>
<td>II</td>
</tr>
<tr>
<td>Mobile Access Charges</td>
<td>5932</td>
<td>48.23</td>
<td>V</td>
</tr>
<tr>
<td>Security</td>
<td>6039</td>
<td>49.10</td>
<td>IV</td>
</tr>
<tr>
<td>Vulnerability</td>
<td>6101</td>
<td>49.60</td>
<td>III</td>
</tr>
<tr>
<td>Authentication</td>
<td>5057</td>
<td>41.11</td>
<td>VII</td>
</tr>
<tr>
<td>Confidentiality</td>
<td>5137</td>
<td>41.76</td>
<td>VI</td>
</tr>
</tbody>
</table>

Source: Primary data

From the table 1.20 explains that major problem is signal problem of mobile phone under M-Banking facilities because it shows highest mean score (63.11) “Signal Problem” compared to other problems. Followed by, “No standard software” (56.09) is a second important problem and “Vulnerability” shows the third rank with the mean score of 49.60. On the other hand, authentication got last problem for using M-Banking system.

CONCLUSION

Mobile banking through an SMS based service would require the lowest amount of effort, in terms of cost and time, but will not be able to support the full breath of transaction-based services. However, in markets like India where a bulk of the mobile population users' phones can only support SMS based services, this might be the only option left.

On the other hand a market heavily segmented by the type and complexity of mobile phone usage might be good place to roll of WAP based mobile applications. A WAP based service can let go of the need to customize usability to the profile of each mobile phone, the trade-off being that it cannot take advantage of the full breadth of features that a mobile phone might offer. Mobile banking has the potential to do to the mobile phone, what E-mail did to the Internet. Therefore bank's need to take a hard and deep look into the mobile usage patterns among their target customers and enable their mobile services on a technology with reaches out to the majority of their customers.

REFERENCES:

“CYBER CRIME IN INSURANCE AND BANKING SECTOR

Hermina Corera
(Loyola College, Chennai)
Mary Josephine Elaine (Student-DMI College of Engineering)

Introduction:
Large-scale commercial, industrial and financial operations are becoming ever more interdependent and even more dependent on Insurance and banking sector at the same time, the rapidly growing interconnectivity of these systems leads to malicious attack by unknown users. Then and there these matters should be taken into consideration or otherwise it will lead to enormous damage in these sectors. Internet rules the world nowadays; we can’t live without it so we should effectively find a solution to overcome these crimes.

Findings about Cyber Crime:
- Cyber crimes are costly. Cyber crimes can do serious harm to an organization’s bottom line. We found that the median annualized cost of the 45 organizations in our study is $3.8 million per year, but can range from $1 million to $52 million per year per company.
- Cyber crimes are intrusive and common occurrences. The companies in our study experienced 50 successful attacks per week and more than one successful attack per company per week.
- The most costly cyber crimes are those caused by web attacks, malicious code and malicious insiders. These account for more than 90 percent of all cyber crime costs per organization on an annual basis. Mitigation of such attacks requires enabling technologies such as SIEM and enterprise threat and risk management solutions.
- Cyber attacks can get costly if not resolved quickly. In this benchmark study sample, the average number of days to resolve a cyber attack was 14 days with an average cost to the organization of $17,696 per day. The survey revealed that malicious insider attacks can take up to 42 days or more to resolve. These costs demonstrate that quick resolution is needed for today’s sophisticated attacks.
- Information theft represents the highest external cost, followed by the costs associated with the disruption to business operations. On an annualized basis, information theft accounts for 42 percent of total external costs. Costs associated with disruption to business or lost productivity accounts for 22 percent of external costs.
- Detection and recovery are the most costly internal activities. On an annualized basis, detection and recovery combined account for 46 percent of the total internal activity cost with labor representing the majority of these costs. Specific cost components include direct labor (36 percent), indirect labor (13 percent), overhead (8 percent); amortized system costs (30 percent) and lost productivity (13 percent). These cost elements highlight a significant cost-reduction opportunity for organizations that are able to automate detection and recovery through technologies like security information and event management (SIEM) systems.
- All industries fall victim to cybercrime. The average annualized cost of cyber crime appears to vary by industry segment, where defence, energy and financial services companies experience higher costs than organizations in retail, services and education.
- A strong security posture reduces the impact and cost of cyber attacks. In this benchmark study, we utilize a statistic known as the Security Effectiveness Score.
(SES) to measure an organization’s ability to meet reasonable security objectives. The higher the SES score, the more effective the organization is in achieving its security objectives. The average cost to mitigate a cyber attack for organizations with a high SES is substantially lower than organizations with a low SES score. The cost of cyber crime is moderated by “good” governance practices. The appointment of a CISO, the creation and rollout of an enterprise security strategy, adherence to a voluntary certification program (such as ISO) and deployment of SIEM appear to lessen the total cost of cyber crime. Companies that had deployed a SIEM system achieved a 24 percent cost savings when dealing with cyber attacks versus those that had not.

Classification of Cyber Terrorist Groups:
The white paper of the Center for the Study of Terrorism and Irregular Warfare (“Cyber terror,” 1999) identifies three types of hypothetical cyber terrorist groups classified in accordance with their cyber terror capability:

- **Simple-unstructured**: The capability to conduct basic hacks against individual systems using tools created by someone else. The organization possesses little target analysis, command and control or learning capability.
- **Advanced-structured**: The capability to conduct more sophisticated attacks against multiple systems or networks and possibly to modify or create basic hacking tools. The organization possesses an elementary target analysis, command and control and learning capability.
- **Complex–coordinated**: The capability for coordinated attacks capable of causing mass disruption against integrated, heterogeneous defences (including cryptography). Ability to create sophisticated hacking tools. Highly capable target analysis, command and control, and organizational learning capability. The study also determined that hacker groups are psychologically and organizationally ill suited to cyber terrorism, moreover they would have no interest in global scale disruption of Internet infrastructure (“Cyber terror,” 1999).

Traditional and Cyber Economic Crimes:

- **Banking**:

  Ernst & Young reports that more than 500 million checks are forged annually. In 1997, the American Bankers Association reported that banks lost $512 million to check fraud. American Banker, an industry magazine, predicts that there will be a 25% increase in check fraud over the next year. Money laundering has increased over the last ten years. As a result, global efforts to combat this crime have increased. While it is extremely difficult to estimate the amount of worldwide money laundering, one model estimated that in 1998 it was near $2.85 trillion. The growth of online banking presents other opportunities for perpetrators of economic crime. Funds can be embezzled using wire transfer or account takeover. “Customers” can submit fraudulent online applications for bank loans. Hackers are able to disrupt e-commerce by engaging in denial of service attacks and by compromising online banking payment systems. Identity takeover can also affect online banking, as new accounts can be taken over by identity thieves, thus raising concerns regarding the safety and soundness of financial institutions.

- **Insurance**:

  According to an FBI report on insurance fraud, published on its web site under “The Economic Crimes Unit” section, total insurance industry fraud is 27.6 billion
annually. The Coalition against Insurance Fraud breaks the total down across the insurance industry as follows:

- Auto $12.3 billion
- Homeowners $1.8 billion
- Business/Commercial $12 billion
- Life/Disability $1.5 billion
- Total $27.6 billion

Economic crimes in this area include those committed both internally and externally. Internal fraud can manifest itself in bribery of company officials, misrepresentation of company information for personal gain, and the like. Applicants, policyholders, third party claimants, or agents providing service to claimants can commit external fraud. The fraud can take the form of inflated claims, false applications resulting in the issuance of fraudulent policies, or manipulating information in order to lower premiums.

Some Indian Case Studies of Cyber Crime in Insurance and Banking Sector:

1. Pune Citibank MphasiS Call Center Fraud:

   US $ 3, 50,000 from accounts of four US customers were dishonestly transferred to bogus accounts. This will give a lot of ammunition to those lobbying against outsourcing in US. Such cases happen all over the world but when it happens in India it are a serious matter and we cannot ignore it. It is a case of sourcing engineering. Some employees gained the confidence of the customer and obtained their PIN numbers to commit fraud. They got these under the guise of helping the customers out of difficult situations. Highest security prevails in the call centres in India as they know that they will lose their business. There was not as much of breach of security but of sourcing engineering. The call center employees are checked when they go in and out so they cannot copy down numbers and therefore they could not have noted these down. They must have remembered these numbers, gone out immediately to a cyber café and accessed the Citibank accounts of the customers. All accounts were opened in Pune and the customers complained that the money from their accounts was transferred to Pune accounts and that’s how the criminals were traced. Police has been able to prove the honesty of the call center and has frozen the accounts where the money was transferred. There is need for a strict background check of the call center executives. However, best of background checks can not eliminate the bad elements from coming in and breaching security. We must still ensure such checks when a person is hired. There is need for a national ID and a national data base where a name can be referred to. In this case preliminary investigations do not reveal that the criminals had any crime history. Customer education is very important so customers do not get taken for a ride. Most banks are guilt of not doing this.

2. Bazee.com case:

   CEO of Bazee.com was arrested in December 2004 because a CD with objectionable material was being sold on the website. The CD was also being sold in
the markets in Delhi. The Mumbai city police and the Delhi Police got into action. The CEO was later released on bail. This opened up the question as to what kind of distinction do we draw between Internet Service Provider and Content Provider. The burden rests on the accused that he was the Service Provider and not the Content Provider. It also raises a lot of issues regarding how the police should handle the cyber crime cases and a lot of education is required.

3. Parliament case:

Bureau of Police Research and Development at Hyderabad had handled some of the top cyber cases, including analysing and retrieving information from the laptop recovered from terrorist, who attacked Parliament. The laptop which was seized from the two terrorists, who were gunned down when Parliament was under siege on December 13 2001, was sent to Computer Forensics Division of BPRD after computer experts at Delhi failed to trace much out of its contents. The laptop contained several evidences that confirmed of the two terrorists’ motives, namely the sticker of the Ministry of Home that they had made on the laptop and pasted on their ambassador car to gain entry into Parliament House and the fake ID card that one of the two terrorists was carrying with a Government of India emblem and seal. The emblems (of the three lions) were carefully scanned and the seal was also craftly made along with residential address of Jammu and Kashmir. But careful detection proved that it was all forged and made on the laptop.

4. The Bank NSP Case:

The Bank NSP case is the one where a management trainee of the bank was engaged to be married. The couple exchanged many emails using the company computers. After some time the two broke up and the girl created fraudulent email ids such as “indianbarassociations” and sent emails to the boy’s foreign clients. She used the banks computer to do this. The boy’s company lost a large number of clients and took the bank to court. The bank was held liable for the emails sent using the bank’s system.

Statistics of Cyber Crime in Insurance and Banking Sector:

- Cyber Crimes are Costly
  The total annualized cost of cyber crime for the benchmark sample of 45 organizations ranges from a low of $1 million to a high of nearly $52 million. Benchmark study participants were asked to report their expenditures for a four-week period. For ease of discussion, the reported figures were then extrapolated over a year’s time. The median annualized cost of cyber crime in the study benchmark sample is $3.8 million. The grand mean value is $6.5 million.

- The Cost of Cyber Crime Affects All Industries
  The average annualized cost of cyber crime appears to vary by industry segment. As seen in Bar Chart 2, defence, energy and financial service companies experience substantially higher costs ($16.31 million, $15.63 million and $12.37 million, respectively) than organizations in retail, services and education (all under $6 million).

Future Needs and Challenges:

- Law Enforcement Training
Specialized training in the areas of economic and computer crime, and how they affect specific industries, as well as computer forensics, needs to continue to increase for law enforcement personnel. Without an understanding of how specific industries function, it is difficult to investigate or prosecute economic crimes. New career paths within law enforcement organizations could be established before promotions and reassignments drain agencies of their limited skilled personnel in technically sophisticated areas. Often, individuals develop expertise and then are promoted or reassigned, making it necessary to train new people from ground zero. Unless the individuals who have expertise, experience, and contacts in industry are given an incentive to stay in their units, this cycle will continue and the investigation and prosecution of economic crime will not increase or improve.

- **Laws, Regulations and Reporting Systems**

  In the United States, government (federal, state and local), with limited exceptions, has allowed self-regulation of the Internet. Government regulation has, for the most part, focused on cyber crimes that are not economic crimes, such as child pornography and cyber stalking. Fortunately, that attitude appears to be changing. There are numerous bills pending in Congress that address criminal frauds committed on the Internet, identity theft, and issues involving Internet security and attacks upon web sites. This legislation should use language that will be easily adaptable to future technological changes to help deter future economic crimes.

**Guidelines:**

BITS, Financial Services Roundtable adopted privacy principles in late 1997 that are guidelines for banking industry self-regulation concerning privacy. Industry, in general, sees self-regulation as preferable to government rule. The BITS policy includes guidelines in each of these areas.

1. Recognition Of A Customer’s Expectation of Privacy
2. Use, Collection, and Retention Of Customer Information
3. Maintenance of Accurate Information
4. Limiting Employee Access to Information
5. Protection of Information via Established Security Procedures
7. Maintaining Customer Privacy in Business Relationships with Third Parties
8. Disclosure of Privacy Principles to Customers

**Recommendations:**

Based on findings the following recommendations can be made:

1. International convention (treaty) across the globe could be a viable option.
2. Spreading the system rights amongst various proxies was a lesson learned as the hacker used single login to hack into the entire system.
3. Continuous training is required for the business clients in order to share the responsibility in a fight against cyber crime.
4. As indicated above, as the technology advances, so is the rate cyber crime, subsequently new cyber laws should emerge to counter attack rapid changes.
5. Reactive and proactive security measure should run in parallel in the cyberspace to strike a balance in fight against cyber crime.
6. There should be a continuous research and development in IT security.
7. Since the institutions vary, it is important to ensure the relevance of the security measures that are to be adopted depending on the line of business and common type of cyber attacks.

Conclusion:

Capacity of human mind is unfathomable. It is not possible to eliminate cyber crime from the cyber space. It is quite possible to check them. History is the witness that no legislation has succeeded in totally eliminating crime from the globe. The only possible step is to make people aware of their rights and duties (to report crime as a collective duty towards the society) and further making the application of the laws more stringent to check crime. Undoubtedly the Act is a historical step in the cyber world. Further I all together do not deny that there is a need to bring changes in the Information Technology Act to make it more effective to combat cyber crime. I would conclude with a word of caution for the pro-legislation school that it should be kept in mind that the provisions of the cyber law are not made so stringent that it may retard the growth of the industry and prove to be counter-productive.

Preventing, detecting, investigating, and prosecuting economic crimes must become a priority, in an effort to lessen their impact on the economy and the public’s confidence. However, both law enforcement and the private sector, as it stands now, are in danger of slipping further behind the highly sophisticated criminals. A greater understanding of how technology, competition, regulation, legislation and globalization are needed in order to successfully manage the delicate balance between economic progress and criminal opportunity. New resources, laws, support for existing organizations, e.g. The National Fraud Center, The National White Collar Crime Center, The Internet Fraud Council, The Economic Crime Investigation Institute, and public/private partnerships are necessary to control this growing problem in America and the world.

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INTRODUCTION ON INSURANCE INDUSTRY IN INDIA

The strong growth potential of the country has also made international players to look at the Indian insurance market. With an annual growth rate of 15-20% and the largest number of life insurance policies in force, the potential of the Indian insurance industry is huge. Total value of the Indian insurance market (2004-05) is estimated at Rs. 450 billion (US$10 billion). According to government sources, the insurance and banking services’ contribution to the country's gross domestic product (GDP) is 7%. Till date, only 20% of the total insurable population of India is covered under various life insurance schemes, the penetration rates of health and other non-life insurances in India is also well below the international level. These facts indicate immense growth potential of the insurance sector.

With a huge population base and large untapped market, insurance industry is a big opportunity area in India for national as well as foreign investors. India is the fifth largest life insurance market in the emerging insurance economies globally and is growing at 32-34% annually. This impressive growth in the market has been driven by liberalization, with new players significantly enhancing product awareness and promoting consumer education and information. Moreover, saturation of insurance markets in many developed economies has made the Indian market more attractive for international insurance players, according to

E-MARKETING STRATEGIES:

Invest in Marketing Automation Software – Here are some of the benefits Tracking Visitor Behaviour on the website and learning about what they are interested in. This provides insight into how they interact with content on the website and provides visibility at a more granular level. Integrating the marketing automation software with CRM software provides Sales people with lead scoring so they know which are the one’s that need to focus on immediately or have the highest potential over others. This enables them to have more informed and meaningful conversations with prospects as they now have intelligence behind their behaviour. Customers expect Sales People to know what they want.

Providing Content in various formats - Today customers are used to viewing content in various formats – whether it is linked in, twitter, face book, blogs etc. Marketers need to ensure that they have content pushed out on all of these networks.

Social Media – whether Marketers use Social Media or not to promote their products it is very important to track what people are saying about your products and Brand. The kind of feedback you can get is invaluable and must not be ignored. This means Marketing Teams need to understand that their role has changed and they need to use Content & Technology (essentially the web) effectively to ensure lead prospecting and support the sales cycle.

MARKETING MIX OF INSURANCE AND BANKING SECTOR BEST PRACTICES

The 7 Ps - price, product, place, promotion, physical presence, provision of service, and processes comprise the modern marketing mix that is particularly relevant in service industry, but is also relevant to any form of business where meeting the needs of customers is given priority. The marketing mix is the combination of marketing activities that an organisation engages in so as to best meet the needs of its targeted market. Traditionally the marketing mix consisted of just 4 Ps

INSURANCE INDUSTRY

PRODUCT MIX

The formulation of product mix for the insurance business makes it significant to take a look at the services and schemes of insurance organisations. The product portfolio and the process of formulating a package should be known. Maximization of Profitability is expected here.
The key objectives of insurance business are mobilisation of savings and channelization of investments. In the context of formulating the product mix, it is essential that the insurance organisations promote innovation and in the product portfolio include even those services and schemes which are likely to get responses in future.

The formulation of product mix should be in face of innovative product strategy. Strategies of foreign and private insurance companies should be taken into consideration while initiating the innovative process. The formulation of product strategy should assign due weightage to the rural segment emerging as a big profitable segment especially in the 21st century. The policies and schemes should have rural orientation so that backward and neglected regions of the country get priority attention and the regional imbalance is minimised. Also include policies related to the weaker sections of the society. The partially tapped or totally untapped profitable segments of the future should be identified and tapping the potentials optimally is also important.

**PRICE MIX**

In the insurance business, the pricing decisions are concerned with the premium charged against the policies interest charged for defaulting the payment of premiums & credit facilities, commission charged for underwriting & consultancy services. To be more specific in the Indian context where the disposable income in the hands of prospects is found low, the increasing inflationary pressure has been instrumental in contracting the discretionary income, the increasing consumerism has been making an assault on the saving potentials of masses, it is pertinent that the insurance organizations in general & public sector insurance organizations in particular adopt such a strategy for pricing that makes it a motivational tool & paves the ways for increasing the insurance business.

In the tangible products, cost of production is taken as the basis for fixation of prices. Even in the insurance business, it is found to be an important consideration & a dominating base. This makes the cost of insurance a decisive factor for charging premium. The important bases for determining the cost are rate of death, rate of interest & the expenses incurred on the insurance business. The mortality table helps the determination of death rate. It is to predict future mortality. The second important element is the rate of interest. The last element is cost which focuses on different types of expenses. There are certain expenses, which incurred at the time of inception of the policy. This necessitates determination of the nature of expenses.

**PLACE**

Managing the insurance personnel and locating a branch. The services to the end user are to be done in such a way that a gap between the services- promised and services – offered is bridged over. The agents, rural career agents, the front-line staff and even a majority of the branch managers have become a party gap. The transformation of potential policyholders to the actual policyholders is a difficult task that depends upon the professional excellence of the personnel. The insurance personnel if not managed properly would make all efforts insensitive. Even if the policy makers make provision for the quality upgradation, the promised services hardly reach to the end users. This makes it significant that the insurance organizations in general and the public sector insurance organizations in particular keep their minds in changing the expectations of customers and the prospects. It is essential that the insurance personnel have rural orientation and are well aware of the lifestyles of the prospects or users. While recruiting agents, the branch managers need to prefer local persons and by conducting refresher courses to brush up their faculties to know the art of influencing the users/prospects. In addition to the agents, the front-line staffs also need an intensive training programme. This makes it essential that the branch managers organize an ongoing training programme, which focuses on behavioural management.

Another important dimension to the Place Mix is related to the location of the insurance branches. While locating branches, the branch manager needs to consider a number of
factors, such as smooth accessibility, availability of infrastructural facilities and the management of branch offices and premises. In addition it is also significant that the branch managers assign due weight age to the safety provisions. Thus the place management of insurance branch offices needs a new vision, distinct approach and an innovative style. This is essential to make the work place conducive, attractive and proactive to the generation of efficiency. The motives are to offer the promised services to the end users without any distortion and making the branch offices a point of attraction.

PEOPLE
People are most important component of marketing mix for the insurance industry. Professional qualification requirements change as technological develops & evolves. The use of computers microcomputers, fax machines, sophisticated telephonic service, e-mailing, intra-net service have been found throwing a big impact on the perception of quality of service. This makes it essential that the insurance organizations also think in favour of developing personnel in line with the development and use of information technologies.

The front-line-staff as well as the branch managers are required to be given the training facilities so that they in position to make possible an effective use of the technologies. In this context, it is also significant that they think about the behavioural profile of insurance personnel. It is pertinent that the employees are well aware of the behavioural management. The psychological attributes become significant with the viewpoint of influencing the prospects or retaining the users. It is in this context that the insurance companies need a rational plan for the development of insurance personnel.

BRANDING INSURANCE INDUSTRY:
Insurance is a regulated Industry. Prices across the Board are very similar. Agents do what is in their best interest, not the Company they Represent, and will sell what they believe is the easiest and personally most lucrative Insurance policies. Direct Agents work to build Relationships with their customers and take those Relationships with them when they move on to the next company they represent.
Insurance companies have recognised these realities and have attempted to overcome them in a variety of ways, Insurance companies have gone direct to consumer, effectively eliminating the need for an agent as well as reducing cost. They have modified Policies to be less expensive by removing options and increasing deductibles, and they are constantly telling consumers how stable they are. Thus the Insurance companies are trying to change the trend by creating Brand image for them.

CONCLUSION:
The Banking and the Insurance sectors are the Present pathways to Economic Growth and Development. Their Products are the services that they offer .These services have to be continuously innovative and updated. These sectors have huge market Demand in the present day Economy. Inspite of the financial crisis they added to the GDP of the nation to larger extent. And they are continuously growing. But in order to increase their growth they have to convey about their services better and bring customer satisfaction. The use of latest Technology, online e-Marketing, greater combination and utilization of the Marketing Mix is extremely important. Branding is one other important Practice in marketing to in order to have grab customer attention.
E-MARKETING

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INTRODUCTION:
Internet marketing, also known as web marketing, online marketing, search marketing or e-marketing, is referred to as the marketing (generally promotion) of products or services over the Internet. Internet marketing is considered to be broad in scope because it not only refers to marketing on the Internet, but also includes marketing done via e-mail and wireless media. Digital customer data and electronic customer relationship management (ECRM) systems are also often grouped together under internet marketing.

Internet marketing ties together the creative and technical aspects of the Internet, including design, development, advertising and sales. Internet marketing also refers to the placement of media along many different stages of the customer engagement cycle through search engine marketing (SEM), search engine optimization (SEO), banner ads on specific websites, email marketing, mobile advertising, and Web strategies.

TYPES OF INTERNET MARKETING

- PPC/I (Pay per click/impression): Advertisements for brands and products is done on pre-decided websites and helps in generating leads for companies.
- SEO Search engine optimization is the process of improving the visibility of a website on a web page in search engines via the "natural" or un-paid ("organic" or "algorithmic") search results.
- Social media marketing (SMM)

EFFECTS ON INDUSTRIES
The number of banks offering the ability to perform banking tasks over the internet has increased. Online banking appeals to customers because it is often faster and considered more convenient than visiting bank branches.

WHY IS IT IMPORTANT
When implemented correctly, the return on investment from eMarketing can far exceed that of traditional marketing strategies.

Whether you're a "bricks and mortar" business or a concern operating purely online, the Internet is a force that cannot be ignored. It can be a means to reach literally millions of people every year. It's at the forefront of a redefinition of way businesses interact with their customers.

ADVANTAGES
Internet marketing is inexpensive when examining the ratio of cost to the reach of the target audience. Companies can reach a wide audience for a small fraction of traditional advertising budgets. The nature of the medium allows consumers to research and to purchase products and services conveniently. Therefore, businesses have the advantage of appealing to consumers in a medium that can bring results quickly. The strategy and overall effectiveness of marketing campaigns depend on business goals and cost-volume-profit (CVP) analysis.

Internet marketers also have the advantage of measuring statistics easily and inexpensively; almost all aspects of an Internet marketing campaign can be traced, measured, and tested, in many cases through the use of an ad server. The advertisers can use a variety of methods, such as pay per impression, pay per click, pay per play, and pay per action. Therefore, marketers can determine which messages or offerings are more appealing to the audience.
The results of campaigns can be measured and tracked immediately because online marketing initiatives usually require users to click on an advertisement, to visit a website, and to perform a targeted action.

LIMITATIONS

However, from the buyer's perspective, the inability of shoppers to touch, to smell, to taste, and "to try on" tangible goods before making an online purchase can be limiting. However, there is an industry standard for e-commerce vendors to reassure customers by having liberal return policies as well as providing in-store pick-up services.

THE eMARKETING ASSOCIATION (eMA)

The international association of individual marketers, companies and governments committed to the advancement of marketing in the digital era. The eMA provides resources, certifications, educational programs and events to its members and the marketing community. As the largest association of eMarketers in the world, the eMA is committed to enriching our members through recognition, research, advocacy, education and service.

E-MARKETING BETTER THAN TRADITIONAL MARKETING

Marketing has pretty much been around forever in one form or another. Since the day when humans first started trading whatever it was that they first traded, marketing was there. Marketing was the stories they used to convince other humans to trade. Humans have come a long way since then, (Well, we like to think we have) and marketing has too.

The methods of marketing have changed and improved, and we've become a lot more efficient at telling our stories and getting our marketing messages out there. eMarketing is the product of the meeting between modern communication technologies and the age-old marketing principles that humans have always applied.

That said, the specifics are reasonably complex and are best handled piece by piece. So we’ve decided to break it all down and tackle the parts one at a time. This week we'll be looking at the "what" and "why" of eMarketing, outlining the benefits and pointing out how it differs from traditional marketing methods.

DIFFERENCE BETWEEN e-BUSINESS, e-COMMERCE AND e-MARKETING

e-Business is a very broad entity dealing with the entire complex system that comprises a business that uses electronic medium to perform or assist its overall or specialised business activities.

e-Commerce is best described in a transactional context. So for example an electronic transaction of funds, information or entertainment falls under the category handled by principles of e-Commerce. Technically e-Commerce is a part of e-Business.

e-Marketing is also a part of e-Business that involves electronic medium to achieve marketing objectives. e-Marketing is set on a strategic level in addition to traditional marketing and business strategy.

WHAT IS AN e-MARKETING PLAN?

e-Marketing plan is a strategic document developed through analysis and research and is aimed at achieving marketing objectives via electronic medium. e-Marketing plan represents a sub-set of organisation’s overall marketing plan which supports the general business strategy. Every good e-Marketing plan must be developed in line with the organisation’s overall marketing plan.

In a broad sense, e-Marketers generally start by analysing the current micro- and macro economic situation of the organisation. e-Marketers must observe both internal and external factors when developing an e-Marketing plan as trends in both micro and macro environment affect the organisation’s ability to perform business. Examples of micro environment elements are: pricing, suppliers, customers. Examples or macro environment are: socioeconomic, political, demographic and legal factors. In order to produce a viable e-Marketing solution, e-Marketers must first understand the current situation of the company.
and its environment, profile, segment the target the right market and then strategically position the products as to achieve optimal response with the target market. This is generally achieved through SWOT analysis. By assessing organisation’s strengths and weaknesses and looking at current opportunities and threats one can devise an e-Marketing strategy that can improve the organisation’s bottom line.

USAGE TRENDS
Technological advancements in the telecommunications industry have dramatically affected online advertising techniques. Many firms are embracing a paradigm that is shifting the focus of advertising methodology from traditional text and image advertisements to those containing more recent technologies like JavaScript and Adobe Flash. As a result, advertisers can more effectively engage and connect their audience with their campaigns that seek to shape consumer attitudes and feelings towards specific products and services.

INTERNET MARKETING COMPANY IN INDIA
A rich journey is filled with experiences of all kinds. From stumbling blocks to moments of exhilaration, from playing successful pioneers in the field to pushing hard to keep our heads above water, we’ve seen it all and that too in a short span of 8 years. But even during all these times, one quality never eluded us, and that was Continuous Learning. We at E2 Solutions (Internet Marketing Company) believe that there is learning in even the most trivial of experiences and it is this learning that hones and shapes the future of an organization.

Constant evolution and adaptability have been our forte, may it be Website Designing, Search Engine Optimization or Social Media Marketing. An organization designed to excel, what started as a modest venture with a handful of people has now turned into an intellectual enterprise with a 90-people strong team and we are rapidly expanding to become a 200 people organization by the end of 2012. What is even more commendable is our burgeoning clientele which has grown at an exceptional rate, much of which is attributed to the quality of our work in web designing, web application development and search engine optimization (SEO). The excellent service tradition followed by us and most importantly word-of-mouth promotions by our clients themselves has helped us grow by leaps and bounds.

ADVERTISING INDUSTRY
In addition to the major effect internet marketing has had on the technology industry, the effect on the advertising industry itself has been profound. In just a few years, online advertising has grown to be worth tens of billions of dollars annually. PricewaterhouseCoopers reported that US$16.9 billion was spent on Online marketing in the U.S. in 2006. This has caused a growing impact on the United States’ electoral process. In 2008, candidates for President heavily utilized Internet marketing strategies to reach constituents. During the 2007 primaries, candidates added, on average, over 500 social network supporters per day to help spread their message. President Barack Obama raised over US$1 million in one day during his extensive Democratic candidacy campaign, largely due to online donors.

Several industries have heavily invested in and benefited from internet marketing and online advertising. Some of them were originally brick and mortar businesses such as publishing, music, automotive or gambling, while others have sprung up as purely online businesses, such as digital design and media, blogging, and internet service hosting.

SECURITY CONCERNS
Information security is important both to companies and consumers that participate in online business. Many consumers are hesitant to purchase items over the Internet because they do
not believe that their personal information will remain private. Some companies that purchase customer information offer the option for individuals to have their information removed from their promotional redistribution, also known as opting out. However, many customers are unaware if and when their information is being shared, and are unable to stop the transfer of their information between companies if such activity occurs. Additionally, companies holding private information are vulnerable to data attacks and leaks. Internet browsing privacy is a related consumer concern. Web sites routinely capture browsing and search history which can be used to provide targeted advertising. Privacy policies can provide transparency to these practices. Spyware prevention software can also be used to shield the consumer.

Another consumer e-commerce concern is whether or not they will receive exactly what they purchase. Online merchants have attempted to address this concern by investing in and building strong consumer brands e.g., Amazon.com, eBay, and Overstock.com, and by leveraging merchant and feedback rating systems and e-commerce bonding solutions. All these solutions attempt to assure consumers that their transactions will be free of problems because the merchants can be trusted to provide reliable products and services. Additionally, several major online payment mechanisms (credit cards, PayPal, Google Checkout, etc.) have provided back-end buyer protection systems to address problems if they occur.

INTERNET AUCTION
Internet auctions have become a multi-billion dollar business. Unique items that could only previously be found at flea markets are now being sold on Internet auction websites such as eBay. Specialized e-stores sell a vast amount of items like antiques, movie props, clothing, gadgets, and so on.

As the premier online reselling platform, eBay is often used as a price-basis for specialized items. Buyers and sellers often look at prices on the website before going to flea markets; the price shown on eBay often becomes the item's selling price.

definition
‘Marketing is the management process responsible for identifying, anticipating and satisfying customer requirements profitability’

CONCLUSION
Part of the situation assessment is often the analysis of the current e-Business tools and activities within the organisation. One of them is a website audit aimed at analysing and detecting any inefficiencies and setting the direction for strategic improvement. Once the organisation’s environment is well understood, e-marketers then have an opportunity to present realistic objectives and provide a path for implementation and evaluation of the implementation process. Naturally another essential part of the plan is budgeting and budget allowance for a contingency plan should there be a need to re-evaluate certain aspects of the e-Marketing plan implementation for unforeseen obstacles.

A good e-Marketing plan will have a clear executive summary and unambiguous set of recommendations which can be understood by management and further implemented by technical staff. For this reason it is essential that e-Marketers are familiar with basic principles of the technology and tools that drive e-Marketing activities.

*****
A Micro Study of Automated Teller Machine Service Quality and Women Customer Satisfaction In Chennai

1. Introduction
The changing business environment offers challenges and opportunities to the organizations. The changing women customers’ perception of quality poses unique challenge. Excellence in quality has become an imperative for organizational sustainability (Lewis et al., 1994). The developments of technologies have enabled organizations to provide superior services for women customers’ satisfaction (Surdajja et al., 2003). The number of bank women customers preferring to use self-service delivery systems is on the increase. This preference is attributed to increased autonomy in executing the transactions. Banks are increasing their technology-based service options to remain competitive. The ATM is an innovative service delivery mode that offers diversified financial services like cash withdrawal, funds transfer, cash deposits, payment of utility and credit card bills, cheque book requests, and other financial enquiries. Researchers have stated that users’ satisfaction is an essential determinant of success of the technology-based delivery channels (Tong, 2009; Wu & Wang, 2007).
Research has shown that women are powerful yet often overlooked consumers. The data on women’s consumer power was not lost on the bank. At the time of growing global competition, the bank has focused on markets where women have been traditionally underserved by financial institution and has tailored products based on regional needs and circumstances. But it was looking to differentiate itself and win a new consumer segment.

2. ATMs in India
The country has witnessed a rapid growth in the introduction and diffusion of information and telecommunication technologies (ICT) in its banking sector. The promulgation of Electronic Transaction Ordinance in 2002 ushered a new era in the use of electronic medium and revolutionized almost all the paradigm of business activities. Presently, all financial institutions are using this method. However, banks in particular are vigorously pursuing different channels available for e-banking. The banks are aggressively promoting issue and use of ATM cards, credit cards, debit cards, and smart cards.

3. Objective of the Study
The objective of the study is to examine the essential dimensions of ATM service quality and analyze its effect on women customers’ satisfaction in the banking sector of Chennai.

5. Research Hypotheses
Based on literature review, following hypotheses emerge:
Hypothesis 1: Convenience has positive and significant relationship with ATM service quality.
Hypothesis 2: Efficient operation has positive and significant relationship with ATM service quality.
Hypothesis 3: Security and privacy have positive and significant relationship with ATM service quality.
Hypothesis 4: Reliability has positive and significant relationship with ATM service quality.
Hypothesis 5: Responsiveness has positive and significant relationship with ATM service quality.
Hypothesis 6: ATM service quality has positive and significant relationship with customer satisfaction.

6. Methodology
6.1 Sampling and Data Collection
Convenience sampling technique was used to collect the data from a sample of 100 women customers who hold ATM cards from multinational and national banks. A questionnaire was used to collect the data. The questionnaires were administered by courier, e-mail, and personal delivery.

6.2 Development of Instrument
The survey questionnaire measured five dimensions of ATM service quality and its effect on customer satisfaction. The convenience dimension; efficient operation; security and privacy; reliability; responsiveness; ATM service quality and women customer satisfaction respectively. The research design used two scales to collect the data. The nominal scale was used to collect personal information about respondents. Five point Likert scale ranging from five (strongly agree) to one (strongly disagree) was used to measure the response of all dimensions of ATM service quality and customer satisfaction.

6.3 Pilot Testing of Instrument
Researchers strongly recommend pilot testing of the instrument. A sample of 100 women customers was used, in the pilot testing, to validate the instrument

7. Results and Analysis
Results of Descriptive Statistics
1. Only 100 respondents returned the filled questionnaires showing a response rate of 82.2%. The working women 65.45% and Home makers 34.55% respectively. Both these groups include students (18) of institutions of higher education, professionals (51) and Home Makers (32). The maximum number of respondents (70.5%) used ATM services for more than five years.

2. Chi-square test has been done, based on comfort ability on women consumers relating the usage of ATM’s, the table value of 4df=9.488. The H1 was the respondent are not comfortable with the usage of ATM. Since the calculation value of 170.4 > 9.488 is higher than the table value of Cv >Tv , H0 is rejected Hence it denotes that the responding is comfortable with the usage of ATM.

3. The weighted average method has been used to calculate the women customer preference to use electronic channels like ATM, hence the results denote that most of the women customer are very likely to use ATM’s for banking transaction than going to branch.

Table 1 Respondence comfortable with the idea of using ATM’s

<table>
<thead>
<tr>
<th>Options</th>
<th>Observation</th>
<th>Expected Value $\left( \frac{\Phi_i - \varepsilon_i}{\varepsilon_i} \right)$</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>70</td>
<td>125</td>
</tr>
<tr>
<td>B</td>
<td>22</td>
<td>0.2</td>
</tr>
<tr>
<td>C</td>
<td>04</td>
<td>12.8</td>
</tr>
</tbody>
</table>
Table 2 The factors influencing the positive relationship with ATM’s service quality.

<table>
<thead>
<tr>
<th>Factors</th>
<th>Very Likely</th>
<th>Somewhat Likely</th>
<th>Not Sure</th>
<th>Somewhat Uncomfortable</th>
<th>Very much Uncomfortable</th>
<th>Weighted Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Convenience</td>
<td>70</td>
<td>24</td>
<td>6</td>
<td>0</td>
<td>0</td>
<td>1.74</td>
</tr>
<tr>
<td>Efficient Operation</td>
<td>70</td>
<td>22</td>
<td>4</td>
<td>2</td>
<td>2</td>
<td>1.56</td>
</tr>
<tr>
<td>Security</td>
<td>36</td>
<td>28</td>
<td>24</td>
<td>10</td>
<td>2</td>
<td>1.14</td>
</tr>
<tr>
<td>Reliability</td>
<td>32</td>
<td>38</td>
<td>18</td>
<td>2</td>
<td>10</td>
<td>0.8</td>
</tr>
</tbody>
</table>

9. Discussion and Conclusion

The main purpose of this study was to identify the significant dimensions that shape women customers’ perception of ATM service quality and the effect of ATM service quality on women customers’ satisfaction in Chennai banking sector. The present study presented and examined a model to explain how convenience, efficient operation, security and privacy, reliability, and responsiveness positively and significantly affect women customers’ perception of ATM service quality, and how the ATM service quality influences the women customers’ satisfaction.

The second dimension of ATM service quality, efficient operation, relates to efficient and speedy operation of ATM. Efficiency in operations optimizes the resources for the women customers. Customer accord priority to user-friendliness of ATM. White & Nteli (2004) found that efficient and faster delivery has positive effect on women customers’ perception of quality. Dilijonas et al., (2009) argued that minimum breakdown of machines constitutes essential aspect of ATM service quality. Al-Hawari (2006) argued that efficient ATM functions positively affect women customers’ perception of service quality the feature of reliability describes accurate and promised service at all times. ATM users want to receive the right quantity and right quality of service at all times, as promised by the banks. In addition, they prefer accurate billing of their accounts. Wan et al., (2005) discovered that the accuracy of transactions’ information was a major predictor shaping women customers’ perception of ATM service quality. Tan et al., (2003) found that this aspect positively and significantly contributes toward women customers’ perception of quality. The literature provides strong support that reliability is an essential.

The research results reflect a positive and statistically strong relationship between ATM service quality and women customers satisfaction. This association concurs with the findings of prior studies in ATM service quality context (1998; Komal & Singh, 2009; Mobarek, 2009; Srijumpa et al., 2002; Wan et al., 2005).

Conclusion

It is evident that convenience, efficient operation, security and privacy, reliability and responsiveness are not the only characteristics that influence women customers’ satisfaction. The other factors that contribute to customer satisfaction include trust, value, and image of the bank, (Ranaweera & Prabhu, 2003). Bank management should monitor the environment and identify the trends through marketing intelligence. They need to constantly up-date and differentiate their ATM service quality dimensions to ensure continuous satisfaction and retention of women customers, and optimize their limited resources.
Quick response to women customers’ needs and queries about the ATM related services are important to improve the service standards of ATM. This would facilitate women customers to participate in improvement of service quality, learn and perform, and have a pleasant experience through two-way communication. Bank should make a commitment to redress the service failures of ATMs. Solomon et al., (1985) argued that role players should provide compatibility between expectation and perception during service encounter.

The rapid diffusion of ICT in Chennai banking sector provides a platform to use innovative technologies to enhance operational efficiency and quality of service to attain and retain women customers. The rapid growth in use of ATMs in Chennai offers opportunities to banks to use women customers’ passion for this innovative service for strategic advantage. The banks should proactively monitor women customers’ preferences with regard to use of this delivery channel for effective response. Bank should focus on important aspects of security and privacy as well as efficient operation of ATMs. Banks should also augment and diversify their offerings through ATM and use this medium to build a strong and sustained relationship with women customers.

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A STUDY ON THE OVERVIEW OF MOBILE BANKING AND ITS IMPACT ON CUSTOMERS

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INTRODUCTION
With the rapid growth in the number of mobile phone subscribers in India, banks have been exploring the feasibility of using mobile phones as an alternative channel of delivery of banking services. Mobile banking has increased globally and place more emphasis on real-time financial transactions. A few banks have started offering information based services like balance enquiry, stop payment instruction of cheques, record of last five transactions, location of nearest ATM/branch etc. This increase in mobile banking has been a result of a number of global banking industry trend. The change in banking practices from manual to electronic has lead to easy access regarding money transfers and electronic funds. It has also altered the way banking services are marketed to consumers. Therefore, mobile commerce (m-commerce) has changed the banks marketing strategies as a result of technological innovations.

- It may be noted that, the use of internet has increased, as it has become more accessible and cheaper. Most people have a mobile phone with an increasing number, having internet capabilities that enable mobile banking.

- Further, more people are communicating electronically, which has enabled banks to market their products and services via mobile phones. It is also cheaper for financial institutions to communicate with their clients via mobile phones than traditional advertising mediums such as television and newspapers.

This article is all about, a study to explore the various aspects of mobile banking, the technologies involved in it and the types of services you receive from it.

OBJECTIVES:

- To understand the overview of mobile banking.
- To study the impact of mobile banking on the economy.
- To study the effectiveness of mobile banking towards customers.

STATEMENT OF THE PROBLEM:
Mobile banking has become very popular and user friendly in serving as a means to access one’s deposit account. This service enables subscribers to use their mobile phones to carry out transactions such as paying for goods and services, withdrawing cash, send and receive money from friends and family and thereby manage their own accounts.

The use of mobile payment technology requires basic knowledge to operate. As a result, majority of the users in India have embraced its use in their daily banking transactions. They also carry out various transactions using their mobile phones around and within business surroundings such as paying suppliers for goods and services, paying bills, etc. As the interface is very simple, they are able to know their account balances and also saves the record of any transactions made. This avoids the inconvenience faced by customers standing in long queues at banks. This has become a convenient way of doing business.
However, there are too many studies that have been done to find out the impact of mobile banking in the emerging banking segment. This study investigates the factors that enhance the effectiveness of M-banking towards the future economic development. This study also offers an insight into the limitations in this mobile payment technology by the customers and gives propositions for future research in this area.

**SOURCE OF DATA:**
Secondary data is used for collecting data. The data is collected from various sources like newspapers, research papers and internet.

**LIMITATIONS OF THE STUDY:**
- The data collected is only secondary data.
- The data is collected from limited resources.

**FINDINGS AND SUGGESTIONS:**

**MOBILE BANKING AS A FACILITATOR OF ECONOMIC DEVELOPMENT:**
With the introduction of new technology every day and the increasing use of smartphone and tablet based devices, the use of Mobile Banking functionality would enable customer to cross the existing barriers in the banking life cycle much comprehensively than before. Due to this, current mobile banking objectives like building relationships, reducing cost, and achieving new revenue will transform to enable new objectives targeting higher level goals such as building brand of the banking organization, gaining a market share in the global economy., etc. Further, emerging technology and functionalities would enable banks to create new ways of lead generation, prospecting as well as developing deep customer relationship and mobile banking world would achieve superior customer experience with bi-directional communications.

This eventually leads to mounting economic activity within a country with the results being shown through the bank working to its maximum capacity which results in high profits and higher tax revenue to the government, an increase in the employment rate and a subsequent decrease in the unemployment rate. This would be closely followed by an increasing GDP and an even greater increase in the standard of living of the country. Thereby coming full circle in facilitating economic development.

**MOBILE BANKING AS A TOOL TO SECURE CUSTOMERS:**
Now a days it can be seen that customers are slowly warming up to the idea of using mobile banking services. The customers find mobile banking attractive because they can automatically view deposits and withdrawals as they occur and also pre-schedule payments to be made or cheques to be issued. Further, one could also request for services like issuing of a cheque book or stop cheque services over one’s mobile phone itself. Another concept that appeals to the customers is the anytime and anywhere characteristics of mobile banking service. As a mobile is almost always with the customer it can always be used. Added to this is the advantage that the mobile can be used over a vast geographical area. The reduces the customer burden of having to visit the bank’s ATM or a branch to avail the services rendered by the bank to the customers.

The bank also sends an automated reply to the customers mobile when he withdraws or deposits money or at the request of the customer itself. It can also be noticed that most banks allow their customers to set up custom alerts that will let them know when their balance has fallen to a certain level or let them know when they need to make a payment. This helps the
customer from defaulting in his payments or issuing cheques without having adequate balance in his account. It also helps keep the customers updated on his account balance and thereby reduces the chance of frauds due to the fact that the customer is fully aware of his account. It leads to customer satisfaction which in turn increases the edge the bank has over its competitors.

Conclusion:

In the near future mobile banking is poised to be a great boon to the banking sector. However, banks that are adopting this technique for the first time need to tread cautiously. One of the biggest decision that banks has to make is to find a suitable channel that they will support their services. If a bank provides mobile banking services through SMS, it would require the lowest amount of effort, in terms of cost and time, but will not be able to support the full breadth of transaction-based services. But usually in India, there are markets where majority of the mobile population users can only support SMS based services, this might be the only option left. On the other hand a market like India might be a better place for rolling of WAP based mobile applications. A WAP based service can let go of the need to customize usability to the profile of each mobile phone, the trade-off being that it cannot take advantage of the full breadth of features that a mobile phone might offer.

It can also be seen that mobile banking is very helpful to the common man. Even though there are limitations to the process of m-banking faced by both the bank and the customers its pros out runs its cons and is greatly appreciated by all. This can be viewed by the fact that many customers are now subscribing for m-banking services. However, currently the best user experience, depending on the capabilities of a mobile phone, is possible only by using a standalone client.

One of the achievements of mobile banking has been the simple fact that it has the potential to do wonders with the mobile phone what E-mail did to the Internet. It has reformed the Indian banking sector within the last decade. Due to this there has been a vast improvement in the economic development of the country. M-banking has also provided employment opportunities.

Nevertheless, we would suggest that a bank has to effectively consider all possible scenarios before taking a leap into the m-banking sector. To implement this strategy the Bank's need to take a hard and deep look into the mobile usage patterns among their target customers and enable their mobile services on a technology with reaches out to the majority of their customers. it is only through this that m-banking can be useful to all the stakeholders of the bank. Moreover, some people prefer the faceto-face contact they receive from personalized banking services to stores that is not possible in mobile banking.

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INFLUENCE OF JOB MOTIVATION FOR THE ENHANCEMENT OF ORGANIZATION IN BANKING SECTORS

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INTRODUCTION

The success of a Business depends on the people who work. By working hard and exhibiting all their talents, keeping the customers satisfied. This is where employee motivation is critical. It is the employer’s responsibility to motivate the employees that in term will give them an overall better outlook, on their job and will help the hardest and most important things that an Employer can do is to keep good employees. Not just managing them, motivation is a key aspect in keeping employees happy and to create a positive work environment. A manager should realize that there are many ways that one can be motivated and be open to suggestions about how to do it. Since each person is different then it makes sense that the ways which each differ. One mistake that is commonly maybe when trying to increase employee motivation is to over-do it. Giving unearned praise to employees can lead to other employees feel lead about their performance. “Motivation” some think that motivation is a matter of motivating employees. While these things are important, there is much more motivation. These are several ways genuine and deserved. Giving an employee a pack on the back or mentioning their achievement, in a memo is better good ways to motivate.

MOTIVATION

Motivation has been variously defined by scholars.” Motivation is a Latin word, meaning to move. The intentions, desires, goals, and needs that determine human behavior. An, selecting which of many possible actions the organism will perform. The likely answer is that both aspects exist. More specific determinants of action may be superimposed on a dimension of activation or arousal that affects a variety of actions no selectively. Motivation is a process that starts with a psychological or physiological deficiency or need that activates behaviour or a drive that is aimed at a good or incentive.

CRITICAL CONCEPTS OF MOTIVATION

- **Behaviour**: Behaviour is the action from which we infer motivation. The behaviour in question may be the typing speed, firing a rifle at a target or any of a broad constellation of human activities.
- **Performance**: Performance is some evaluation of behaviour. 60 words per minute might represent adequate performance in some jobs and inadequate performance in others. Most theories tend to be concerned with performance, not just behaviour.
- **Ability**: Ability is one important aspect. It is regarded to be fairly stable within individuals.
- **Situational Constraints**: There are some things beyond control they are environmental factors and opportunities that facilitate or retard behaviour. E.g. tools, production, etc.

MOTIVATION AND WORK
People work for various reasons, sometimes for a combination of reasons and sometimes for different reasons at different times. In India, the vast majority of people work for money, for livelihood and maintenance of the family. Those who get beyond the stage of “making the two ends meet”, may work gaining good social status or position, to further professional attainment, freedom, challenge and variety in jobs and even for the job itself. The reasons for work at various stages of working life may also change. Money or pay is the means to survival and livelihood. It also serves as a means to social position, prestige, status, power, security and fulfilling individual pursuits like philanthropy, religious or missionary activities, recreational and outdoor activities and the like. Thus money, in the form of pay or earnings, gets inseparably connected with needs and motives of all sorts. In “working class” pay is the major concern with the people working at all levels in organizations. But the commonly held belief on the part of the employers that money is the only concern or demand of employees is a fallacious one. It is pertinent to believe that everyone in the hierarchy of organizations, including the workmen does have self-respect, and expect fair and human treatment. When self-respect is violated and all the other human aspects are ignored, it is only natural that pay, even good pay at that can bring about only partial motivation and often a good deal of discontent and/or apathy along with it.

STATEMENT OF THE PROBLEM

Motivation can be difficult to come by when you are too busy to even take a break to have. This is a term, which is hard to implement in today’s mechanical life each and every step in motivation should be carried out with keen observation. Today’s lack of motivation is one product of overfilled lives. The thing is that some people have lives so jam packed with activities. People are capable to do a job but some kind of motivation is needed. It is not a one – way process, but a two- way, where employers should be innovative to motivate and as the employees also have to show interest. The power to change is a hand thing to grasp, however with the likely become an active part in the process, employees a pack on the back, or mentioning their achievements in a memo or letter are ways to motivate. The key is to know the employees well enough to give them what they really want. It could be time off, a vacation, a raise or even just time praise.

Ultimately, these kinds of things will result in a better quality of work from the employee as well as a better relationship between the employer and outlook on the job through the eyes of the employees himself. All of these things will also lead to better customer relationship since a happy employee tends to make a customer feel, more welcome and appreciated. This will lead to higher sales, which is ultimate goal in business. So, in order to make the employee a part of the Banking sector with the right motivation will land in a way that, the employee within the company. This will result in less work for the management and better productivity from the employee.

NEED AND IMPORTANCE OF THE STUDY

A manager plays the most important role in motivating employees. There are five ways that one can effectively create a positive work environment while increasing employee motivation and morale; making them smile. There are times when motivation is needed but simply isn’t given. This can be the result of management who is not aware of the power of motivation or even due to managers who simply are absent from the work place, where the employees reside. Often times we can’t control the area in which one to complete a job crate
a serious lack of motivation by employees. Based on this the researcher has attempted to identify factors influencing job motivation, which is given to the employee by the employer. This research study will be useful for the management to apply new techniques to raise the level of motivation that will enhance Banking Sectors.

OBJECTIVES

- To know the personal data of the employees
- To study the opinion on Motivation
- To know the factors influencing Job Motivation at Banking Sectors.
- To ascertain the supportive system for motivation at Banking Sectors.

RESEARCH METHODOLOGY

The researcher adopted descriptive research design to this study. The descriptive research design is a fact finding investigation with adequate interpretation. In this research, researcher describes the importance of job motivation. So descriptive research design is the most suitable research design to this study. The Researcher adopted Cluster sampling. The researcher did pilot study to find the feasibility of the research. Simultaneously the researcher conducted Pre-test with 10 Respondents. After the pre–test the researcher had not made any changes in the questionnaire. Since all the respondents understood all the questions and felt that the questionnaire had covered the areas of Job Motivation. The tool used for data collection is Questionnaire. There are 42 questions in the Questionnaire. The researcher collected from ten Nationalized Banks at Chennai. The total Sample Size was 100.

MAJOR FINDINGS

- Majority (64 Percent) of the respondents belong to the age group of 30 to 45
- Majority of the respondents are (79 percent) of the respondents are married.
- A majority (88 Percent) of the respondents have studied Professional degree.
- In this study there are 46 percent of the respondents have experience below 5 years
- Majority (62 percentage) of the respondents are earning Rs.9000 per month
- Nearly two third of the respondents are motivated by their head of the department.
- Majority (52 percent) of the respondents consider incentives an effective tool for motivation.
- Majority (62 percent) of the respondents’ purpose and objective of Motivation is to give freedom to worker to take decision.
- In this study all the (100 percent) respondents felt that Motivation substantially improve and more quickly express Opinion.
- Most (98 percent) of the respondents felt that Employees need to be Responsible if they are Motivated.
- In this study all the (100 percent) respondents said that Motivation Enables and Increases trust on others.
- More number (46 percent) of the respondents accepted that Motivation is to boost their Self-Esteem.
- In this study all the (100 percent) of the respondents felt said that they were recognized by their supervisors on the basis of their work.
- Majority (56 percent) of the respondents’ opinion that their supervisors were Management Oriented.
- Majority (66 Percent) of employees were appreciated for the good performance is
good.
- Majority (70 Percent) of the respondents were always assisted by the supervisor for work related problems.
- Majority (60 percent) of the respondents strongly agreed that Motivation has its own priority in organizations success.
- Majority (58 Percent) of the respondents have strongly agreed that appreciation from supervisor is essential.
- In this study 74 percent of the respondents have agreed that Management’s Recognition was a tool for Employee performance
- In this Research half (50 Percent) of the respondents agreed that Monetary Reward was an effective tool for Motivation.
- Majority (52 percent) of the respondents agreed that Bonus and Incentives improves Employee performance
- In this study half (50 Percent) of the respondents agreed that Mutual Understanding between organization and employees leads to motivation.
- In this study half (50 Percent) of the respondents agreed that Motivation from supervisors lead to Personal growth.
- Majority (54 Percent) of the respondents are satisfied with the Work Environment.
- Majority (56 percent) of the respondents strongly agreed that special wages should be given to employees who do their job well.
- Majority (62 percent) of the respondents strongly agreed that better Job Description would be helpful so that employees know what is expected from them.
- Majority (68 Percent) of the respondents strongly agreed that supervision should give a good deal of attention to the physical working condition.
- Majority (66 Percent) of the Respondents strongly agreed that they felt their Real skills and capacities used in their jobs.
- In this research there are 60 Percent of the respondents strongly agreed that almost every job can be made stimulating and challenging.
- In this study 70 Percent of the respondents wanted to give their best in everything.
- Majority (54 percent) of the respondents agreed that Management should show more interest in sponsoring social event after working hour.
- In this research there are 42 percent of respondents strongly agreed that Pride in one’s work is an important reward.
- In this study 48 percent of respondents strongly agreed that Quality of the relationship in the informal work group is quite important.
- Majority (58 Percent) of the respondents have strongly agreed that they generally like to schedule their own work in job related decision.
- Majority (70 percent) of the respondents strongly agreed that Good equipment and infrastructure to work is important.
- Majority (78 Percent) of the respondents strongly agreed that Job Security is Important.
- Majority (78 percent) of the respondents strongly agreed that Indifferent supervision can often hurt that feeling.

SUGGESTIONS

- In this research very less number of respondents said that motivation boost their self esteem. In this regard the management should take necessary actions to improve Self esteem of all employees through Motivation.
The management should provide monetary as well as non-monetary benefits to employees for motivating them and involve them fully in their job.

In this research minimum number of respondents agreed that the supervisor’s motivation lead to personal growth. The management can be provided necessary training to supervisor for handling motivation process as successful one.

The management should keep cordial relationship with employees. The interpersonal relationship may be the factor for employees motivation.

CONCLUSION

Motivation is an important concept that has been receiving considerable attention from academicians, researcher and practicing Human Resource managers. In its essence motivation comprises important elements such as the need or content, search choice of strategies, goal directed behaviour, social comparison of rewards, reinforcement and performance satisfaction. The increasing attention paid towards motivation is justified because of several reasons motivated employees come out with new ways of doing jobs. They are quality oriented. They are more productive. Any technology needs motivated employees to adapt it successfully. The overall job motivation more suggested the majority of the respondents agreed incentives are the great source for motivation. While most of the people work for money others work because they love their job. It was seen from this study that majority of the employee’s source for motivation was their Higher Officials. Apart from these features employees felt that they need to be recognized, majority of the employees agreed that they were recognized by the Management. This study focused to find the opinion and supportive system on motivation at banking sectors and this study will be helpful to the organization to take care of employees’ Job Motivation.

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Policyholders’ perception towards Service Quality of Life Insurance Company

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INTRODUCTION
The Insurance industry forms an integral part of the Indian financial market, with insurance companies being significant institutional investors. In recent decades, the insurance sector, like other financial services, has grown in economic importance. The growth can be attributed to a number of factors including rising income and demand for insurance, rising insurance sector employment, and increasing financial intermediary services for policy holders. If the public sector insurance company wants to keep its stake in the business and allow it not to be swept away by the entry of private players, with more responsive and convenient attitudes, the only shortcut is ‘quality service’. Insured, if not satisfied, is bound to test competitors. India has opened avenue for Foreign Direct Investment believing that FDI is the main key to improve the quality and it will support to attain financial inclusion concept.

Objectives of the Study - The objectives of the study were:

1. To find out the perception of policyholders towards service quality of Life Insurance Companies.
2. To find out whether there is any significant difference in policy holders’ perception towards service quality of Life Insurance Company with respect to Gender, Marital status and Residential area.
3. To find out whether there is any significant difference in policy holders’ perception towards service quality of Life Insurance Companies with respect to their Age group, Monthly income and Occupation.
4. To find out whether there is any significant difference in policyholders’ perception towards service quality of Life Insurance Companies with respect to their Insurer.

RESEARCH METHODOLOGY
The purpose of this research is to find out the perception of policyholders towards service quality of Life Insurance Companies. Survey method was used for this study. Primary data is important for this study. The researcher gathered the primary data using perception scale.

Sampling Technique and Sample: Convenient Sampling technique was used for this research and the sample of the study consisted of 100 policy holders of different Life Insurance Companies.

Research Tool: A perception scale to find out the perception of policy holders towards service quality of Life Insurance Companies was prepared. The tool was divided into two sections. The first part consists of eight items to get the demographic details of the respondents such as gender, marital status, age, residence, monthly income, occupation and insurer. The second part was a five point scale, consisted of 26 items. These items were constructed based on the following factors like Policy/Plans, Premium, Infrastructure facility, Services at branch office, Competence of Agents, Grievance resolving procedure and Cyber services. The Policy holders had to indicate their perception by putting tick mark against the five options given namely- Strongly Agree, Agree, Undecided, Disagree, Strongly Disagree. The reliability co efficient of the tool had been found out using test-retest method and it was found to be 0.856. This showed that the tool was a reliable one.
Method of Analysis: Frequencies and descriptive statistic were used to explore information about the distribution of variables. The variables were tested through the Independent Sample Test (t-test) and Analysis of Variance or ANOVA (F-test) using MS-Excel 2007.

Table No. 1  Sample Description

<table>
<thead>
<tr>
<th>S.No</th>
<th>Groups</th>
<th>Frequency</th>
<th>S.No</th>
<th>Groups</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Gender</td>
<td></td>
<td>5</td>
<td>Marital Status</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Male</td>
<td>48</td>
<td></td>
<td>Unmarried</td>
<td>38</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>52</td>
<td></td>
<td>Married</td>
<td>62</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>100</td>
<td></td>
<td>Total</td>
<td>100</td>
</tr>
<tr>
<td>2</td>
<td>Area</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Rural</td>
<td>54</td>
<td></td>
<td>Up to 35 yrs</td>
<td>41</td>
</tr>
<tr>
<td></td>
<td>Urban</td>
<td>46</td>
<td></td>
<td>36 – 45 yrs</td>
<td>38</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>100</td>
<td></td>
<td>&gt; 45 yrs</td>
<td>21</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Total</td>
<td>100</td>
</tr>
<tr>
<td>3</td>
<td>Occupation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Government</td>
<td>41</td>
<td></td>
<td>LIC</td>
<td>62</td>
</tr>
<tr>
<td></td>
<td>Private</td>
<td>25</td>
<td></td>
<td>ICICI</td>
<td>22</td>
</tr>
<tr>
<td></td>
<td>Self-Employed</td>
<td>34</td>
<td></td>
<td>SBI</td>
<td>16</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>100</td>
<td></td>
<td>Total</td>
<td>100</td>
</tr>
<tr>
<td>4</td>
<td>Life Insurance Policy - Introducer</td>
<td></td>
<td>7</td>
<td>Insurer</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Agent</td>
<td>45</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Colleague</td>
<td>21</td>
<td></td>
<td>10,000 – 15,000</td>
<td>32</td>
</tr>
<tr>
<td></td>
<td>Neighbour</td>
<td>21</td>
<td></td>
<td>15,001 - 20,000</td>
<td>28</td>
</tr>
<tr>
<td></td>
<td>Relatives</td>
<td>13</td>
<td></td>
<td>20,001 - 25,000</td>
<td>21</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>100</td>
<td></td>
<td>Above 25,000</td>
<td>19</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Total</td>
<td>100</td>
</tr>
</tbody>
</table>

ANALYSIS AND INTERPRETATION

Table No. 2 Mean and Standard Deviation of the Sample

<table>
<thead>
<tr>
<th>Sample Size</th>
<th>Mean (Max :130)</th>
<th>S.D</th>
</tr>
</thead>
<tbody>
<tr>
<td>100.00</td>
<td>92.66</td>
<td>12.87</td>
</tr>
</tbody>
</table>

Table  t-test to find out the Policyholders’ perception towards service quality
No. 3 of Life Insurance Companies based on their Gender, Marital Status, Area, Insurer and Occupation

<table>
<thead>
<tr>
<th>Sub Groups</th>
<th>N</th>
<th>Mean Max:130</th>
<th>S.D</th>
<th>t-value</th>
<th>p-value</th>
<th>Level of significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>48</td>
<td>86.00</td>
<td>12.35</td>
<td>5.75</td>
<td>0.00</td>
<td>Significant at 0.05 level</td>
</tr>
<tr>
<td>Female</td>
<td>52</td>
<td>99.00</td>
<td>10.21</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marital Status</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unmarried</td>
<td>38</td>
<td>92.21</td>
<td>14.00</td>
<td>0.27</td>
<td>0.78</td>
<td>Not Significant at 0.05 level</td>
</tr>
<tr>
<td>Married</td>
<td>62</td>
<td>92.93</td>
<td>12.24</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Area</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rural</td>
<td>54</td>
<td>91.71</td>
<td>11.72</td>
<td>0.55</td>
<td>0.58</td>
<td>Not Significant at 0.05 level</td>
</tr>
<tr>
<td>Urban</td>
<td>46</td>
<td>93.20</td>
<td>14.21</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Table No. 4  
**F-test to find out the Policyholders’ perception towards service quality of Life Insurance Companies based on their Age group and Monthly Income**

<table>
<thead>
<tr>
<th>Source of Variation</th>
<th>SS</th>
<th>df</th>
<th>MS</th>
<th>F-value</th>
<th>p-value</th>
<th>Level of Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Age group</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
<td>460.04</td>
<td>2</td>
<td>230.02</td>
<td>1.40</td>
<td>0.25</td>
<td>Not Significant at 0.05 level</td>
</tr>
<tr>
<td>Within Groups</td>
<td>15950.40</td>
<td>97</td>
<td>164.44</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>16410.44</td>
<td>99</td>
<td></td>
<td>1.40</td>
<td>0.25</td>
<td></td>
</tr>
<tr>
<td><strong>Monthly Income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Interpretation** – From the above table, it is clear that:

- The Policyholders differ significantly in their perception towards service quality of Life Insurance Companies based on their Gender.
- The policyholders do not differ significantly in their perception toward service quality of Life Insurance Companies with respect to their Marital status and Residential area.
- The policyholders of LIC and ICICI differ significantly in their perception towards service quality of Life Insurance Companies.
- The policyholders of LIC and SBI differ significantly in their perception towards service quality of Life Insurance Companies.
- The policyholders of ICICI and SBI do not differ significantly in their perception towards service quality of Life Insurance Companies.
- The policy holders who work in Government sectors and Private sectors differ significantly in their perception towards service quality of Life Insurance Companies.
- The policy holders who work in Government sectors and Private sectors differ significantly in their perception towards service quality of Life Insurance Companies.
- The Government and Private Sector employees do not differ significantly in their perception towards service quality of Life Insurance Companies.
Between Groups | 485.30 | 3 | 161.77 | Not Significant at 0.05 level
Within Groups | 15925.14 | 96 | 165.89 | 0.98 | 0.41
Total | 16410.44 | 99

(If p-value is < 0.05 (α), Reject Null Hypothesis)

**Interpretation** – From the above table, it is clear that:
- The policyholders do not differ significantly in their perception towards service quality of Life Insurance Companies with respect to their age group.
- The policyholders do not differ significantly in their perception towards service quality of Life Insurance Companies with respect to their monthly income.

**Table No. 5**

<table>
<thead>
<tr>
<th>Sl.No</th>
<th>Factors</th>
<th>LIC</th>
<th>ICICI</th>
<th>SBI</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total Scores in %</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Plans/Policy</td>
<td>79.89</td>
<td>63.64</td>
<td>66.25</td>
</tr>
<tr>
<td>2</td>
<td>Premium</td>
<td>73.87</td>
<td>67.73</td>
<td>62.19</td>
</tr>
<tr>
<td>3</td>
<td>Infrastructure Facility</td>
<td>74.27</td>
<td>63.64</td>
<td>61.25</td>
</tr>
<tr>
<td>4</td>
<td>Service at Branch office</td>
<td>75.73</td>
<td>70.23</td>
<td>66.56</td>
</tr>
<tr>
<td>5</td>
<td>Competence of Agents</td>
<td>72.66</td>
<td>65.00</td>
<td>54.06</td>
</tr>
<tr>
<td>6</td>
<td>Grievance resolving Procedure</td>
<td>73.79</td>
<td>69.09</td>
<td>58.44</td>
</tr>
<tr>
<td>7</td>
<td>Cyber Services</td>
<td>79.57</td>
<td>62.42</td>
<td>71.25</td>
</tr>
</tbody>
</table>

**FINDINGS**
- The Policyholders’ perception towards service quality of Life Insurance Companies differs significantly with respect to their Gender. The mean score of female policyholders is greater than that of male.
- The Policyholders’ perception towards service quality of Life Insurance Companies does not differ significantly with respect to their Marital Status, Residential Area, Age group, and Monthly income.
- The policyholders of LIC and ICICI differ significantly in their perception towards service quality of Life Insurance Companies. The mean score of LIC’s policyholders is greater than that of ICICI.
- The policyholders of ICICI and SBI do not differ significantly in their perception towards service quality of Life Insurance Companies.
- The policyholders of LIC and SBI differ significantly in their perception towards service quality of Life Insurance Companies. The mean score of LIC’s policyholders is greater than that of SBI.
- The Government employees and Self-employed people differ significantly in their perception towards service quality of Life Insurance Companies. The mean score of Government employees is greater than that of Self-employed.
- The Government employees and Private Sector employees do differ significantly in their perception towards service quality of Life Insurance Companies.
- The Private Sector employees and Self-employed people differ significantly in their perception towards service quality of Life Insurance Companies. The mean score of Private Sector employees is greater than that of Self-employed.

**CONCLUSION**
From the table No. 5, it is very clear that the public sector insurance company still leads the market and the entry of private sectors unable to shake its functioning. A public sector organization is capable of providing quality service to its customers in all dimensions.
Private sectors with foreign investments and foreign technology still are competing with public sector. They have captured a remarkable portion of insurance market within a short period of time.

If the government had not encouraged private sectors in insurance field, the public sector insurance company gradually could have earned the entire market. Administrative reform and mobilization of funds could have strengthened the functioning of public sector insurance company. It would have been of great use for the two main reasons – service is the motto of public sector organization, secondly the profit of private insurance sectors will add comparatively a meager amount to revenue of India.

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A STUDY ON PROMOTIONAL STRATEGIES ADOPTED BY PUBLIC AND PRIVATE SECTOR BANKS IN SALEM CITY

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Associate Professor / Department of Commerce, Mahendra Arts and Science College, Kalipatti

Introduction

In financial services, people are primarily bothered about security of their funds and default risks. After the year 1969, the deposits of banks increased more than 80 times as a result of the nationalisation of banks. Paul Cox, (2007) revealed a fact that financial service providers are not perceived highly trusted, so that they might have difficulty in selling risk-based products. The effort to promote banking business is quite distinguished affair. At present, it has become very tricky due to the changing trends of industry, increasing competition and efficiency of regulatory environment, and the financial system. The complexity in the banking services is also an issue of vital importance. This is the time when banks are offering new and innovative services, frequently in the market. The content of promotional tools should help the customer in making most valuable decision. This can be firmly said that well-designed promotional strategies are very important to promote banking services effectively. In marketing any product or service, customer satisfaction has been given the prime importance. The most frustrating aspect of bank marketing are lack of management support, lack of inter-departmental cooperation, crisis management, government intrusion and advertising & media problems (Berry & Lindgreen, 1980). Promotional packages are very important for financial service industry (Ananda & Murugaiah, 2003). Thus the orientation of banks should be with a much wider focus in relation to consumer and market needs, and the consequent marketing strategies. The challenges put forth by the changing environment have to be effectively tackled to identify the consumer needs and providing valuable services through product innovation (Nair Raman, 2006). In banking the temporal and spatial dimensions are perceived as more important than traditional dimensions based on outcome and process elements (Kristina Heinonen, 2006). Tokunbo Simbowale (2005) examined the usage of marketing concepts & techniques and recommended that a well-structured marketing department in banks is essential for profitability & effectiveness. A study by Krishna, Suryanarayana & Srikant (2005) recommended that promotional strategies should be designed as per the nature of the services to be promoted. The advertisers should seek a narrative approach to communicate the service experience rather than a logical, argumentative approach. Narrative approach involves storytelling methodology using sequence of events (Sehgal Roli, 2004). Location convenience, speed of service, competence and friendliness of bank personnel are also the most important points with maximum value in banking services (Laroche, & Manning, 1986). Meidan (1976) revealed that about 90% of the respondents banked at the branch nearest to their home place and place of work. Convenience, in terms of location, was also found to be the single most important factor for selecting a branch. It has been generalized in the studies that services marketing advertisement is more challenging than the advertising of tangible products (Ray and Bose, 2006). While formulating marketing strategy, a bank should focus attention on (i) consumer sovereignty, (ii) attitude, (iii) responsiveness and personal skills of bank staff, (iv) revitalizing the marketing department, (v) top management support to the marketing department, (vi) participation of marketing personnel in key bank decisions (Kumar Ashok, 1991).

Objectives
i) To know about the various promotional tools of Private and Public sectors banks at Salem city
(ii) To make a comparative analysis of customers’ perception for promotional strategies of private and public sector banks Salem city
(iii) To find out the key promotional tools for banking services on the basis of customers’ responses

**Research Methodology**
The present study is descriptive in nature, which is based on empirical evidences in the form of primary data. The data collection has been done from 30 customers presently availing banking services. The respondents were approached with systematic random sampling where every 3rd visitor was approached when he/she was coming out of the bank after availing the service. The response rate was found to be 65%. The branches of the banks have been selected out of the representative places near to Salem judgment bases for making the samples true representatives. The study includes the customers of 5 leading banks out of which 5 are from public sector (SBI and Associates, IOB, IB, and Bank of Baroda) and 5 from private sector (ICICI, HDFC, AXIS, IDBI, Kotak Mahindra Bank). A structured questionnaire has been used for collection of data comprising open and close-ended questions. Likert scale has been used as a scaling technique in the questionnaire.

**Data Analysis and Interpretation**
The responses have been captured in a scale of 5 to 1 from strongly agreed to strongly disagree. Similarly in other questions ‘5’ is for very effective and ‘1’ is for not at all effective.

**Promotional Strategies by Public and Private Sector Banks**
Promotional strategies of private and public sector banks are almost similar. Both types of banks take the help of almost all type of media to promote their services. The first objective of the study deals with the analysis of the promotional strategies adopted by both. The analysis is done on the basis of review of existing literature and with personal contact and informal interview with the personnel of the private and public sector banks. The major difference in the promotional strategies adopted by banks is in the two techniques of the promotion and they are "Personal Selling" and "Direct Marketing". The difference is that public sector banks do not adopt the strategies of promotion as personal selling and direct marketing; on the other hand the same are adopted by private sector banks. The reasons for this are high reliability and less profit orientation of public sector banks.

**Demographic Factors of Respondents**
Public sector banks do not go for innovative strategies of promotion, however they do go for interactive marketing through internet but that is not promoted so much like private sector banks. The respondents in the present study are mixed and are seem representative, they include--farmers (19%), shopkeepers, students (31%), highly (23%) as well as low educated (25%) persons. Table 3 states that the maximum respondents (48.33%) were availing the services of Saving Accounts, which is followed by current account service holders (28.33), only few are availing the service of fixed deposits (11%) and Loans (7%). The loan takers also include the students in the form of education loans.

**Influencers for the Purchase Decision of Services**
Most of the respondents answered that they were influenced by Friends and Relatives (42%) for choosing the services from a particular bank. This is the power of "word of mouth". This shows that the impact of opinion leadership and reference group is very much in banking services however advertising (21%) also affects the decision of selecting a particular bank. As per the responses given in Table 5, the difference between public and private sector banks is known to the maximum number of people (85%). Table 6 gives a clear idea about the question related to the perception of customers about private and public sector banks the results are not so surprising. People think that the advertisements and promotional efforts of
private sector banks are more effective than public sector banks with a weighted mean score 3.51 for 5.

**Comparative look on the Exposure to Promotional Tools Public vs. Private**
The respondents strongly agreed that Private Sector Banks do more advertisement than Public Sector Banks (3.81). Further, one more aspect, that is very important in the case of services and especially in financial services i.e. truthfulness, and completeness in advertising. The respondent’s looks agree with the statement that the information provided by Public Sector Banks is more reliable than private sector banks because that is truer and complete (3.62). Private sector banks are slightly better in catching the awareness of people than Public Sector Banks in mass media advertising. 69% respondents accepted that they have exposure of advertising on television and 61% of advertising in newspapers in case of private sector banks. However in the case of public sector banks it is 66% and 52% respectively.

**Exposure towards Personal Selling and Telecalling (Private Sector Banks)**
In outdoor advertising and online marketing private sectors banks are again more successful to spread awareness than public sector banks, but the total awareness level has stayed low. In public sector banks 21% of the respondents were accepted that they have an exposure of outdoor advertising while the respondents for it in case of private sector banks were 28%. As online marketing is not so much adopted by public sector banks only 7% customers have the exposure of the same, while for private sectors banks the exposure of respondents is 17%. Telecalling and personal selling did not show high exposure. Almost 26% people are exposed to telecalling. Another important aspect has been discussed in Table 9. When customers were asked about the most effective tool for promotion of banking services, very meaningful results have came. The most effective tools in respondents’ opinion is advertising on television with weighted mean value 3.84 and advertising in newspapers was at second place (3.59). This is followed by personal selling (3.43) and advertising in journals and magazines (3.26). Advertising on Television has been given the first rank and Publicity (2.25) is given the last. However there is no so significant variability in the factors if we move from one. The variability as per standard deviation is 0.5274.

**Conclusion**
Promotion has different aspects for different industries, products and services. Its final goal is to communicate positive word of mouth among existing and potential customers about the corporate, product and service. In banking the customers must be ensured that services provided by a particular bank have been designed to give them maximum value of their money. In brief, it can be said that in India wherever the dilemma of private and public sector comes always two things are considered. Public sector is more reliable but not so good in the quality and innovativeness. Private sector is not considered so reliable, there may be hidden charges in the services and false and misleading information in the advertising but they are better in the service quality. Private sector banks must be more true and reliable first. They have to win the hearts of the customers, after that they will be able to win minds as well. In traditional tools of promotion both sectors’ banks are almost same. Private Sector banks are adopting more push strategies to attract and catch the customers. This creates the difference between promotional strategies adopted by Public and Private Sector Banks.

*****
CORPORATE SOCIAL RESPONSIBILITY IN BANKS – AN OVERVIEW

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RESEARCH SCHOLAR, LOYOLA COLLEGE

INTRODUCTION
The concept of corporate social responsibility means the moral, ethical, and philanthropic responsibilities of the organizations in addition to their responsibilities to earn a fair return for investors and to comply with the law. Corporate social responsibility (CSR) can be defined as the "economic, legal, ethical, and discretionary expectations that society has on organizations at a given point in time" (Carroll and Buchholtz 2003, p. 36).

Most ideal definition of Corporate Social Responsibility (CSR) has been given by World Business Council for Sustained Development which says, “Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large”.

CSR is what an organization does to contribute to the social, economic, political or educational development of the community where it is located, but which it is not compelled to do by any law (Ademosu, 2008). The social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time (Archie, 1979)

Thus, the meaning of CSR is two fold. On one hand, it exhibits the ethical behavior that an organization exhibits towards its internal and external stakeholders (customers as well as employees). On the other hand, it denotes the responsibility of an organization towards the environment and society in which it operates.

Firms can no longer continue to exploit environmental resources and escape from their responsibility by acting as separate entities regardless of the interest of the society. Organizations, now, are realizing the need to shift their focus on the interest of society. CSR involves various voluntary efforts in which companies engage themselves in order to give something back to the society. It involves providing innovative solutions to societal and environmental challenges. Organizations generally believe that acting in a socially responsible manner will create value for them.

Corporate Social Responsibility and the Indian Banking Sector
Corporate social responsibility and banking often are at odds. The banking sector focuses primarily on profits in the financial area, while corporate social responsibility takes a broad overview of the needs of society in general and how the banking sector serves those needs.

Many difficulties arise from combining corporate social responsibility and banking. In the banking industry, corporate social responsibility might seem to be in short supply. Shareholders own shares of stock in the banks, which means banks must make as much profit as possible to keep the shareholders’ trust. This means banks need to charge fees for various transactions and try to get as much for those fees as possible. This results in banks providing profits to the shareholders, but at a high cost to its customers. This is why some financial observers believe true CSR is unattainable in a capitalist system.

A socially responsible bank needs to address a variety of issues, including environmental sustainability and refraining from conducting business with companies and individuals not socially conscious. A socially responsible bank would place the needs of its customers and the needs of society over the needs of its shareholders. In the short term, such a bank might lose a great deal of support from shareholders, but the positive publicity generated by behaving responsibly might offset some or all of the losses. One area where banks maintain
some sense of corporate social responsibility lies in investments. Entrepreneurs looking to finance projects geared toward improving energy usage and increasing global food sustainability should have access to funding from the banking sector

**Corporate Social Responsibility Initiatives**

Some of the CSR initiatives by the banks are as follows:

- Education Foundations for the less privileged yet bright students;
- Provision of much needed water, either by funding drilling of boreholes in arid and semi-arid areas or where communities have no access to clean water;
- Building of classrooms or schools facilities like libraries;
- Hold marathons to support eyesight or heart operations for the people who are unable to afford the same.

**CSR Initiatives in Banks**

**ICICI BANK Ltd (www.karmayog.org)**

The Social Initiatives Group (SIG) of ICICI Bank Ltd works with a mission to build the capacities of the poorest of the poor to participate in the larger economy. The group identifies and supports initiatives designed to break the intergenerational cycle of poor health and nutrition, as well as access to basic financial services. Thus, by promoting early child health, catalyzing universal elementary education and maximizing access to micro financial services, ICICI Bank believes that it can build the capacities of India’s poor to participate in larger socio-economic processes and thereby spur the overall development of the country.

The SIG works by understanding the status of existing systems, identifying critical knowledge and practice gaps in their functioning. It locates cost effective and scalable initiatives and approaches that have the potential to address these gaps and also supports research to understand their impact. This is undertaken in collaboration with research agencies, nongovernmental organisations (NGOs), companies, government departments, local stakeholders and international organisations.

**CANARA BANK**

Canara bank has been a pioneer in initiating and implementing multifaceted and innovative programmes aimed at the development of people from the lower strata of the society. The Bank has been playing a lead role and trying to bring about a socio-economic transformation in rural areas.

The bank, in its endeavour to promote Rural Development, set up Rural Development Section at Head Office during 1980 and Canara Bank Platinum Jubilee Rural Development Trust during 1982. The Trust was renamed as Canara Bank Centenary Rural Development Trust (CBCRD TRUST) in Banks Centenary year. Beyond banking, the Bank has launched various promotional and developmental schemes towards rural development. CBCRD Trust has started 30 Self Employment Training Institutes with a focused approach to identify orient, motivate, train and assist the unemployed youth to take up self employment ventures and research and development activities in Entrepreneurship and Rural Development.

**STATE BANK OF INDIA**

The Bank is actively involved since 1973 in non-profit activity called Community Services Banking. All the branches and administrative offices throughout the country sponsor and participate in large number of welfare activities and social causes. Apart from the normal banking operations, the Bank, as a responsible and responsive corporate citizen, seeks to reinvest part of its profit in various community welfare projects to improve the quality of life of the poor, neglected, weaker and downtrodden sections of society.

In the financial year 2007-08, the Bank made donations aggregating Rs. 8.11 crore to various Relief Funds and also to NGOs / Trusts / Societies for their projects with social orientation. In recognition of its contribution to Rural Community Development, the Bank was awarded the prestigious Reader’s Digest Pegasus Corporate Social Responsibilities Award 2007.
Under a new scheme named ‘Adoption of the Girl Child’ over 8,300 poor girl children have been adopted by various branches throughout the country to meet their personal and educational expenses. This is not merely a financial assistance scheme but offers emotional and psychological support to the ‘adopted girls’ due to the active involvement and care of the SBI Ladies Clubs.

Community involvement
Community involvement is the basis of all accomplished CSR policy initiatives and extends far beyond the standard charitable measures. Banks should introduce innovative schemes such as:

- Permanent learning programs for disadvantaged sectors of society;
- Sponsorship of young entrepreneurs;
- Provision of academic scholarships and research proposals;
- Support environmental issues such as recycling and waste management;
- Develop community support programs;
- Conduct health support programs;
- Extend financial support for art and culture.

Awareness and Transparency
It is essential that there should be a transparent and strong commitment in the adoption of CSR practices. This can be reached through explicit reference to CSR activities adopted by banks through the following means:

- Dedicating sections of Annual Reports to CSR matters;
- Publishing of Sustainability Reports or policy statements on CSR; and web-based information.

Benefits of Corporate Social Responsibility to the Bank
Even though Corporate Social Responsibility is seen as of great benefit to the communities the banks also benefit from it. Some of the benefits are listed below

- Creates positive publicity and increased brand recognition.
- Encourages sustainable behaviors by the customers. The existing customers are proud to be associated with the bank that is having a positive impact on the community and are likely to continue banking with them
- CSR helps the bank to attract new customers. This is especially true for members of the community targeted by the bank. The new accounts opened lead to business growth and new opportunities.
- It boosts the morale of the existing employees as they are proud to be associated with such a bank. This pride in the employer increases employee productivity and reduces staff turnover resulting in reduced costs associated with hiring and training of new staff.
- Corporate Social Responsibilities also singles out the bank as an employer of choice, as most potential employees look to them as their ideal employer. Thus they are able to acquire the best skills in the market.
- The Corporate Social Responsibility activities act as advertisement opportunities for the banks’ products. The products sold to the community are seen more than just bank products but as products that result to Corporate Social Responsibility
- CSR helps in brand reinforcement among the populace. People generally easily associate such a bank and learn to trust the bank viewing it as the one that cares for the welfare of the community.

Conclusion
Banks have impact on the environment directly and indirectly. Lending and investments activities have an indirect impact on the environment. Therefore, banks should be encouraged to consider environmentally-friendly purposes in their credit decisions. To this end, banks may offer incentives to credit facilities for “green” investments such as improving a buildings’ insulation or more efficient lighting systems which use alternative energy sources. The bank may apply less stringent rules in relation to collaterals or offer discounted loans to such clients for these types of investments. It is important that the banks recognize their responsibility to prevent or limit social and environmental harm that may have been caused by activities financed by them.

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Insurance is an arrangement under which people facing common risks come together and make their small contributions to the common fund. The main advantage of insurance is to offer security and safety to the insured against uncertainty. The term Insurance Marketing refers to the marketing of Insurance services with the aim to create customer and generate profit through customer satisfaction. The Insurance Marketing focuses on the formulation of an ideal mix for Insurance business so that the Insurance organization survives and thrives in the right perspective.

Methodology

This study discussed and analyze based on primary and secondary data, which are covered Interview & observation methods that Interview with agents, development officers and administrative officers. Where as observation method are done at kodambakkam and Annanagar LIC Branches in Chennai.

Factors for growth in service industry in India

There are some the factors for growth in service industry are

- **Increases in Life expectancy:** Health programmers have contributed significantly to increase in life expectancy, hence old age homes, nursing homes, health care, insurance etc.
- **Women Employment:** Increase in numbers of working women has triggered an increase in day care facilities for children, packed food and home deliver.
- **Complexion in Product:** Growth of a large number of products that can only be serviced by specialized persons e.g. washing machines, water purifiers, home computers etc. needing after-sales service, maintenance etc.
- **Life's complexity:** As daily routines get busier, individuals find it difficult to manage things on their own. Hence tax consultants, legal advisors, insurance consultants, property advisors etc.
- **Increases in Per Capita:** per capita increase in income: from Rs. 238 in 1950 to Rupees 11934 in 1998 is an indicator of increase in general affluence levels. (Pest control, personal security, interior design).
- **Leisure time:** People have some spare time for travel and holidaying. Hence travel agencies, resorts, hotels, entertainment. Others would like to use this time to enhance their career prospects. Hence education, distance learning, part-time courses.
- **Resource scarcity and ecology:** With depleting natural resources, need for conservation increases. Hence pollution control agencies, car pools, water management etc.
- **New products:** The contribution of the Services Sector in the Indian GDP has also increased very rapidly as many foreign consumers have shown interest in the country's service exports. Foreign companies seeing this have outsourced their work to India especially in the area of business services which includes BPO and IT services.

Indian insurance sector:
Insurance in India is usually understood as a measure to save the tax for an individual, it has not been considered as a medium for investment for a long time. In Indian mentality, savings can be done only in banks in terms of fixed deposits and other investment facilities available to them. Some people also like to invest in Gold. After independence, the Life Insurance business was nationalized in 1970.

Life Insurance Corporation of India has monopoly over the Indian Life Insurance sector. But after the entry of private insurance players having alliance with foreign insurance experts, Indian Insurance market has turned into a highly competitive market. The Insurance Regulatory and Development Authority Act 1999 (IRDA Act) was passed by parliament of India and in the year 2000, the President of India gave his consent to the Act.

The LIC Act, 1956 brought remarkable change in the way the insurance industry functioned particularly, the life insurance business Till the end of 1999-2000 fiscal year, Life Insurance Corporation (LIC) and General Insurance Corporation (GIC), were the monopoly insurance (both life and non-life) providers in India. Under GIC, there are four subsidiaries- National Insurance Company Ltd, Oriental Insurance Company Ltd, New India Assurance Company Ltd, and United India Assurance Company Ltd. In fiscal year 2001-2002, the Government of India lifted the entry restrictions for private sector insurance players. Foreign investment insurance market was allowed with 26% cap.

**Market Share of LIC (Total Premium Income)**

On the basis of total premium income, 70.10% in 2009-10, 69.78% in 2010-11. Accordingly, the market share of private insurers has gone up marginally from 29.90 per cent in 2009-10 to 30.22 per cent in 2010-11.

**Market Share of LIC (Renewal Income)**

However, in renewal premium, LIC had a higher share of 70.49 per cent in 2010-11 (73.64 per cent in 2009-10) when compared to 29.51 per cent (26.36 per cent in 2009-10) share of private insurers.

**7 P's of Services Marketing in LIC**

The marketing mix is the combination of marketing activities that an organization engages in so as to best meet the needs of its targeted market. The Insurance business deals in selling services and therefore due weight-age in the formation of marketing mix for the Insurance business is needed. The marketing mix includes sub-mixes of the 7 P's of marketing i.e. the product, its price, place, promotion, people, process & physical attraction. The above mentioned 7 P's can be used for marketing of Insurance products, in the following manner:

**PRODUCT:**

A product means what we produce. If we produce goods, it means tangible product and when we produce or generate services, it means intangible service product. A product is both what a seller has to sell and a buyer has to buy. Thus, an Insurance company sells services and therefore services are their product. In India, the Life Insurance Corporation of India (LIC) is the leading companies offering insurance services to the users. Apart from offering life insurance policies, they also offer underwriting and consulting services. When a person or an organization buys an Insurance policy from the insurance company, he not only buys a policy, but along with it the assistance and advice of the agent, the prestige of the insurance company and the facilities of claims and compensation. In short, the formulation of product-mix should be in the face of innovative product strategy. While initiating the innovative process it is necessary to take into consideration the strategies adopted by private
and foreign insurance companies through various plans like Endowment plan, pension plan, ULIP.

**PRICING:**

In the insurance business the pricing decisions are concerned with:

i) The premium charged against the policies,

ii) Interest charged for defaulting the payment of premium and credit facility, and

iii) Commission charged for underwriting and consultancy activities. The pricing in insurance is in the form of premium rates. The premium rates are revised if there are any significant changes in any of the below factors.

a) Mortality
b) Expenses
c) Interest

**PLACE:**

This component of the marketing mix is related to two important facets --

i) Managing the insurance personnel, and

ii) Locating a branch.

While locating branches, the branch manager needs to consider a number of factors, such as smooth accessibility, availability of infrastructural facilities and the management of branch offices and premises. In addition it is also significant to provide safety measures and also factors like office furnishing, civic amenities and facilities, parking facilities and interior office decoration should be given proper attention. Thus the place management of insurance branch offices needs a new vision, distinct approach and an innovative style. This is essential to make the work place conducive, attractive and proactive for the generation of efficiency among employees. The branch managers need professional excellence to make place decisions productive.

**PROMOTION:**

Advertising and Publicity, organization of conferences and seminars, incentive to policyholders are impersonal communication. Arranging exhibitions, participation in fairs and festivals, rural wall paintings and publicity drive through the mobile publicity van units would be effective in creating the impulse buying and the rural prospects would be easily transformed into actual policyholders.

**PEOPLE:**

Understanding the customer better allows designing appropriate products. Being a service industry which involves a high level of people interaction, it is very important to use this resource efficiently in order to satisfy customers. Training, development and strong relationships with intermediaries are the key areas to be kept under consideration. Training the employees, use of IT for efficiency, both at the staff and agent level, is one of the important areas to look into.

**PROCESS:**

The process should be customer friendly in insurance industry. The speed and accuracy of payment is of great importance. IT & Data Warehousing will smoothen the process flow. IT will help in servicing large no. of customers efficiently and bring down overheads. Technology can either complement or supplement the channels of distribution cost effectively. It can also help to improve customer service levels. The use of data warehousing management and mining will help to find out the profitability and potential of various customers product segments.
**PHYSICAL EVIDENCE:**

The physical evidence includes such as policy document, statements, intimation letter, uniforms of personnel, vending machine of LIC enquiry option, LIC logo and their awards.

**Conclusion**

As competition is mounting among all the insurance players, they are upcoming with new incentive insurance products to catch the attention of more and more customers. Total number of Life Insurance Companies operating in India is currently 24 companies. While the competition has sent strong signals to the state owned enterprise, LIC still Leader of the Life Insurance market. The insurers in non-life segment are findings it difficult to compete with the new private Insurance Companies.

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Consumer Behaviour and various analytical techniques

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Introduction

UNDERSTANDING consumer behavior is the key to success in the marketplace. Companies are constantly looking at customer behavioral patterns to predict future trends. Among the many tools is data analytics. Broadly speaking, data analytics can be described as the process of collecting, analyzing and using data (related to demographic information, past behavior trends, etc) to better understand and predict the behavior of existing and prospective customers for business decision-making.

Consumer behavior may be defined as: the decision process and physical activity individuals engage in when evaluating, acquiring, using, or disposing of goods and services. Several aspects of this statement need emphasis and elaboration so that their meanings can be more fully appreciated.

Customers and consumers

The term “customer” is typically used to refer to someone who regularly purchases from a particular store or company. Thus, a person who shops at A&B or who uses a particular scent is viewed as a customer of these firms. The term “consumer” more generally refers to anyone engaging in any of the activities used in our definition of consumer behavior. Therefore, a customer is defined in terms of a specific firm while a consumer is not.

The traditional viewpoint has been to define consumers strictly in terms of economic goods and services. This position holds that consumers are potential purchasers of products and services offered for sale. This view has been broadened over time so that at least some scholars now do not consider a monetary exchange essential to the definition of consumers. This change implies that potential adopters of free services or even philosophies or ideas can also be encompassed by the definition.

Consequently, organizations such as religious and political groups, can view their various publics as “consumers.” The rationale for this position is that many of the activities that people engage in regarding free services, ideas, and philosophies are quite similar to those that are engaged in commercial products and services.

Micro Perspective

The micro perspective involves understanding consumers for the purpose of helping a firm or organization accomplish its objectives. Advertising managers, product designers, and many others in profit-oriented businesses are interested in understanding consumers in order to be more effective at their tasks. In addition, managers of various nonprofit organizations have benefited from the same knowledge. For example, the Indian Red Cross Society have been effective in applying an understanding of consumer behavior concepts to their activities.

Societal Perspective

On the macro or aggregate level we know that consumers collectively influence economic and social conditions within an entire society. In market systems based on individual choice,
consumers strongly influence what will be produced, for whom it will be produced, and what resources will be used to produce it. Consequently the collective behavior of consumers has a significant influence on the quality and level of our standard of living.

As this illustrates, understanding consumer behavior from a macro perspective can provide insight into aggregate economic and social trends and can perhaps even predict such trends. In addition. This understanding may suggest ways to increase the efficiency of the market system and improve the well-being of people in society.

Data Analytic Methods
The common tools used to conduct data analytics range from simple cross tabulations and segmentation analysis to more sophisticated statistical methods such as multivariate and logistic regression, discriminate analysis and cluster analysis. In the last few years, optimization tools and machine learning algorithms such as neural networks and genetic algorithms have also been used to perform advanced data analysis.

The recent years have seen increased use of data analytics in driving business strategies across various industries. While the data analytics methods have been extensively used in FMCG, pharma and telecom companies, their mainstay has been the consumer finance industry.

The wide scale applications of predictive data analytics started almost four decades ago in the form of credit scoring models pioneered by Fair, Isaac & Company (FICO) in the United States. These credit scoring models or scorecards were used to predict customer default. Today, the FICO Risk score is the benchmark for credit decision process in the US, so much so that the `Prime' and `Sub Prime' markets are defined on the basis of this score.

With the exponential increase in computing power and application of information technology in business processes, more and more data analytics techniques and statistical tools are now being applied for Marketing, Risk Management, Pricing and NPI functions in the consumer finance industry.

In India, it is common for major banks and financial services companies to use data analytics to better manage their credit card, housing, personal and auto loan and insurance portfolios.

But why are businesses increasingly adopting the use of data analytics in their day-to-day working? Clearly because it allows these firms to predict the behavior of existing and potential customers. Empowered with this information, firms are able to devise suitable strategies to better manage their respective businesses.

On the risk management front, data analytics techniques can help a bank develop an approval strategy for its mortgage and auto loan applications and also help to determine the optimal lending rate.

The same techniques can help an insurance firm decide the premium for its policyholders. The data analytics techniques have been extensively used in the credit card businesses to decide on credit and cash line assignments and dynamic authorization and fraud detection activities.

Data analytics is also effectively used in managing the collection functions of the consumer finance companies. Using statistical modeling, the companies are able to predict the likelihood of contacting a customer and chances of receiving a payment from him. This
information is helpful in choosing the right collections strategies that optimize collection efficiency and effectiveness.

On the marketing side, the use of data analytics in the form of response models helps companies design and execute cross sell, up sell, deep sell and retention strategies. In the long run, creative use of past customer data through predictive modeling helps companies in building powerful and effective analytical CRM (customer relationship management) platforms.

These analytical CRM platforms allow firms to make suitable offers to its customers and optimize campaigns through e-mail, direct mail, telemarketing and inbound call channels. Consumer finance companies in the US, where the credit bureaus are fairly developed, use data analytics to evaluate the quality of consumer loan and insurance portfolios during mergers, acquisitions and securitization deals. What do companies need to do to use data analytics effectively? Experts believe that to reap the maximum benefits from data analytics, firms have to invest in the right technology, hire the right people and last but not the least develop standardized and robust processes of data collection, data retrieval, data analysis and strategy implementation.

For example, a company may invest in a separate analytics data mart to capture the relevant customer data. This data are mainly of three types: demographic, behavioral and contact information. While demographic data refers to information about customer characteristics like age, income, etc., behavioral data includes information of customer's prior performance like transaction history and delinquency behavior. Contact information includes history of prior offers and contacts made to the customer.

Once the data mart is ready, the company needs to build efficient and robust systems for extracting and analyzing data from the data mart. After the required data analysis is completed and a suitable strategy using data analytics has been devised, it is important to ensure that strategies are implemented efficiently and accurately. The implementation of analytically driven strategies has been rather 'painful' process for most companies. However if the right IT infrastructure exists and process planning is rigorous then implementation can be accomplished with minimal disruption of business processes and limited impact on the company's resources.

To facilitate easier and faster implementation, software that integrate with a company's work flow and account receivable systems to implement the risk and marketing strategies are now available. Campaign management packages, systems that enable easy execution and tracking of analytically driven targeted marketing campaigns are also being increasingly used by consumer finance companies.

After a particular business strategy (a new risk policy or marketing campaign) has been implemented, the companies need to measure the performance of the business strategy and make sure that the results can be tracked effectively for future use. The process of continuous designing, executing, and tracking and allows companies to 'test and learn' and thereby helps them gain a competitive edge.

The above process requires firms to make investments in technology — database packages, statistical software, implementation platforms, and reporting and analysis tools. Most major software companies have developed data mining and analytics software, however the use of
specialized statistical software such as SAS, SPSS for predictive modeling and of reporting and analysis tools such as Business Objects and COGNOS is common.

A team of systems specialists and data analysts is required to develop and maintain efficient data marts and robust implementation and analysis systems. To conduct data analytics, teams of econometric and statistical modelers and business analysts that can effectively perform strategic analysis and build predictive models need to be developed.

Major financial services firms in India have built internal data analytics and business intelligence teams of data analysts and statistical modelers that support marketing and risk management activities. A significant number of independent third party data analytics companies that provide end-to-end data analytics solutions have also mushroomed in the last couple of years.

The market for consumer finance products is growing at a rapid rate in India. To seize this opportunity, new financial services firms are entering the industry and the existing banks are increasingly focusing on retail portfolios. The pressures to make high profits remain high in the face of increasing competition. For consumer finance companies, use of data analytics is no more a luxury but a necessity. Firms that invest in data analytics now will reap in the benefits for a long time to come.

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Burgeoning Trends in Banking & Insurance - Challenges and Opportunities

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Contemporary banking and insurance sector has come up with an assortment of initiatives that tilting to providing an enhanced customer services with the help of new-fangled technologies and opportunities. Banking and Insurance sector mirrors the larger economies its linkages to all sectors make it surrogate for what is episode in the economy as a whole. Banking and Insurance sector in our day has the same sagacity of exhilaration and opportunity that is evidence in the Indian Economy. The departing developments in the global markets offer so many opportunities to the banking and Insurance sector. In the cutthroat banking and insurance utterance upgrading day by day in patron services is the most useful contrivance for their enhanced escalation. Bank and insurance offers so countless changes to admittance their banking and insurance services.

Banks and Insurance theater an imperative task in the economic maturity of emergent countries. Economic progress involves investment in various sectors of the economy. The banks and insurance collect nest egg for investment in various projects. In normal banking and insurance the banks and insurance execute agency services for their customers and helps economic development of the country. The procure and sales securities, shares, make payments, receive subscription funds and collect utility bills for the Government sector. There for banks and insurance salt away time and energy of hectic peoples. Bank and insurance arranges foreign exchange for the business transactions with other countries. Banking and insurance sector are not minimally collecting funds but also serve as a guide to the customer about the investment of their money.

Objectives of study

➢ To explicate the shifting banking and insurance scenario
➢ To psychiatry of the impact of liberalization Privatization and Globalization.
➢ To elucidate the challenges of various banks and insurance in altering scenario.
➢ To cram the opportunities for the national banks and insurance sector in changing scenario in banking and Insurance.

Methodology of study

This study is based on the exploration of the changing scenario in banking and insurance in India with the help of secondary data collection.

Plagiaristic data

The secondary sources of data are banking and insurance books, annual reports of RBI, IRDA, internet (websites) and research papers etc.

Challenges faced by banking & insurance sector >

Patron Gratification

Today in banking and insurance sector patrons are more assessment tilting in their services because they have surrogate choices in it. So that each and every bank and insurance sector have to take concern about accomplish of our patrons gratification.

Afford numerous personnel services

The stipulated times demanded that banks are to endow with several services for which they have to span in service, social banking with financial potential, perceptive upgradation, computerization and innovative automation, enhanced customer services, effectual managerial ethnicity, domestic detention and control, passable fecundity, sturdy organization mores etc. Consequently banks and insurance must be able to afford inclusive personal service to the customer who comes with burgeoning.

Antagonism
The banks and insurance have the rivalry from foreign and new private sector banks and insurances. Competition in banking and insurance sector brings various challenges before the banks and insurance such as product positioning, pioneering dreams and channels, new market trends, cross selling’s ad at managerial and organizational part this system needs to be cope, assets and contain risk. Banks and insurance are restricting their administrative folio by converting manpower into contraption power i.e. banks and insurance are declining manual powers and getting ceiling work done through apparatus power. Skilled and dedicated man power is to be utilized and upshot tilting embattled staff will be appointed.

**Detention Technology**

Escalating the right technology, deploying it optimally and then leveraging it to the ceiling extent is imperative to accomplish and sustain elevated service and competence standards while lingering cost effective and delivering sustainable return to shareholders. Premature adopters of technology acquire momentous gung ho advances Managing technology is therefore, a key defy for the banking and insurance sector.

**Ancillary Challenges**

- Coping with dogmatic reforms.
- Evolution of dexterity of bank and insurance personnel.
- Punter vigilance and gratification.
- Corporate governance.
- Altering desires of clientele.
- Conviction space with technology up gradation.
- Lack of common technology standards for mobile banking and insurance.
- Sustaining healthy bottom lines and mounting shareholders value.
- Structural changes.
- Man power Planning.

**Opportunities provided by banking and insurance Sector**

**Rustic vicinity patrons**

Causative to 70% of the total populace in India is a largely fallow souk for banking and insurance sector. In all metropolitan areas banking and insurance services entered but only few big villages have the banks and insurance entered. Therefore, banks and insurance ought to reach in residual all villages because preponderance of Indian still living in rustic areas

**Offering various Channels**

Banks and insurance can offer so many channels to entrée their banking and insurance and other services such as ATM, Local branches, Telephone/mobile banking, E-banking, E-insurance, EFT and online payment, PFT, video banking and insurance etc to increase the banking and insurance business.

**Exceptional Client Services**

Tremendous customer services are the preeminent brand emissary for any bank and insurance for emergent its business. Every rendezvous with customer is an opportunity to amplify a patron conviction in the bank. While swelling rivalry customer services has become the spine for judging the recital of banks and insurance.

**Internet Banking**

It is coherent that online finance will hoist and there will be escalating junction in terms of product offerings banking and insurance services, share trading, loans, based on the data warehousing and data mining technologies. Anytime anywhere banking will become common and will have to elegant, such upscaleing could include banks and insurance debut separate internet banking and insurance services apart from traditional banking and insurance services.

**Auxiliary Opportunities**
✓ Penetrate new-fangled business and novel markets.
✓ Amplify innovative ways of working.
✓ Perquisite competency.
✓ Deliver elevated echelon of customer services.

Conclusion

To conclude, the emergent Indian banking and insurance sector with its brawny home
country linkages, seek a unique mishmash of Indian ethnicity and global standards that offers
a precious challenges opportunities for banks and insurance in burgeoning trends. The
prevalent challenges and opportunities for the Indian banking and insurance sector today is
the “Indian clientele”. Demographic shifts in terms of income level and cultural shifts in
terms of life style aspirations are changing the silhouette of the client. This will be a key
driver of economic growth going forward. The Indian clients now seek to fulfill his lifestyle
aspirations at a younger age with a finest permutation of equity and debt to finance
consumption and asset creation. The Indian punter represents a market for a wide range of
products and services he need a mortgage to finance his house, an auto loan for his car, a
credit card for ongoing purchases, a bank account, a long term investment plan to his child’s
higher education, pension plans for his retirement, a life insurance policy the possibilities are
endless and this end user does not live just in India’s top ten cities. He represents across
cities, towns and villages i.e. in rural areas.

Thus, Indian banking and insurance sector will entail to master an innovative business
model by edifice management and customer services. Indian banks and insurance should
bestow rigorous efforts to render enhanced services to their customer, Nationalized banks
and Insurance should trounce the challenges and to get pro of opportunities in changing
banking and insurance scenario.

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A STUDY ON JOB SATISFACTION AMONG BANK EMPLOYEES

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Introduction
A major part of man’s life is spent in work which is a social reality and social expectation to which man seem to confirm. Even then only economic motive has never satisfied men. It is always of greater interest to know why men work and at which level and how he/she satisfied with the job. With the opening up of the economy of Pakistan, a dramatic change has been observed both in manufacturing and in service sectors. This has brought higher employment opportunities, increases in income level, and changes in consumption pattern and consequently there emerges a competitive environment in the country. Particularly, the expansion in private banking business, along with customized services, has created a severe competition in this sector. This intense competition has made the service gap wider as private banks offer better services to their internal and external customers. This situation has created an urge to the bank policy makers to identify the basic reasons and brought them into consideration with job satisfaction issue. Employee satisfaction is thought to be one of the primary requirements of a well run organization and considered an imperative by all corporate managements. It is undeniable fact that the future of business enterprise depends upon the satisfaction level of its workforce. Dissatisfied workforces cause immediate problems only to their particular businesses.

Psychologists and sociologists have long been interested in the functions and significance of job attitudes (Hoppock, 1935). Job satisfaction is a primary aspect of job attitude. The most important evidence indicating the condition of the organization getting worse is the low rate of job satisfaction (Kaya, 1995). Thus the job satisfaction is essential pre-requisite for healthy organizational environment. Nonetheless, factors related to job satisfaction are relevant in the prevention of employee frustration and low job satisfaction because employees work harder and perform better provided they are satisfied with their jobs (Boltes et al., 1995; Brown et al., 1994 Manthe, 1976).

Job satisfaction is a heavily researched area of inquiry (Okpara, 2006). Locke (1976) defined job satisfaction as “a pleasurable or positive emotional state, resulting from the appraisal of one’s job.” Locke (1976) estimated that about 3,350 articles or dissertations had been written on jobs satisfaction.

Whereas, Oshagbemi (1996) suggested that if a full count of relevant articles and dissertations were made, would be doubled. In this era of globalization, growing economics, and improved technology are constantly presenting new challenges and creating new opportunities for people. Employees with higher degree of satisfaction and well committed are the most significant assets of any nation’s economy, and act as competitive advantage for long term. Schedule banks can be further classified into public sector banks (Provincial and Federal), Private sector banks, and foreign banks.

Methodology
Overall satisfaction has been taken as a dependant variable and various other factors like, salary, job security, recognition, work environment etc are considered as the independent variables. The main purpose of this study was to identify the job satisfaction of the bank employees of a Public and Private sector banks in Coimbatore region, to determine whether the sectoral differences in terms of growth, team spirit, work life balance, benefits, working environment and job security influence employee’s perception regarding job satisfaction. Bank employees in this study refer to Top executives, senior managers, and Middle-level-
managers. To achieve the objectives of the study, 200 surveys were sent in three main places in the Coimbatore region i.e., Peelamedu and Gandhi puram during the period of December–January 2011. In all, 144 returned and therefore the other are discarded; leaving 144 for analysis. All employees are aged between 25 to 60 years. The data were collected from four banks; two belong to the leading private sector other two belonging to the public sector. A structured questionnaire was adopted, which is a 5-point Likert Scale (1=Highly dissatisfied, 2=Dissatisfied, 3=somewhat satisfied, 4=satisfied, 5=Highly satisfied) was designed to test the impact of all the variables for this study. The questionnaire was divided into 2 sections: demographics and job satisfaction. The question covers job facets such as, promotion, pay, supervision, opportunities for learning, skill level and opportunities for growth. The data were analyzed using SPSS v.16 and interpreted for drawing.

Sample Characteristics

Tables I, II, III, and IV summarize the respondent organizations’ characteristics according to the working experience in the current organization and working positions of the respondents. About 50 percent of the respondent organizations were from private sector, while the rest were from public sector organizations. 61 percent of respondents have achieved Master’s degree before joining current organization and the remaining respondents joined after Bachelor’s degree. In addition, 55 percent respondents were male which clearly depicts that a striking number of female bank employees would provide healthy results. Finally, the sample constituted 17 Executive/Directors, 35 managers from senior management and 92 sub-managers from middle-level management.

<table>
<thead>
<tr>
<th>Table I: Respondent's gender</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sector</td>
</tr>
<tr>
<td>Private</td>
</tr>
<tr>
<td>Gender</td>
</tr>
<tr>
<td>47</td>
</tr>
<tr>
<td>32</td>
</tr>
<tr>
<td>TOTAL</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Table II: Experience in current organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sector</td>
</tr>
<tr>
<td>Private</td>
</tr>
<tr>
<td>Less than 1 yrs</td>
</tr>
<tr>
<td>1-5 yrs</td>
</tr>
<tr>
<td>6-10 yrs</td>
</tr>
<tr>
<td>11-15 yrs</td>
</tr>
<tr>
<td>TOTAL</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Table III: Designation of the Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sector</td>
</tr>
<tr>
<td>Private</td>
</tr>
<tr>
<td>Executive/ Director</td>
</tr>
<tr>
<td>Senior Management</td>
</tr>
<tr>
<td>Mid Level Management</td>
</tr>
<tr>
<td>TOTAL</td>
</tr>
</tbody>
</table>

Table IV: Respondent’s Income
| Sector | Private | Public | Total | |---|---|---|---|
| Less than Rs 25,000 | 1 | 8 | 9 | 6.3% |
| Rs 26,000 to 50,000 | 46 | 38 | 84 | 58.3% |
| Rs 51,000 to 75,000 | 18 | 17 | 35 | 24.3% |
| More than Rs. 75,000 | 7 | 9 | 16 | 1.1% |
| **TOTAL** | **72** | **72** | **144** | **100** |

**Table V: Salary versus Level of satisfaction**

| Sector | Private | Public | Total | |---|---|---|---|
| Highly dissatisfied | 1 | 5 | 6 | 4.1% |
| Dissatisfied | 10 | 15 | 25 | 17.5% |
| Somewhat satisfied | 21 | 29 | 50 | 34.7% |
| Satisfied | 33 | 20 | 53 | 37.6% |
| Highly satisfied | 7 | 3 | 10 | 7.1% |
| **TOTAL** | **72** | **72** | **144** | **100%** |

The above table clearly explains that employees of private banks are more satisfied than public sector employees. This may be because of fine salary packages along with additional benefits such as housing and car leasing for employees. Moreover, a total of 37% respondents were satisfied with their current salaries. In addition, 34% were also somewhat satisfied, while 7% were highly satisfied. Only 22% respondents were either dissatisfied or highly dissatisfied. The result clearly indicated that a significant majority comprising 78% is satisfied with their current salary packages. This may be linked to satisfactory.

**Table VI: Recognition for contribution and level of satisfaction**

| Sector | Private | Public | Total | |---|---|---|---|
| Highly dissatisfied | 2 | 6 | 8 | 5.5% |
| Dissatisfied | 4 | 10 | 14 | 9.6% |
| Somewhat satisfied | 26 | 25 | 51 | 35.4% |
| Satisfied | 32 | 29 | 61 | 43.4% |
| Highly satisfied | 8 | 2 | 10 | 7.1% |
| **TOTAL** | **72** | **72** | **144** | **100** |

Private sector employees were satisfied for the recognition and status they received against their services while public sector employees were found less satisfied. This may be because performance appraisal systems and HR work smoothly in the private sector and public sector is being influenced with the bureaucracy. Overall, 42% respondents were satisfied while 7% highly satisfied. Respondents who were just satisfied with the conditions reside at 35%. A total of 15% respondents fall in dissatisfaction.
Public sector employees were found to be satisfied with the job security while there is uncertainty among private sector employees. This may be because mostly private banks issue contracts except for executives or directors. In addition, private bank jobs are goal oriented where every employee has to meet certain goals within the time limit e.g., raising deposits, credit cards issuance etc. In addition, failing to achieve targets leads to threat of elimination. Therefore employees do remain in state of depression and feel insecure. Overall, 54% respondents were satisfied with the job security while a further 22% were somewhat satisfied. A total of 14% were among dissatisfies and remaining 10% were highly satisfied in feeling their jobs as secure for long-term.

The above table clearly demonstrates that employees of public banks are more satisfied than private sector employees. Additionally, a good number of respondents were at just satisfaction level in private banks as compared to public sector employees. This may be because of fine salary packages along with additional benefits such as housing and car leasing for employees. Moreover, a total of 45% respondents were totally satisfied with the benefits. In addition, 33% were also somewhat satisfied, while 5% were highly satisfied. Only 16.6% respondents were either dissatisfied or highly dissatisfied. The result clearly indicated that a significant majority are satisfied with their current salary packages.

Correlation Analysis
Correlation is a statistical tool which can determine the strength and direction of relationship between two variables. The value of correlation ranges from +1 to -1 and both these values show strong positive and negative relationships. While the value 0 show no relationship.

Table X: Correlations

<table>
<thead>
<tr>
<th></th>
<th>Recognition</th>
<th>Salary</th>
<th>Benefits</th>
<th>Job security</th>
<th>Over all Job Satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recogniti</td>
<td>Pearson</td>
<td>.158</td>
<td>.001</td>
<td>.124</td>
<td>.251(**</td>
</tr>
</tbody>
</table>
**Correlation is significant at the 0.01 level (2-tailed). * Correlation is significant at the 0.05 level (2-tailed).

The table shows the correlation between Salary, Job security, Benefits and overall job satisfaction. The value of correlation coefficient for salary, with overall satisfaction is 0.374, which shows a positive but weak to moderate relationship of variable with overall job satisfaction.

The value of correlation coefficient for recognition is 0.251, which shows a weak to moderate but positive relationship with job satisfaction among the variable. This relationship is significant at α 0.01. The table shows that job security and salary (.217 at α 0.01) are significantly associated.

**Conclusion**

The comparisons of all the mean values highlight a higher level of job satisfaction in private bank employees than does the public banks. The fact is expressed by the differences of the overall job satisfaction in public and private bank employee. The average pay of private sector bank employees is greater than public sector bank employees. The reasons for this difference in job satisfaction between private and public sector bank employees might mainly be related to the bank’s salary, efficiency in work, fringe benefits, supervision quality, and coworker relations. The findings of the study indicates that the sectoral differences in terms of salary, promotion, job security, recognition and benefits play a significant role in influencing one’s perception of job satisfaction. Furthermore, the present study attempts to enrich the existing knowledge base in the area of job satisfaction in banking sector (both public and private). The public sector bank needs to introduce new pay system based on merit, to incase employee’s pay satisfaction. Human resources practices regardless of sector (public or private) must be effectively and fairly used to enrich employee’s job. Furthermore, private sector bank employee’s reported dissatisfaction in term of job security. To overcome this obstacle private sector banks need to introduce special schemes related retirement, pension, gratuity and other benefits to enhance the employee’s sense regarding job security in effort to increase organizational commitment which in turn will lead to employee’s commitment and high degree of satisfaction.
Introduction
The term job satisfaction has been interpreted in many ways. Job satisfaction emphasis on all the Feelings that an individual has about their job. The happier people are within their job, the more satisfied they are said to be. It is defined by Spector as "the extent to which people like (satisfaction) or dislike (dissatisfaction) their jobs" [1] It is said that highly satisfied employee will contribute maximum towards achieving the organizational goal which is possible with the contribution of both employees and employers. It is very important on the part of employer to keep the employee satisfied in order to achieve organization’s goal. The focus of this study is to determine the impact of various human resource management practices like job autonomy, team work, environment and leadership behavior on job satisfaction. It also investigates the major changes in the performance of the banking sector and its contribution to the organizational goal . In this era of globalization, growing economies, and improved technology are constantly presenting new challenges and creating new opportunities for people. Employees with higher degree of satisfaction and well committed are the most significant assets of any nation’s economy, and act as competitive advantage for long term.

Statement of problem
Job satisfaction is in regard to one's feelings or state-of-mind regarding the nature of their work. Job satisfaction can be influenced by a variety of factors, e.g, the quality of one's relationship with their supervisor, the quality of the physical environment in which they work, degree of fulfillment in their work[5]. This paper throws light on contribution of employees and employers towards job satisfaction and its impact on achieving the organizational goal of public Banks in Bangalore city. Banks are considered as back bone of the developing nations and its contribution to nation depends on satisfaction of employees. The research information is collected by using questionnaire survey and scheduling method. The research is conducted on at least five banks in Bangalore city.[2]

Objective
- To study and understand the level of job satisfaction among bank employees in Bangalore city
- To study and know about contributions made by employers towards employee’s job satisfaction
- Impact of job satisfaction on achieving organizational goal

Limitations
- The research is geographically limited to banks in Bangalore city.
- The research exercise has been conducted in limited duration, hence in detailed study could not be made
- The findings and conclusions are drawn on the information provided by the respondents on their knowledge and experience which may be biased

Research Methodology:
The primary data is collected through a comprehensive questionnaire method, schedules and personal interviews with the respondents. Secondary data is collected from various past sources given in reference such as journals, periodicals, magazines and various websites. The various tools used to analyze the data are the bar diagrams, pie-charts and tables.

Sample:
The research consists of 50 respondents from 5 different banks in the city of Bangalore. The 5 banks are namely the State Bank of India, Apex Bank, State Bank of Mysore, Syndicate Bank and Apex Bank (R.T.Nagar).

**ANALYSIS & INTERPRETATION:**

<table>
<thead>
<tr>
<th>Table 1</th>
<th>The level of excellence of the working environment in the banks.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rates</td>
<td>No. of respondents</td>
</tr>
<tr>
<td>Excellent</td>
<td>20</td>
</tr>
<tr>
<td>Very Good</td>
<td>30</td>
</tr>
<tr>
<td>Good</td>
<td>0</td>
</tr>
<tr>
<td>Satisfactory</td>
<td>0</td>
</tr>
<tr>
<td>Poor</td>
<td>0</td>
</tr>
</tbody>
</table>

Source - Primary data

Working environment plays a vital role in any employee’s work life. It is the main factor which helps creating source of satisfaction and motivation. In any organization work environment helps to achieve its goals and objectives. Out of the 50 respondents, 60% i.e. 30 people voted the working environment as being very good whereas 40% i.e. 20 people rated it as excellent.

<table>
<thead>
<tr>
<th>Table 2</th>
<th>The security of jobs in public sector banks.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rates</td>
<td>No of respondent</td>
</tr>
<tr>
<td>Excellent</td>
<td>32</td>
</tr>
<tr>
<td>Very Good</td>
<td>12</td>
</tr>
<tr>
<td>Good</td>
<td>6</td>
</tr>
<tr>
<td>Satisfactory</td>
<td>0</td>
</tr>
<tr>
<td>Poor</td>
<td>0</td>
</tr>
</tbody>
</table>

Source - Primary data

For any employee security comes before all the needs after their physical needs are met. According to Maslow’s hierarchy theory safety is very necessary especially in terms of job security in order to keep them motivated and satisfied. When questioned about the security of their jobs, 32 participants i.e. 64% of the total participants said it was excellent whereas 12 participants said it was very good and only 12% i.e. 6 participants said it was just good.

<table>
<thead>
<tr>
<th>Table 3</th>
<th>Smooth relationship with co workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rates</td>
<td>No of respondent</td>
</tr>
<tr>
<td>Excellent</td>
<td>24</td>
</tr>
<tr>
<td>Very Good</td>
<td>36</td>
</tr>
<tr>
<td>Good</td>
<td>0</td>
</tr>
<tr>
<td>Satisfactory</td>
<td>0</td>
</tr>
<tr>
<td>Poor</td>
<td>0</td>
</tr>
</tbody>
</table>

Source - Primary data

Man being the social animal, sense of belongingness is very essential. Humans need to feel a sense of belonging and acceptance whether it is in the large social groups or small. If the relationship among co-workers is smooth the employee automatically will be self motivated and satisfied. When asked about the relationship with co-workers 48% (24 respondents)
claimed it was excellent, whereas the other 52% (36 respondents) had a very good relationship.

Table 4
The level of satisfaction of the employees in their banks

<table>
<thead>
<tr>
<th>No of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excellent</td>
<td>22</td>
</tr>
<tr>
<td>Very Good</td>
<td>20</td>
</tr>
<tr>
<td>Good</td>
<td>8</td>
</tr>
<tr>
<td>Satisfactory</td>
<td>0</td>
</tr>
<tr>
<td>Poor</td>
<td>0</td>
</tr>
</tbody>
</table>

Source-Primary data

It is said that the satisfied employee contributes highly to his/her organization. Human wants are unlimited and very difficult to satisfy all the needs, Maslow’s theory helps us to understand various levels of needs of an employee and when each need is met he will have the greater level of satisfaction. Thus contributing to achieve organizational goal. The level of satisfaction from their job was Excellent for 22 respondents (44%), Very good for 20 respondents (39%) and Good for 8 respondents (17%)

Table 5
The appreciation and reward in banks.

<table>
<thead>
<tr>
<th>No of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excellent</td>
<td>14</td>
</tr>
<tr>
<td>Very Good</td>
<td>18</td>
</tr>
<tr>
<td>Good</td>
<td>10</td>
</tr>
<tr>
<td>Satisfactory</td>
<td>4</td>
</tr>
<tr>
<td>Poor</td>
<td>4</td>
</tr>
</tbody>
</table>

Source-Primary data

Appreciation is one of the important motivating factors. These are issues such as achievement, recognition, the work itself, responsibility and advancement. According to herzberg’s theory these are the motivators which promotes job satisfaction and encourage production. The response from the participants for Appreciation & rewards in their jobs 28% of them voted for Excellent, 35% voted for Very good, 21% voted as Good whereas Satisfactory & Poor got 8% votes each.

Table 6
Employee receiving word of appreciation in every 7 days.

<table>
<thead>
<tr>
<th>Rating</th>
<th>No of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excellent</td>
<td>8</td>
<td>16%</td>
</tr>
<tr>
<td>Very Good</td>
<td>12</td>
<td>24%</td>
</tr>
<tr>
<td>Good</td>
<td>16</td>
<td>32%</td>
</tr>
<tr>
<td>Satisfactory</td>
<td>8</td>
<td>16%</td>
</tr>
<tr>
<td>Poor</td>
<td>6</td>
<td>12%</td>
</tr>
</tbody>
</table>

Source-Primary data

A good word of mouth is one of the powerful tool for motivating employees, an appreciation from supervisor increases the motivation of employee and thereby increases the efficiency.
and morale of the workers. When enquired about words of appreciation from seniors, 8 participants said it was excellent, 12 said it was very good, 16 people got good appreciation but 8 & 6 participants got Satisfactory & Poor appreciation.

Table 7

Incentive satisfaction level

<table>
<thead>
<tr>
<th>Ratings</th>
<th>No of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excellent</td>
<td>4</td>
<td>8%</td>
</tr>
<tr>
<td>Very Good</td>
<td>12</td>
<td>24%</td>
</tr>
<tr>
<td>Good</td>
<td>18</td>
<td>36%</td>
</tr>
<tr>
<td>Satisfactory</td>
<td>8</td>
<td>16%</td>
</tr>
<tr>
<td>Poor</td>
<td>8</td>
<td>16%</td>
</tr>
</tbody>
</table>

Source-Primary data

For most of the workers the key factor for satisfaction is remuneration. Time is another factor to be considered in regard to incentives, though timely payment of incentives doesn’t motivate employee it leads for dissatisfaction which in turn affects the organizational goal. The participants were asked to comment on the Incentives they received. Only 8% said it was Excellent. The most votes were for Good i.e. 36%. Also 16% said it was poor.

Table 8

The effective employee appraisal systems in banks.

<table>
<thead>
<tr>
<th>Ratings</th>
<th>No of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excellent</td>
<td>10</td>
<td>20%</td>
</tr>
<tr>
<td>Very Good</td>
<td>20</td>
<td>40%</td>
</tr>
<tr>
<td>Good</td>
<td>12</td>
<td>24%</td>
</tr>
<tr>
<td>Satisfactory</td>
<td>4</td>
<td>8%</td>
</tr>
<tr>
<td>Poor</td>
<td>4</td>
<td>8%</td>
</tr>
</tbody>
</table>

Source-Primary data

Employee appraisal is a way to review the performance and potential staff in an organization, by which the employee can measure his/her actual performance compared to standards required. The Employee Appraisal in Banks also got a mixed response with most of the participants (40%) voicing it as Very good, Also 40% of the participants were divided in Good, Satisfactory & Poor.

Findings:
1. The satisfaction of the employees depends on their working environments, by the study it is clear that the working environment is adaptable in public sector banks as 40% of the respondents have told their working environment is excellent and 60% agrees it to be very good.
2. Security plays a major role in a job which leads to greater level of motivation among the employees, security level in the public sector banks are high as respondents are satisfied by giving review as 66% of excellence, 26% as very good and 8% as good.
3. As the appraisals are very important in satisfying the employees and boosting their morale, in public sectors banks the appraisal system is centralized and there are no bias as such with regard to promotions and incentives. Employees get their monetary appraisals as in specified intervals of time and officer level employees have lots of
opportunities to get promoted. The job rotation measure also keeps the boredom of the employees in check.

4. As most of the basic needs are met by the public sector banks such as psychological, safety, recognition and appraisals most of the employees working in public sector banks are very satisfied with their works. The study states that 44% of the employee are highly satisfied, 39% employees are satisfied and 17% employees agree that they have good level of satisfaction.

5. The managers of the public sector banks are highly satisfied working in the banks as they had ample amount of opportunities and experiences.

Conclusions:

Job satisfaction is an emotional response to a job situation it is often determined by how well outcome meet or exceed expectations. As per the researchers study on this paper, it would be concluded that job satisfaction is very important for any organization and so it is for banking sector. The management needs to concentrate on the security, appraisal, incentives and rewards to keep the employee satisfied and achieve the organization goal to the fullest level

*****
WORKING PAPER ON MORTGAGE CRISIS AND IT'S EFFECTS ON INDIAN ECONOMY

KRISHNA.B.S
THE NATIONAL DEGREE COLLEGE (BASAVANAGUDI)

Introduction
Subprime is the cause of USA Economy slow down. It is the very popular news among everyone and it has become very serious than expected. It caused more damage to all the industries especially Banking, Insurance and Automobile sectors. Subprime crisis caused big loss to the banks and now it is affecting the other industries like Auto Mobile companies (GM, Ford, etc.). In this paper I will write about what exactly is the Subprime crisis and why USA banks created such a big mistake in their era. Some experts comparing this disaster with the 1930 Economy slow down in the USA.

Subprime lending
Subprime Mortgage Loans (or housing loans or junk loans) are very risky. But since profits are high where the risk is high, a lot of lenders get into this business to try and make quick money. These loans were given to people who were unable to repay the earlier loan by rescheduling repayment even when they were unable to repay. For example, a person who was employed in an IT Company earning Rs.40,000 per month and without having any other income or assets. When the bank gives him loan of some Lakhs, the loan repayment would initially be very low as he would be paying only interest and later interest and principal. This way the burden was shifted to a later date. If he lose the job, there is no possibility for him to repay the loan, he will just surrender the house to bank and go away. The value of the mortgaged property also could not be sold in the market due to the over valuation of the property by brokers for earning high commission and incentives. This is the one simple example how Subprime crisis started.

Another important banking tenet which was overlooked was retaining margins on loan amounts. This took away a small safety net that was available to the lender.

Understanding the risks types involved in the subprime crisis
The reasons for this crisis are varied and complex. Understanding and managing the ripple effect through the worldwide economy poses a critical challenge for governments, businesses, and investors. The crisis can be attributed to a number of factors, such as the inability of homeowners to make their mortgage payments; poor judgment by the borrower and/or the lender; and mortgage incentives such as "teaser" interest rates that later rise significantly. Further, declining home prices have made refinancing more difficult. As a result of financialization and innovations in securitization, risks related to the inability of homeowners to meet mortgage payments have been distributed broadly, with a series of consequential impacts. There are five primary categories of risk involved:

1. **Credit risk:** Traditionally, the risk of default (called credit risk) would be assumed by the bank originating the loan. However, due to innovations in securitization, credit risk is frequently transferred to third-party investors. The rights to mortgage payments have been repackaged into a variety of complex investment vehicles, generally categorized as mortgage-backed securities (MBS) or collateralized debt obligations (CDO). A CDO, essentially, is a repacking of existing debt, and in recent years MBS collateral has made up a large proportion of issuance. In exchange for purchasing MBS or CDO and assuming credit risk, third-party investors receive a claim on the mortgage assets and related cash flows, which become collateral in the event of default. Another method of safeguarding against defaults is the credit default swap, in
which one party pays a premium and the other party pays them if a particular financial instrument defaults.

2. **Asset price risk**: MBS and CDO asset valuation is complex and related "fair value" or "mark to market" accounting is subject to wide interpretation. The valuation is derived from both the collectibility of subprime mortgage payments and the existence of a viable market into which these assets can be sold, which are interrelated. Rising mortgage delinquency rates have reduced demand for such assets. Banks and institutional investors have recognized substantial losses as they revalue their MBS downward. Several companies that borrowed money using MBS or CDO assets as collateral have faced margin calls, as lenders executed their contractual rights to get their money back. There is some debate regarding whether fair value accounting should be suspended or modified temporarily, as large write-downs of difficult-to-value MBS and CDO assets may have exacerbated the crisis.

3. **Liquidity risk**: Many companies rely on access to short-term funding markets for cash to operate (i.e., liquidity), such as the commercial paper and repurchase markets. Companies and structured investment vehicles (SIV) often obtain short-term loans by issuing commercial paper, pledging mortgage assets or CDO as collateral. Investors provide cash in exchange for the commercial paper, receiving money-market interest rates. However, because of concerns regarding the value of the mortgage asset collateral linked to subprime and Alt-A loans, the ability of many companies to issue such paper has been significantly affected. The amount of commercial paper issued as of 18 October 2007 dropped by 25%, to $888 billion, from the 8 August level. In addition, the interest rate charged by investors to provide loans for commercial paper has increased substantially above historical levels.

4. **Counterparty risk**: Major investment banks and other financial institutions have taken significant positions in credit derivative transactions, some of which serve as a form of credit default insurance. Due to the effects of the risks above, the financial health of investment banks has declined, potentially increasing the risk to their counterparties and creating further uncertainty in financial markets. The demise and bailout of Bear Stearns was due in-part to its role in these derivatives.

5. **Systemic risk**: The aggregate effect of these and other risks has recently been called systemic risk. According to Nobel laureate Dr. A. Michael Spence, "systemic risk escalates in the financial system when formerly uncorrelated risks shift and become highly correlated. When that happens, then insurance and diversification models fail. There are two striking aspects of the current crisis and its origins. One is that systemic risk built steadily in the system. The second is that this build-up went either unnoticed or was not acted upon. That means that it was not perceived by the majority of participants until it was too late. Financial innovation, intended to redistribute and reduce risk, appears mainly to have hidden it from view. An important challenge going forward is to better understand these dynamics as the analytical underpinning of an early warning system with respect to financial instability."

**Impact of the crisis on the Indian economy**

**Offshoot of Globalized Economy**: With the increasing integration of the Indian economy and its financial markets with rest of the world, there is recognition that the country does face some downside risks from these international developments. The risks arise mainly from the potential reversal of capital flows on a sustained medium term basis from the projected slow down of the global economy, particularly in advanced economies, and from some elements of potential financial contagion. In India, the adverse effects have so far been mainly in the
equity markets because of reversal of portfolio equity flows, and the concomitant effects on the domestic Forex market and liquidity conditions. The macro effects have so far been muted due to the overall strength of domestic demand, the healthy balance sheets of the Indian corporate sector, and the predominant domestic financing of investment.

It has been recognized by the Prime Minister of India that “...it is a time of exceptional difficulty for the world economy. The financial crisis, which a year ago, seemed to be localized in one part of the financial system in the US, has exploded into a systemic crisis, spreading through the highly interconnected financial markets of industrialized countries, and has had its effects on other markets also. It has choked normal credit channels, triggered a worldwide collapse in stock markets around the world. The real economy is clearly affected. ...Many have called it the most serious crisis since the Great Depression.”

(b) Impact on Stock and Forex Market
In India, there is serious concern about the likely impact on the economy of the heavy foreign exchange outflows in the wake of sustained selling by FIIs on the bourses and withdrawal of funds will put additional pressure on dollar demand. The availability of dollars is affected by the difficulties faced by Indian firms in raising funds abroad. This, in turn, will put pressure on the domestic financial system for additional credit. Though the initial impact of the financial crisis has been limited to the stock market and the foreign exchange market, it is spreading to the rest of the financial system, and all of these are bound to affect the real sector. Some slowdown in real growth is inevitable.

(c) Impact on the Indian Banking System
One of the key features of the current financial turmoil has been the lack of perceived contagion being felt by banking systems in emerging economies, particularly in Asia. The Indian banking system also has not experienced any contagion, similar to its peers in the rest of Asia.

The Indian banking system is not directly exposed to the sub-prime mortgage assets. It has very limited indirect exposure to the US mortgage market, or to the failed institutions or stressed assets. Indian banks, both in the public sector and in the private sector, are financially sound, well capitalised and well regulated. The average capital to risk-weighted assets ratio (CRAR) for the Indian banking system, as at end-March 2008, was 12.6 per cent, as against the regulatory minimum of nine per cent and the Basel norm of eight per cent.

A detailed study undertaken by the RBI in September 2007 on the impact of the sub-prime episode on the Indian banks had revealed that none of the Indian banks or the foreign banks, with whom the discussions had been held, had any direct exposure to the sub-prime markets in the USA or other markets. However, a few Indian banks had invested in the collateralised debt obligations (CDOs)/bonds which had a few underlying entities with sub-prime exposures. Thus, no direct impact on account of direct exposure to the sub-prime market was in evidence.

Consequent upon filing of bankruptcy by Lehman Brothers, all banks were advised to report the details of their exposures to Lehman Brothers and related entities both in India and abroad. Out of 77 reporting banks, 14 reported exposures to Lehman Brothers and its related entities either in India or abroad. An analysis of the information reported by these banks revealed that majority of the exposures reported by the banks pertained to subsidiaries of Lehman Brothers Holdings Inc., which are not covered by the bankruptcy proceedings. Overall, these banks’ exposure especially to Lehman Brothers Holdings Inc. which has filed for bankruptcy is not significant and banks are reported to have made adequate provisions. In the aftermath of the turmoil caused by bankruptcy, the Reserve Bank has announced a series of measures to facilitate orderly operation of financial markets and to ensure financial
stability which predominantly includes extension of additional liquidity support to banks. Dr. Rakesh Mohan, Deputy Governor, RBI, “Global Financial Crisis and Key Risks: Impact on India and Asia” remarks made at IMF-FSF High-Level Meeting on the Recent Financial Turmoil and Policy Responses at Washington D.C. on October 9, 2008

(iii) **Indian Economic Outlook:** India is experiencing the knock-on effects of the global crisis, through the monetary, financial and real channels – all of which are coming on top of the already expected cyclical moderation in growth. Our financial markets – equity market, money market, Forex market and credit market – have all come under pressure mainly because of what we have begun to call 'the substitution effect' of:

(i) Drying up of overseas financing for Indian banks and Indian corporates
(ii) Constraints in raising funds in a bearish domestic capital market; and
(iii) Decline in the internal accruals of the corporates. All these factors added to the pressure on the domestic credit market. Simultaneously, the reversal of capital flows, caused by the global de-leveraging process, has put pressure on our Forex market. The sharp fluctuation in the overnight money market rates in October 2008 and the depreciation of the rupee reflected the combined impact of the global credit crunch and the de-leveraging process underway.

In brief, the impact of the crisis has been deeper than anticipated earlier although less severe than in other emerging market economies. The extent of impact on India should have been far less keeping in view the fact that our financial sector has had no direct exposure to toxic assets outside and its off balance sheet activities have been limited. Besides, India’s merchandise exports, at less than 15 per cent of GDP, are relatively modest. Despite these positive factors, the crisis hit India has underscored the rising trade in goods and services and financial integration with the rest of the world.

Overall, the Indian economic outlook is mixed. There is evidence of economic activity slowing down. Real GDP growth has moderated in the first half of 2008/09. Industrial activity, particularly in the manufacturing and infrastructure sectors, is decelerating. The services sector too, which has been our prime growth engine for the last five years, is slowing, mainly in construction, transport & communication, trade and hotels & restaurants subsectors.

The financial crisis in the advanced economies and the slowdown in these economies have some adverse impact on the IT sector. According to the latest assessment by the NASSCOM, the software trade association, the developments with respect to the US financial markets are very eventful, and may have a direct impact on the IT industry. About 15 per cent to 18 per cent of the business coming to Indian outsourcers includes projects from banking, insurance, and the financial services sector which is now uncertain.

For the first time in seven years, exports had declined in absolute terms in October. Data indicate that the demand for bank credit is slackening despite comfortable liquidity. Higher input costs and dampened demand have dented corporate margins while the uncertainty surrounding the crisis has affected business confidence.

On the positive side, on a macro basis, with external savings utilisation having been low traditionally, between one to two per cent of GDP, and the sustained high domestic savings rate, this impact can be expected to be at the margin. Moreover, the continued buoyancy of foreign direct investment suggests that confidence in Indian growth prospects remains healthy. Inflation, as measured by the wholesale price index, has fallen sharply, and the decline has been sustained for the past few months. Clearly, the reduction in prices of petrol and diesel announced in the past months should further ease inflationary pressures.

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Training and development in banks – With reference to AXIS BANK

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“Training is any process by which the aptitudes, skills and abilities of employees to perform specific jobs are increased. On the other hand, education is the process of increasing the general knowledge and understanding of employees.” – Michael J. Jucious. Training is the process of increasing the knowledge and skills for doing a particular job. It is an organized procedure by which people learn knowledge and skill for a definite purpose. The purpose of training is basically to bridge the gap between job requirements and present competence of an employee. Training is aimed at improving the behavior and performance of a person. It is a never ending and continuous process. Training is closely related with education and development but needs to be differentiated from these terms.

The training and development of employees does not happen in isolation and is linked in some way with all the aspects of banking sector. Where “training ends and development begins” is a very blurred line, they have been treated as largely indistinguishable. Where there is a difference it is mainly in terms of emphasis. Training is concerned with equipping staff to carry out their responsibilities to the required standard in the present position, whereas development is concerned with giving individuals the necessary knowledge, skills and experience to enable them to undertake greater and more demanding roles and responsibilities in their career.

“The growth or realization of a person’s ability through conscious or unconscious learning is known as development. Development programmes usually include elements of planned study and experience, and are frequently supported by a coaching or counseling facility” - Manpower Services Commission.

The following are the essentials for conducting a training programme:
- Job requirements
- Technological changes
- Organizational viability
- Internal mobility

Training and development in Axis Bank including performance appraisal

The training given to the employees of Axis Bank is based on the requirement or the entry behavior and the educational qualification and skill. The categories are:
- Fresher Training and
- Existing employees training

Fresher training programme

This training is given to the fresh recruits who do not have any basic knowledge about the work, banking hours, and the operating activities carried out in the bank.

A one week induction programme is given for all freshers in two areas.
- Sales
- Operations

In the sales training programme the following are the areas focused.

a) Product Knowledge

The various deposit plans and loans schemes offered by the bank along with the interest rates, repaying schedules in case of loans and advances, procedure followed for opening of new account, uses of credit and debit cards banking regulations, etc. are explained to them in detail which helps them to do their work with care and concern.
b) KYC (Know Your Customer) Guidelines
This programme gives training about the existing account holders and their roles in the bank. This helps to know about the customers who are having account from a very long period and their relation ship with the bank. This also gives information about the volume of transactions and their importance in the bank. This is very useful to the employees to approach the customers. The KYC guidelines also give information about the various needs of the customers and helps to develop the new plans.

c) Selling techniques
The employees should undergo the training to launch their products and attain their target. The training will be given to the employees to approach the customers, gives information about the schemes, how to attract the customers towards their products, etc. This is very helpful to the employees to attain their goals.

d) Career
Under this the employees are well motivated to achieve their objectives. Their roles and responsibilities are explained to the employees. Their career path is explained to them. Their confirmation process and next level are well explained to the employees and provides suggestions to attain the next level.

The following areas are focused under the operations training.

a) Product training
The training is based on the employees' roles and responsibilities. According to their designation the employees are trained to handle the customers and their functions.

b) Finacle training
The employees are trained to work in the software. The software training will be given to all the employees when new software is introduced. The training will also be given to employees when they are rewarded with a promotion or when they go for a deputation.

c) Banking Rules and regulations
It is very important that every employee should have much knowledge about the rules and regulations of the bank, because all the employees should abide by the rules and regulations of the bank. The training is given to all the employees of the bank.

Existing Employees training programme
Before deciding the training programme for the existing employees, the performance appraisal is done. On the basis of the performance appraisal the training area and focus will be decided.

The MBO technique is used in the Axis Bank for making performance appraisal. Under this technique the following steps are taken

- Set organization goals
- Defining performance targets
- Performance review
- Feed back

It is based on the financial year performance. Software, named HRMS in human resource department is used for this purpose. The KRA (key result area) is uploaded for every employee in that software. Targets were fixed to each and every employee according to their designation.
The targets may change according to their roles and responsibilities. The goals are periodically reviewed and business reports were sent to all the employees. This business report contains the employees' target and their achievements against the target. This business report is very much useful to the employees to have a review about their performance. The employee can access his progress and weaknesses and constraints are identified and steps to be taken to improve their performance are decided.

After completion of the financial year, the performance appraisal will be done by the branch manager. After every performance review, feedback of performance is communicated to the employee. So that he can regulate and improve upon his own performance. On the basis of the rating the manager will decide the employee's promotion and increment. The better performed employees are eligible for promotion and the least performer will undergo training. The least performers' performance were analyzed and their constraints are identified. The training areas for the existing employees are decided according to their review of performance.

If an employee is not satisfied with the rating, he may upload a complaint on the "grievance committee". The training will be take place on the basis of the bank manager's decision. He will suggest the area of training to the employees by observing their performance. The employees may also suggest to the HR departments regarding their training needs, and also the employee can enter their training requirements in HRMS software. The separate committee is functioning in the bank named "grievance committee" for scrutinizing and to overcome the grievance faced by the employees. The updated complaint in the grievance committee will be reviewed and new rating will be given to the employees. Other than the least performer, other existing employees may undergo for training. The training is given under the following areas:

1) New product awareness
2) Periodical training on various track
3) Finacle training.
4) Sales skills training
5) Training of telephone staff
6) Behavioral competence

a) New Product awareness
The awareness is provided to the employees about their new launching products and services. All the necessary information's are given to the employees to handle the new products and they are trained to suggest the customers about the same.

b) Periodical training on various track
A refreshing training is given to all the employees towards various tracks to update themselves. The periodical training is given in continuation of the review about their prior performance and suggestions are given to improve them.

c) Finacle training
The training is focused on the software area to handle the operations. This training is useful to know about any updation in the software.

d) Sales skills training
Is a motivational training programme based around role plays and individual activity and focus on establishing and maintaining high levels of enthusiasm and energy within the bank. This includes exceeding customer expectations understanding customer service principles in retail banking, effective selling techniques and how to exceed the personal performance objectives.
e) Training of telephone staff
   The training is given on the behavioral psychology, the way in which telephonic conversations could be made effectively and best practice in telephone sales and service skills.

f) Behavioral competence
   The training is given to the staff by which they can achieve a more effective outcome by adopting certain conversational styles and behave better with the customer.

These are the various training and development programmes provided by the bank for developing the employees’ ability and build a healthy organization structure. The middle manager’s training and executive training is also conducted in the banks.

**Conclusion**

Training and Development helps in optimizing the utilization of human resource that further helps the employee to achieve the organizational goals as well as their individual goals. Training and Development helps to provide an opportunity and broad structure for the development of human resources’ technical and behavioral skills in an organization. It also helps the employees in attaining personal growth. Training and Development helps in increasing the job knowledge and skills of employees at each level. It helps to expand the horizons of human intellect and an overall personality of the employees.

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PRACTICE OF PSYCHOMETRIC TESTING IN BANKING SECTOR FOR HUMAN CAPITAL MANAGEMENT – AN EXPLORATORY STUDY

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Origin:
Psychometric testing is derived from Greek word, where psyche means mind and metron means measure. In other words, testing of mental ability such as IQ is known as psychometric test. It also includes the use of tests to measure interests, attitudes and personality. (www.cpp.com). Much of the early theoretical and applied work in psychometrics was undertaken in an attempt to measure intelligence. Francis Galton, often referred to as "the father of psychometrics", devised and included mental tests among his anthropometric measures. More recently, psychometric theory has been applied in the measurement of personality, attitudes, and beliefs, and academic achievement. The first psychometric instruments were designed to measure the concept of intelligence. The best known historical approach involved the Stanford-Binet IQ test, developed originally by the French psychologist Alfred Binet. Intelligence tests are useful tools for various purposes. Psychometrics is applied widely in educational assessment to measure abilities in domains such as reading, writing, and mathematics. The main approaches in applying tests in these domains have been Classical Test Theory and the more recent Item Response Theory and Rasch measurement models. ‘PT’ is simply a standardized, objective measure of a sample behavior. It is standardized because the procedure of administering the test, the environment in which the test is taken, and the method of calculating the individual score are uniformly applied. It is called objective because a good test measures the individual differences in an unbiased, scientific manner without the interference of extraneous factors. (Rituraj Kumar, 2007).

1. What Are Psychometric Tests?
Measuring attributes like height, weight, and strength is reasonably simple. These are all physical and observable traits that you can assess objectively. But what about factors that aren't so easy to measure? Psychometric tests include personality profiles, reasoning tests, motivation questionnaires, and ability assessments. These tests try to provide objective data for otherwise subjective measurements. For example, if you want to determine someone's attitude, you can ask the person directly, observe the person in action, or even gather observations about the person from other people. However, all of these methods can be affected by personal bias and perspective. By using a psychometric test, you make a more objective and impartial judgment. Since objectivity is key to using these assessments, a good psychometric test provides fair and accurate results each time it's given. To ensure this, the test must meet these three key criteria:

A) Standardization – The test must be based on results from a sample population that's truly representative of the people who'll be taking the test. You can't realistically test every working person in a country.

B) Reliability – The test must produce consistent results, and not be significantly influenced by outside factors. For instance, if you're feeling stressed when you take the test, the test results shouldn't be overly different from times when you were excited or relaxed.

C) Validity – This is perhaps the most important quality of a test. A valid test has to measure what it's intended to measure. If a test is supposed to measure a person's interests, then it must clearly demonstrate that it does actually measure interests, and
2.1. There are two main types of psychometric tests:
1. **Ability Tests** – Measure your ability to perform or carry out different tasks.
2. **Personality Questionnaires** - Measure your way of doing things, and specifically the way you interact with your environment and other people. (www.psychometric-success.com)

1.2. What Do Psychometric Tests Measure?

Psychometric tests can measure interests, personality, and aptitude.

A) **Interest** tests measure how people differ in their motivation, values, and opinions in relation to their interests.

B) **Personality** tests measure how people differ in their style or manner of doing things, and in the way they interact with their environment and other people.

C) **Aptitude tests** measure how people differ in their ability to perform or carry out different tasks (www.mindtools.com)

3. Advantages of Psychometric Tests:

1) Psychometric tests can help to make personnel and career-related assessments more objective.

2) These tests also save a great deal of time. They're typically very easy to administer, and they can be given to a group of people easily. (Some other types of assessments must be given individually.) Psychometric tests are also easily scored, so results come back quickly and reliably.

3) Many of these tests are completed using software programs, and some can even be completed online. This, again, provides a time advantage, and it can reduce costs significantly compared to other methods. People can take the tests from anywhere, and the results are accurately scored each time. (www.mindtools.com)

3.1. Using Psychometric Tests

Psychometric tests can be used for a variety of purposes. Some of the most common uses are as follows:

1) **Selection of personnel** – Here, tests can help recruiters and hiring managers determine candidates who best fit a position. Personality, aptitude, and knowledge tests are all very common in this type of testing situation. For a detailed discussion of these types of tests and how to use them for hiring, see our article on Using Recruitment Tests.

2) **Individual development and training** – Psychometric tests can help you determine how best to improve current skills and performance. For example, if your department is going to introduce a new type of technology, it might be helpful to assess people on their interests and motivations related to new technology. The Business Attitude Inventory and the California Measure of Mental Motivation are psychometric tests available for training and development purposes. You could also use aptitude and skills tests to determine a person's ability to perform certain tasks.

3) **Team building and development** – This area can provide many uses for psychometric tests. The better people understand themselves and others, the better they can build and maintain positive workplace relationships. Tests like FIRO-B, Disc, and the Hogan Development Survey are designed specifically to uncover potential sources of relationship tension. General personality assessments, including the Myers-Briggs Typology Indicator (MBTI) and the California Personality Inventory (CPI), are also very helpful for team building and strengthening. Values in Action can help you gain insights into group behaviours and dynamics that relate to people's values.

4) **Career development and progression** – Psychometric tests can help you uncover values and interests that are fundamental to overall career satisfaction. For those starting out in their careers and those who are looking for the right career path, interest surveys like Holland's
3.2. Psychometric Tests > the Growth of Psychometric Testing

There is growing evidence indicating that the use of psychometric tests for selection purposes has increased in recent years. All types of organizations are using tests and are using more of them. The results of a survey conducted in 2009 across a wide range of organizations are shown below.

<table>
<thead>
<tr>
<th>Main Reason</th>
<th>Additional Reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>To predict candidates performance</td>
<td>41%</td>
</tr>
<tr>
<td>To assess whether candidate will fit-in</td>
<td>34%</td>
</tr>
<tr>
<td>To obtain information prior to interview</td>
<td>25%</td>
</tr>
</tbody>
</table>

There are several reasons for the increase in the number of organizations using tests:

3.3. Increased Regulation and Legislation: -

Increased test use can be seen as a defensive strategy, adopted in response to regulation and legislation. The single most frequently given reason for increases in testing was the need to have a selection process which would withstand legal challenges. Tests offer two advantages in this situation. They can be seen to be objective measures of how a candidate’s skills align with the ‘competency profile’ for the job in question.

These competency profiles are themselves seen as promoting access and equality of opportunity as well as reflecting the organizations skill requirements. Most if not all of the widely used tests have been proven not have adverse impact on minority groups, and are therefore fully compatible with equal opportunity policies. (www.psychometric-success.com)

3.4. Key Points

1) Assessing and appraising people are a highly complex and subjective process, and psychometric tests are a good way of objectively assessing people's "hidden" traits.
2) From recruitment to long-term career development, these tests provide a great deal of reliable information to make important personnel decisions. If you use the tests, ensure that they are appropriate for you needs, and that they've been rigorously evaluated.
3) Knowledge and experience are required to use psychometric tests effectively. It is recognized throughout the world that psychometric instruments are potentially dangerous in the wrong hands. Indeed, in many countries only qualified psychologists are allowed to use them. A person with a sound knowledge of psychometric test must use these tests. (www.mindtools.com)

4. About banking sector and problems faced by them.

Over the last three decades, there has been a remarkable increase in the size, spread and activities of banks in India. The number of bank branches rose considerably during this period. The business profile of banks has transformed dramatically to include non-traditional activities like merchant banking, mutual funds, new financial services and products and the human resource development. Change is the only constant factor in this dynamic world and banking is not an exception.

Significant impact of banks today is the use of technology. There is an imperative need for not mere technology up gradation but also its integration with the general way of functioning of banks. All this is possible with the help of efficient human resource management.

4.1. Some of the problems faced by the Indian banks before implementing the PT:-

1) Internal workforce primarily those occupying frontline positions were not enough
motivated since they are primarily involved in the process of delivery of customer service

2) Management was short in evolving suitable talent management strategies to attract, manage, develop and retain this key asset

3) Since emotional instinct is as important as intelligence quotient for human resources, the policy was not uniformly applied to all, as each human being is different. More effectiveness should be involved

4) Commitment of top management was lacking because of lack on PT. It is an essential pre-condition if human management resource management strategy is to succeed in any organization.

5) Improper Placement of right person at right place was seen in the Banking Industry

6) Talent recognition was very poor – Even though there was talent in the resource, the recognition part was missing, this was again because of lack of PT modules were not used properly.

7) Talent appreciation & feedback mechanism was very low. Rewards and recognition was not in place in the banking sector to appreciate any good work done by the employee. E.g. achieving the target of cash deposit for a particular year end.

8) Job rotation, getting recognition for doing a god job. Even after 10-15 years. Job rotation was not seen in this sector. One of the primary reasons for low motivation factor.

9) Expectation of performance-based payment was not seen and flexibility in terms of job hours is completely not seen.

10) Other related aspects, both monetary and non-monetary incentives and a fast track promotion process. (www.knol.google.com)

4.2. Foreign Banks using PT and its advantages:

11) Standard Bank Group uses a psychometric assessment to which is setting revolutionise the way finance is advanced to the largely informal business sector.

12) The key driver of growth in most emerging markets around the world is SMEs and the opportunity for us to bank this sector in African countries where we are represented is significant.

13) Many small business owners continually tell us that the one aspect that constrains their growth is access to finance. We are making a difference in the lives of customers by using the PT which is simple, convenient and best possible way says Ms Botha.

14) By using PT is has made number of differences set the loan apart from other more traditional lending: it is a completely unsecured facility; the banking process is significantly simpler and condensed.

15) The banks have already used the PT in the SME Quick Loan division and offer the greatest access to finance for all SMEs, allowing them to expand their businesses. Through this approach, Standard Bank is now able to move into the informal business sector and tap into this largely Un banked market. This is largely due to the way the PT is used on the employees on how to go about.

16) Standard Bank will be extending the psychometric solution into a further 10 countries: Zambia, Uganda, Malawi, Botswana, Swaziland, Lesotho, Namibia, Mozambique, Zimbabwe and South Africa in the next year and believes the portfolio can grow. (www.afribiz.info)

4.3. Advantages if PT is implemented in India banks

1) Employees will be lot more productive as there would be job satisfaction and the productivity will increase to a greater extent.

2) Employee Stress levels will decrease and there by there would be lot of work life balance
3) Overall improvement shows a good sign there by leading to increase in the business
4) Better scope for Talent recognition as PT understands how it should be used on employees
5) Expectation of performance-based payment makes employees to perform better which is good for the growth.

5. Suggestions:
To make the practice of ‘PT’ more effective, the following suggestions are recommended:
• ‘PT’ should be carefully designed so that each person who completes a particular test has the same experience, that is, they are presented with the same set of questions and have the same amount of time to answer them.
• The problem of administration of ‘PT’ can be reduced to a great extent with advances in computer science and information technology.
• In case of tests for which norms are not available on Indian sample, it becomes essential to develop one’s own norms.
• The test manual should always be carefully and thoroughly scrutinized before a decision is made on whether or not to use a particular test. The manual should include information about the test's reliability.
• Interpretation of results should be accurate. Appropriate norms should always be used in interpreting scores. Tests should always be interpreted by properly trained individuals in the context of clearly defined criteria. Both quantitative and qualitative interpretation can be used. Decision rules and their rationale should be properly documented.
• Test results, like all personal information, should be stored with due regard to confidentiality. Access should be restricted to those with a need to know and in accordance with what has been agreed with the respondent during administration and feedback.
• Use of tests and other psychometric instruments should be continually monitored to ensure continued appropriateness and effectiveness. They must ensure that the techniques remain relevant to the job and up-to-date test version and norms are used.
• Testers should be honest and open with candidates about why the tests are being used. Candidates should be offered feedback of their results.
• Before the test session- Whenever tests or questionnaires are used it is important that respondents are given clear information about the nature of the instruments and the reason for using them. Candidates should be given examples of the types of tests to be used as well as general information about the skills to be tested and practical information about the testing session. This helps to reduce anxiety and allows the candidate to prepare constructively for the session.
• At the test session - Make sure all candidates know why and how test scores are going to be used and who will have access to the results. Test administrators should promote a serious but sympathetic atmosphere. It is important to remember that the testing session will be an extremely important event for the candidate, even if it is a routine one for the administrator. Instructions should be clear and not rushed. Administrators should ensure candidates know what they have to do before each test begins.
• After the test session - Arrangements should be made to provide candidates with feedback on their results as soon as possible. Personality and motivation questionnaire feedback is critical and will often enhance the interpreter’s own understanding of test results. Feedback does not need to be lengthy; indeed with a large number of applicants this might be very time consuming. A face-to-face interview is preferred, but telephone feedback may be the only option in some circumstances.
Feedback should be given by qualified users and should be accurate and open. Profile charts
may be shown to respondents, but they should not be given copies to take away. A short narrative summary may be provided if desired. This is particularly useful where testing is for counseling and development purposes.

- During selection process, as psychometric testing tools play major role to select right candidate, they should adopt standard methods to measure the minds of the employee.
- Psychometric tests are more cost effective when compared to other tests. To avail this benefit Suitable measure should be taken to improve and implement psychometric testing tools in the organizations. Test results should be integrated with interview performance, track record and managers’ recommendations to provide the best information about individual suitability. In order to make the practice of ‘PT’ more effective, respondent units are required to put more efforts than what is being made in the area of training and development scheme on PT.

6. Conclusion:
PT was first used by foreign companies, later on it was implemented by Indian organisations and found it to be very effective and so the same was found by foreign banks. So this can be followed by our Indian banks also and make use of the effectiveness.
Psychometric tests are considered as powerful tools by organizations for the selection, development and management of people, because it provides additional relevant information than that of traditional assessment methods. Further, PT can lead to substantial gains for an organization in terms of increased output and efficiency, better quality staff, higher morale, more effective performance, lower training costs and reduced turnover, if tests are properly administered.
CRM IN BANKING SECTOR

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INTRODUCTION
Traditionally, few people changed their banks unless serious problems occurred. In the past there was, to certain extent, a committed, often inherited relationship between a customer and his/her bank. The philosophy, culture and organization of banking sector were grounded in this assumption and reflected in their marketing policies, which were product and transaction-oriented, reactionary, focused on discrete rather than continuous activities. Today, banking sector can no longer rely on these committed relationships or established marketing techniques to attract and retain customers. As markets break down into heterogeneous segments, a more precisely targeted marketing technique is required, which creates a dialogue with smaller groups of customers and identifies individual needs. Also, before the Internet revolution, consumers largely selected their banks based on how convenient the location of bank's branches was to their homes or offices. With the advent of new technologies in the business of bank, such as Internet banking and ATMs, now customers can freely chose any bank for their transactions. Thus, the customer base of banks has increased, and so has the choices of customers for selecting the banks.

Customer Relationship Management: The Concept
Customer Relationship Management is the establishment, development, maintenance and optimization of long-term mutually valuable relationships between consumers and the organizations. Successful customer relationship management focuses on understanding the needs and desires of the customers and is achieved by placing these needs at the heart of the business by integrating them with the organization's strategy, people, technology and business processes.

At the heart of a perfect CRM strategy is the creation of mutual value for all the parties involved in the business process. It is about creating a sustainable competitive advantage by being the best at understanding, communicating, and delivering, and developing existing customer relationships in addition to creating and keeping new customers. So the concept of product life cycle is giving way to the concept of customer life cycle focusing on the development of products and services that anticipate the future need of the existing customers and creating additional services that extend existing customer relationships beyond transactions.

Customer Relationship Management
CRM is defined by [Couldwell 1998] as “.. a combination of business process and technology that seeks to understand a company’s customers from the perspective of who they are, what they do, and what they are like”. Technological definition of CRM was given as “.. the market place of the future is undergoing a technology-driven metamorphosis” [Peppers and Rogers 1995]. Consequently, IT and marketing departments must work closely to implement CRM efficiently. Meanwhile, implementation of CRM in banking sector was considered by [Mihelis et al. 2001]. They focused on the evaluation of the critical satisfaction dimensions and the determination of customer groups with distinctive preferences and expectations in the private bank sector.

Need of CRM in the Banking Industry
A Relationship-based Marketing approach has the following benefits: -
1. Over time, retail bank customers tend to increase their holding of the other products from across the range of financial products/services available.

2. Long-term customers are more likely to become a referral source.

3. The longer a relationship continues, the better a bank can understand the customer and his/her needs & preferences, and so greater the opportunity to tailor products and services and cross-sell the product/service range.

   Customers in long-term relationships are more comfortable with the service, the organization, methods and procedures. This helps reduce operating cost and costs arising out of customer error.

   With increased number of banks, products and services and practically nil switching costs, customers are easily switching banks whenever they find better services and products. Banks are finding it tough to get new customers, and more importantly, retain existing customers.

**CRM Objectives in Banking Sector**

The idea of CRM is that it helps businesses use technology and human resources gain insight into the behavior of customers and the value of those customers.

A business can provide better customer service, make call centers more efficient, cross sell products more effectively, help sales staff close deals faster, simplify marketing and sales processes, discover new customers, and increase customer revenues.

An organization must first decide what kind of customer information it is looking for and it must decide what it intends to do with that information. For example, many financial institutions keep track of customers' life stages in order to market appropriate banking products like mortgages or IRAs to them at the right time to fit their needs.

The organization must look into all of the different ways information about customers comes into a business, where and how this data is stored and how it is currently used. One company, for instance, may interact with customers in a myriad of different ways including mail campaigns, Web sites, brick-and-mortar stores, call centers, mobile sales force staff and marketing and advertising efforts.

**CRM in Banking Sector**

Customer Relationship Management (CRM) in the Indian banking system is fundamental to building a customer-centric organization. CRM systems link customer data into a single and logical customer repository. CRM in banking is a key element that allows a bank to develop its customer base and sales capacity. The goal of CRM is to manage all aspects of customer interactions in a manner that enables banks to maximize profitability from every customer. Increasing competition, deregulation, and the internet have all contributed to the increase in customer power. Customers, faced with an increasing array of banking products and services, are expecting more from banks in terms of customized offerings, attractive returns, ease of access, and transparency in dealings. Retaining customers is a major concern for banking institutions which underscores the importance of CRM. Banks can turn customer relationship into a key competitive advantage through strategic development across a broad spectrum. This book examines issues related to changing banking industry in India and the challenges in CRM.

Consumers largely selected their banks based on how convenient the location of bank's branches was to their homes or offices. With the advent of new technologies in the business of bank, such as Internet Banking and ATMs, now customers can freely chose any bank for their transactions. The pressures of competitive and dynamic markets have contributed to the growth of CRM in the Financial Services Sector. 5% increase in customer retention can increase profitability by 35% in banking business, 50% in insurance and brokerage, and 125% in the consumer credit card market. The structured approach to CRM provides various benefits to the bank, viz., a distinctive and consistent customer experience,
clear identification of the organizational, technological and process-related capabilities and prioritization of these capabilities.

**CRM in the Banking Sector - Boon or Bane?**

Like every other industry the banking sector is also witnessing a plethora of changes. Facing umpteen challenges, the industry despite its phenomenal growth, has witnessed a slump in some areas. The reason is changes, vast competition, increased costs, decreased efficiency, inadequate client relationships and poor sales processes. Something vital is needed to cut through the waves and make the sector boom. Organizations need to basically better their relations with their customers in an effort to sustain them.

Banks find it almost impossible to have a complete and holistic view of their customers and that puts them at a disadvantage when knowing their customers is a criteria. More often than not selling financial services and products is infinitely more difficult than the work other industries face. The Banking sector is now looking at customer focus as a means by which it can achieve lost profits. This causes an acute focus on customer relationship management - CRM. Adopting this strategy has slowly resulted in banking institutions, financial firms, venture capital, private equity, etc, achieving an increase in overall productivity.

CRM for banking sector enables the banks to know the customer better. In addition it helps uncover potential customers and improves overall customer service. It helps build an advantage over competitors as banks are enabled to increase their intelligence about the customer. CRM manages to provide this information to almost every employee. CRM for banking sectors to improve and encourage relationship building with existing and potential customers, the various departments within the organization, management etc.

The most banking sector face is that they do not store their valuable customer data in a comprehensible or easily assessable manner. In banking sector this intelligence is generally scattered throughout the firm and is almost unusable.

**Benefits of CRM in banking Sector**

- Identification of potential customers
- Provision of data regarding history and preferences of investors
- Increase of customer knowledge of employees
- Provision of an excellent view of customer relationships
- Encouraging customer relationships
- Increasing and improving financial productivity
- Storage and provision of financial data of customers
- Easy access to collated financial data
- Managing financial deals
- Evaluation of a potential investment
- Aiding client acquisition
- Investment selling
- Tracking and monitoring financial deals
- Aiding the sales team in the provision of customers needs
- Encouraging and assisting the increase of cross selling and upselling
- Enabling the building of trust for brokers, agents and financial planners etc

**Guidelines for Banks opting for CRM**

It is imperative to pay additional attention to what other means the organization can adopt in order to maintain and build customer relationships. Every possible means by which this can be achieved should be scrutinized and indulged in.
Banks implementing CRM need to realize the importance of online banking and indulge in it.

It is highly important for Banks to analyze and understand the needs and preferences of their customers. The data that CRM provides should be scrutinized and studied sufficiently so as to really know the customer.

Segmentation should be undertaken with sufficient focus being made on each segment and the right communication within the segment.

Firms need to focus their marketing efforts far more on the customer than on the product itself.

It is imperative that sufficient and frequent customer retention programs are initiated.

Technology should always be incorporated in all business efforts to ensure the right implementation of CRM.

Focusing more on the hottest trend - relationship banking will go a long way in the successful implementation of CRM.

Sales and service should be carried out only after sufficient customer knowledge is obtained and scrutinized.

Holding onto traditional practices is something most banks do. This should be avoided as much as possible.

**Conclusion**

Banks are now stressing on retaining customers and increasing market share. Private Banks have traditionally viewed themselves as exceedingly 'Customer Centric' offering what they believe to be highly personalized services to the High Net Worth Customers. The wealthier the customers, the more demanding they are - and the clients expect more and more from their banks, to understand what their wants and needs are, so that the organization can be built around serving those needs.

*****
EFFECTIVENESS OF PERFORMANCE APPRAISAL SYSTEM IN INSURANCE SECTOR

S.LAVANYA
ASSISTANT PROFESSOR, QUAIDE MILLETH COLLEGE FOR MEN (SHIFT II)

INTRODUCTION:
The Insurance industry in India has seen an array of changes in the past one decade. The economic scenario which emerged after globalization, privatization and liberalization has thrown a new challenge before the insurance sector. Insurance, essentially in an arrangement where the losses experienced by a few one extended over several who are exposed to similar risks. Insurance is a protection against financial losses arising on the happenings of an unexpected event. Insurance companies collect premium to provide security for the purpose. In simple words it is spreading of risks among many people.

Performance appraisal system was started as a method for the justification of salary and wages. Every organization desires to develop a performance appraisal system, which consists of an established procedure for evaluating the work of employees on a regular basis. Effective appraisal system serves not only to determine how well an employee is working at his job, but also to decide on the ways to improve his performance. It describes the general policies and factors for the administration of performance in an agency. An appraisal program is a combination of specific procedures, methods, and requirements for planning, monitoring and rating performance.

OBJECTIVES OF THE STUDY
1. The research was done with the following objectives:-
2. To study the insurance sector in India.
3. To identify the purposes of evaluating the performances of the employees.
4. To identify the problems which create obstacles in the appraisal system and to provide suggestions.

TOOLS USED FOR DATA COLLECTION AND ANALYSIS
As the study is empirical, it mainly depends on the primary data. Primary data is basically from the field with the help of a questionnaire. Simple random sampling technique was adopted for selecting the employees and the sample size is 130. Percentage analysis and t-test were used to analyze the data and to get the results. The employees was selected from different insurance companies such as Reliance General Insurance, Bajaj Allianz General Insurance and Star Health Insurance Companies etc. All the important factors affecting the performance appraisal system in insurance sector were incorporated in order to make it a representative sample. Employees were selected from each level. To study the historical background of insurance sector, secondary data was used. In order to study the effectiveness of performance appraisal system the views of employees regarding their appraisal system were considered.

HYPOTHESIS
1. To find out is there any significant relationship between the different age group of respondent and the purpose of performance appraisal.
2. To analyze the significant relationship between income level of the respondent and the purpose of performance appraisal.

SOCIO – ECONOMIC PROFILE OF THE SAMPLE RESPONDENTS

<table>
<thead>
<tr>
<th>S.NO</th>
<th>AGE GROUP</th>
<th>NO.OF RESPONDENTS</th>
<th>PERCENTAGE</th>
</tr>
</thead>
</table>

TABLE – 1: Age group of the respondents
The above table reveals that out of 130 respondents selected for the study 30.77% of the respondents fall in the age group of below 30 years, 23.08% of the respondents fall in the age group of 30 to 40 years, 23.08% of the respondents fall in the age group of 40 to 50 years and 23.08% of the respondents fall above 50 years.

**TABLE – 2 : Educational level of the respondents**

<table>
<thead>
<tr>
<th>S.NO</th>
<th>EDUCATION LEVEL</th>
<th>NO.OF RESPONDENTS</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Higher secondary level</td>
<td>30</td>
<td>23.08</td>
</tr>
<tr>
<td>2.</td>
<td>Degree / Diploma level</td>
<td>55</td>
<td>42.30</td>
</tr>
<tr>
<td>3.</td>
<td>Master degree</td>
<td>45</td>
<td>34.62</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>130</td>
<td>100</td>
</tr>
</tbody>
</table>

The above table reveals that out of 130 respondents selected for the study 23.08% of the respondents fall in the higher secondary education level, 42.30% of the respondents fall in degree or diploma level and 34.62% of the respondents fall in master degree level.

**TABLE – 3 :- Job Title**

<table>
<thead>
<tr>
<th>S.NO</th>
<th>TITLE</th>
<th>NO.OF RESPONDENTS</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Mangers</td>
<td>30</td>
<td>23.08</td>
</tr>
<tr>
<td>2.</td>
<td>Executives</td>
<td>30</td>
<td>23.08</td>
</tr>
<tr>
<td>3.</td>
<td>Section officers</td>
<td>35</td>
<td>26.92</td>
</tr>
<tr>
<td>4.</td>
<td>Employees</td>
<td>35</td>
<td>26.92</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>130</td>
<td>100</td>
</tr>
</tbody>
</table>

The above table reveals that out of 130 respondents selected for the study 23.08% of the respondents were designated as managers, 23.08% of the respondents were designated as executives, 26.92% of the respondents were designated as section officers and 26.92% of the respondents fall in employees category.

**TABLE – 4 :- Years of service**

<table>
<thead>
<tr>
<th>S.NO</th>
<th>NO. OF YEARS</th>
<th>NO.OF RESPONDENTS</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>1 - 4 years</td>
<td>30</td>
<td>23.08</td>
</tr>
<tr>
<td>2.</td>
<td>5 - 10 years</td>
<td>55</td>
<td>42.30</td>
</tr>
<tr>
<td>3.</td>
<td>Above 10 years</td>
<td>45</td>
<td>34.62</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>130</td>
<td>100</td>
</tr>
</tbody>
</table>

The above table reveals that out of 130 respondents selected for the study 23.08% of the respondents fall in the experience of 1 to 4 years, 42.30% of the respondents fall in the experience category of 5 to 10 years.

**TABLE – 5 :- Annual Income level of the respondents**

<table>
<thead>
<tr>
<th>S.NO</th>
<th>INCOME LEVEL</th>
<th>NO.OF RESPONDENTS</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Below 2,50,000</td>
<td>32</td>
<td>26.92</td>
</tr>
<tr>
<td>2.</td>
<td>2,50,000 – 4,00,000</td>
<td>23</td>
<td>26.92</td>
</tr>
<tr>
<td>3.</td>
<td>4,00,000 – 5,00,000</td>
<td>42</td>
<td>23.08</td>
</tr>
</tbody>
</table>
The above table reveals that out of 130 respondents selected for the study 26.92 \% of the samples fall in below 2,50,000 income level, 26.92 \% of the samples fall in 2,50,000 to 4,00,000 income level, 23.08 \% of the samples fall in 4,00,000 to 5,00,000 income level and 23.08 \% of the samples fall in above 5,00,000 income level.

TABLE – 6 : Purpose of performance Appraisal

<table>
<thead>
<tr>
<th>S.NO</th>
<th>PURPOSE</th>
<th>NO.OF RESPONDENTS</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Motivation</td>
<td>30</td>
<td>23.08</td>
</tr>
<tr>
<td>2.</td>
<td>Identify training needs</td>
<td>35</td>
<td>26.92</td>
</tr>
<tr>
<td>3.</td>
<td>Identify talents and ability</td>
<td>35</td>
<td>26.92</td>
</tr>
<tr>
<td>4.</td>
<td>Improvement in performance</td>
<td>30</td>
<td>23.08</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>130</td>
<td>100</td>
</tr>
</tbody>
</table>

The above table reveals that out of 130 respondents selected for the study 23.08 \% of the respondents stated that purpose of performance appraisal was for motivation, 26.92 \% of the respondents stated the purpose of performance appraisal was to identify training needs, 26.92 \% of the respondents stated that purpose of performance appraisal was to identify talents and ability and 23.08 \% of the respondents stated that purpose of performance appraisal was for the improvement in performance.

ANALYSIS AND RESULTS:

AGE AND PURPOSE OF PERFORMANCE APPRAISAL:

Null hypothesis ($H_0$) there is no significant relationship between age of the respondents and the purpose of the performance appraisal.

TABLE – 7 : PAIRED SAMPLE TEST

<table>
<thead>
<tr>
<th>PARTICULARS</th>
<th>CALCULATED VALUE</th>
<th>DEGREES OF FREEDOM</th>
<th>LEVEL OF SIGNIFICANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>$t$ – test</td>
<td>16.02</td>
<td>6</td>
<td>5 %</td>
</tr>
</tbody>
</table>

Degrees of Freedom = 6
Calculated value = 16.02
Table value at 5\% level of satisfaction = 1.94

Null hypothesis ($H_0$) is that there is no relationship between age and the purpose of performance appraisal. If calculated value is less than table value, it is accepted.

Alternate hypothesis ($H_a$) is that there is a relationship between age and the purpose of performance appraisal. If the calculated value is more than the table value, it is accepted.

Since the calculated value is more than the table value at 5 per cent level alternate hypothesis is accepted.

ANNUAL INCOME AND PURPOSE OF PERFORMANCE APPRAISAL:

Null hypothesis ($H_0$) there is no significant relationship between income of the respondents and the purpose of the performance appraisal.

TABLE – 8 : PAIRED SAMPLE TEST

<table>
<thead>
<tr>
<th>PARTICULARS</th>
<th>CALCULATED VALUE</th>
<th>DEGREES OF FREEDOM</th>
<th>LEVEL OF SIGNIFICANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>$t$ – test</td>
<td>37.65</td>
<td>6</td>
<td>5 %</td>
</tr>
</tbody>
</table>

Null hypothesis ($H_0$) is that there is no relationship between age and the purpose of performance appraisal. If calculated value is less than table value, it is accepted.
Alternate hypothesis (Hₐ) is that there is a relationship between age and the purpose of performance appraisal. If the calculated value is more than the table value, it is accepted. Since the calculated value is more than the table value at 5 per cent level alternate hypothesis is accepted.

CONCLUSION:

The study “EFFECTIVENESS OF PERFORMANCE APPRAISAL SYSTEM IN INSURANCE SECTOR” concludes that performance appraisal system is the most important tool for an organization.

- There are various methods which are used by the organization to appraise the performance of their employees.
- Performance appraisal increases the motivation level of the employees.
- They can be effectively used for planning purposes and to identify the problems and obstacles affecting employee’s performance.
- Every organization has its own performance appraisal methods which are designed to evaluate the performance of employees in an organization.
- It also identifies the training and developmental needs.
- It serve not only to determine how well an employee is does his or her job but also to decide the ways to improve the performance.
- Through this system, employees are motivated to work efficiently and effectively in an organization.
- Appraisal help to create a system of motivation and rewards based on performance

SUGGESTIONS

1. Upward feedback should be provided to subordinated to do a better job.
2. There should be a constant innovation in performance appraisal system.
3. Multiple methods of assessment should be encouraged in organization based on different age group of employees.

*****
ROLE OF BANKS IN ENHANCING FINANCIAL INCLUSION IN INDIA

LAXMINARAYANA MAROLI
ACHARYA’S BANGALORE B. SCHOOL, LINGADHEERANAHALLI, ANDHRAHALLI MAIN ROAD, BANGALORE

Financial inclusion means the provision of financial services, viz access to payment and remittance facilities, savings, loans and insurances services by formal financial system to those who tend to be excluded.

Large segment of population remaining excluded from formal payments system & financial markets when financial market developing & globalizing – Obvious market failure – Government & financial sector regulators creating enabling conditions for inclusive & affordable market

Economy Growth rate = 8.5% - 9% (last 5 years) – Growth primarily in industry & services – Agriculture at 2% - Growth potential in SME sector enormous – Limited access to savings, loans, remittance & insurance in rural/ unorganized sector major constraint to growth – Above services enlarge livelihood opportunity & empowers poor – Empowerment aids socio-political stability – Financial inclusion provides formal identity, access to payments system & deposit insurance.

Who are excluded?

Reasons for Exclusion:
Remote, hilly & sparsely populated areas with poor infrastructure and difficult physical access, Lack of awareness, low income, social exclusion, illiteracy
Distance from bank branch, branch timings, cumbersome documentation/procedures, unsuitable products, language, staff attitude are common reasons – Higher transaction cost Ease of availability of informal credit, KYC – documentary proof of identity/address.

Recent RBI Initiatives:
1969-1991 : expansion of branch network – average population covered per branch reduced from 64000 to 13711 – liberalisation/opening of economy – financial sector reforms – deregulation – increased competition – strengthening of banks through recapitalization – prudential measures – Indian banking now robust & able to achieve global financial inclusion India is second largest populated country in the world and 72.17 population living in villages Out of 6.0 lack habitations in the country, only about 30000 have a commercial banks.
Out of 89.3 million farmer house holds, about 45.9 million -51.4 percent do not have access to credit either from credit institutions or from non institutional sources-Proportion of people with life insurance cover is as low as 10 percent and non life insurance cover 0.6 percent Only 2 percent of population has access to credit card. Only 13percent of population has atm/debit card. Exclusion is as high as over 75 percent in north eastern states ranging between 25-50 percent in other states. Financial exclusions is noticeable predominantly in large sections of rural areas and slums in urban areas

**Initiatives for financial inclusion in India**

Starting in the late 60’s through 80’s the focus was on channeling of credit to the neglected sector of the society with special emphasis on weaker section Nationalization of major commercial banks in 1969 and 6 banks in 1980 Starting in the late 60’s through 80’s the focus was on channeling of credit to the neglected sector of the society with special emphasis on weaker section Nationalization of major commercial banks in 1969 and 6 banks in 1980 General credit card and overdraft were introduced in 2006 RBI permitted banks to utilize the services of NGOs SHGs MFs as Business facilitators and Business correspondents.

**ROLE OF FLCC CENTRES IN FI**

- To educate the people in rural and urban areas with regard to various financial products and services available from the formal financial sector.
- To make the people aware of the advantages of being connected with the formal financial sector.
- To take up any such activity that promote financial literacy, awareness of the banking products, financial planning and debt related information

Reserve Bank has been aggressively pursuing financial inclusion on the belief and understanding that financial inclusion is a necessary precondition for inclusive growth. Development experience over the last sixty years from around the world clearly evidences that what the poor want is not doles, but opportunity to improve their incomes and quality of life. Financial inclusion is a necessary condition for providing such an opportunity to the poor not only to raise their incomes but also to insulate their families against incomes shocks and meet emergencies such as loss of jobs, illness or death in the family.

Both the government and the Reserve Bank of India have taken several initiatives to further financial inclusion. RBI Liberalised branch licensing – domestic commercial banks are now free to open branches anywhere they like in towns and villages of up to 1,00,000 population. Banks are also required to ensure that at least a quarter of the branches they are open are in villages with a maximum population of 10,000. There is a road map for the providing banking access to all villages in the country with population of over 2000 by March 1012. Across the country, about 74000 villages have been identified as falling within this category.

Financial inclusion has been made an integral part of banking sector policy in India. RBI is furthering financial inclusion in a mission mode through a combination of strategies ranging from relaxation of regulatory guidelines, provision of innovative products,
encouraging use of technology and other supportive measures for achieving sustainable and scalable financial inclusion. Since 2006, the RBI has permitted banks to engage Business Facilitators and Business Correspondents as intermediaries for providing Banking services.

Timely and hassle free credit being the most important requirement of poor people, banks have been advised to provide in-built overdraft of small amount in no-frill accounts so that customers can avail of credit of small amount without any further documentation, for meeting emergency requirement.

Progress of financial inclusion:

<table>
<thead>
<tr>
<th>No</th>
<th>Indicator</th>
<th>2009-10</th>
<th>2010-11</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Credit - GDP</td>
<td>53.4</td>
<td>54.6</td>
</tr>
<tr>
<td>2</td>
<td>Credit-Deposit</td>
<td>73.6</td>
<td>76.5</td>
</tr>
<tr>
<td>3</td>
<td>Population per Bank Branch</td>
<td>14000</td>
<td>13466</td>
</tr>
<tr>
<td>4</td>
<td>Population per ATM</td>
<td>19700</td>
<td>16234</td>
</tr>
<tr>
<td>5</td>
<td>Percent population having deposit account</td>
<td>55.80</td>
<td>61.2</td>
</tr>
<tr>
<td>6</td>
<td>Percentage population having credit accounts</td>
<td>9.3</td>
<td>9.9</td>
</tr>
<tr>
<td>7</td>
<td>Percent population having debit cards</td>
<td>15.2</td>
<td>18.8</td>
</tr>
<tr>
<td>8</td>
<td>Percent population having credit cards</td>
<td>1.53</td>
<td>1.49</td>
</tr>
<tr>
<td>9</td>
<td>Branches opened in Tier 3-6 centers as a percent of total new bank branches</td>
<td>40.3</td>
<td>55.4</td>
</tr>
<tr>
<td>10</td>
<td>Branches opened in hitherto unbanked centers as a percent of total new bank branches</td>
<td>5.6</td>
<td>9.7</td>
</tr>
</tbody>
</table>
Distribution of new bank branches across regions and population groups

During the period 2010 -11 April to March

<table>
<thead>
<tr>
<th>Regions</th>
<th>Number of new branches</th>
<th>Population groups</th>
<th>Number of new branches</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central region</td>
<td>874 (18.1)</td>
<td>Rural</td>
<td>1077 (22.3)</td>
</tr>
<tr>
<td>Eastern region</td>
<td>650 (13.3)</td>
<td>Semi urban</td>
<td>2011 (41.7)</td>
</tr>
<tr>
<td>North eastern Region</td>
<td>97 (2.0)</td>
<td>urban</td>
<td>865 (41.7)</td>
</tr>
<tr>
<td>Northern Region</td>
<td>1,120 (23.2)</td>
<td>metropolitan</td>
<td>873 (18.1)</td>
</tr>
<tr>
<td>Southern Region</td>
<td>1,120 (26.2)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Western Region</td>
<td>822 (17.0)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>4826 (100)</td>
<td>Total</td>
<td>4826 (100)</td>
</tr>
</tbody>
</table>

Bank branches opened in hitherto un banked centers April – March

<table>
<thead>
<tr>
<th>Region</th>
<th>2009-10</th>
<th>2010-11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central region</td>
<td>6.0</td>
<td>11.6</td>
</tr>
<tr>
<td>Eastern region</td>
<td>10.1</td>
<td>12.6</td>
</tr>
<tr>
<td>North eastern region</td>
<td>16.2</td>
<td>7.2</td>
</tr>
<tr>
<td>Northern region</td>
<td>3.9</td>
<td>8.7</td>
</tr>
<tr>
<td>Southern Region</td>
<td>4.6</td>
<td>10.3</td>
</tr>
<tr>
<td>Western region</td>
<td>3.2</td>
<td>6.3</td>
</tr>
</tbody>
</table>

Note figures as percent of total new bank branches

4. Distribution of deposits and credit according to Banking centers – March 2011

Percentage share

<table>
<thead>
<tr>
<th></th>
<th>Credit share</th>
<th>Deposit share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top 200 centers</td>
<td>82.00</td>
<td>74.4</td>
</tr>
<tr>
<td>Top 100 centers</td>
<td>78.6</td>
<td>69.7</td>
</tr>
<tr>
<td>Top 50 centers</td>
<td>74.2</td>
<td>64.1</td>
</tr>
<tr>
<td>Top twenty centers</td>
<td>67.6</td>
<td>56.3</td>
</tr>
<tr>
<td>Top ten centers</td>
<td>61.4</td>
<td>50.6</td>
</tr>
<tr>
<td>Top 6 centers</td>
<td>55.7</td>
<td>46.2</td>
</tr>
<tr>
<td>Top one center</td>
<td>25.0</td>
<td>21.8</td>
</tr>
</tbody>
</table>
5. **Population group wise distribution of ATMs (end March 2011)**

<table>
<thead>
<tr>
<th>Metropolitan</th>
<th>33.8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural centers</td>
<td>9.6</td>
</tr>
<tr>
<td>Public sector banks</td>
<td>82.1</td>
</tr>
<tr>
<td>Private sector banks</td>
<td>17.6</td>
</tr>
<tr>
<td>Foreign banks</td>
<td>0.3</td>
</tr>
<tr>
<td>Semi urban centers</td>
<td>24.3</td>
</tr>
<tr>
<td>Urban centers</td>
<td>32.3</td>
</tr>
</tbody>
</table>

6. Financial inclusion is a great step to alleviate poverty in India. But to achieve this, the government should provide a less perspective environment in which banks are free to pursue the innovations necessary to reach low income consumers and still make a profit. Financial service providers should learn more about the consumers and new business models to reach them. In India Financial inclusion will be good business ground in which the majority of her people will decide the winners and losers.

****
A Study on Criticisms in Marketing of Health Insurance services in India

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2Reader, Department of Management, School of Management, Pondicherry University, Karaikal Campus, Karaikal

1. Introduction to the Study:

The Marketing of health insurance services involve unique practices when compared to marketing of any other product. Health Insurance policies are services and hence intangible in nature. So there is no immediate chance of realizing the services whether good or bad. In that marketing of health insurance is one of the most difficult jobs in insurance marketing. Marketing of health insurance products has invited tough competition as most of health insurance companies, the insurance companies to give similar types products, premiums and facilities. So it has become very important, now the life insurance companies to focus on health insurance marketing and attract too many people as possible to their company. Today’s many problem faced by the insured person and insurance companies also.

1.2. Objectives of the Study:

To study provides an outline of various health insurance schemes currently being implemented in India.
To study the various criticisms in marketing of health insurance services in India.

1.3. Methodology:

The study was aimed at measuring the criticisms in marketing of health insurance services in India. The study is conducted used to secondary data sources only. Secondary data collected from the various Research Articles, IRDA Website, Journals, Books and Insurance Company’s Websites.

2. Health Insurance- Meaning:

Health insurance means any form of insurance whose payment is contingent on the insured incurring additional expenses or losing income because of incapacity or loss of good health. Health insurance is sometimes called accident and health insurance, accident and sickness insurance or disability insurance depending on the jurisdiction and customary practice.

2.1. Coverage of Health Insurance Schemes in India

Health insurance as a tool to finance health care, it has very recently gained popularity in India. While health insurance has a long history, the increase in extent to coverage can be explained by a serious effort by the Government to introduce health insurance for the poor in last four years. This is a major objective in the financing of health care in the country, and Table 1.1 provides a landscape of health insurance schemes in India.

Table No. 1
The Landscape of Health Insurance Schemes in India

<table>
<thead>
<tr>
<th>S.No</th>
<th>Year</th>
<th>Health insurance scheme</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1952</td>
<td>Employees’ State Insurance Scheme (ESIS)</td>
</tr>
<tr>
<td>2</td>
<td>1954</td>
<td>Central Government Health Scheme (CGHS)</td>
</tr>
<tr>
<td>3</td>
<td>1986</td>
<td>Voluntary Health Insurance</td>
</tr>
<tr>
<td>4</td>
<td>1999</td>
<td>Privatizations Of Health Insurance Scheme</td>
</tr>
<tr>
<td>5</td>
<td>2003</td>
<td>Yeshasvini Health Insurance (Karnataka)</td>
</tr>
<tr>
<td>6</td>
<td>2007</td>
<td>Rajiv Arogyasri Scheme (AP)</td>
</tr>
<tr>
<td>7</td>
<td>2008</td>
<td>RSBY (Rashtriya Swasthya Bima Yojana)</td>
</tr>
</tbody>
</table>
8 | 2009 | Kalaignar health insurance scheme
9 | 2010 | Vajpayee Arogyasri Scheme (Karnataka)
10 | 2010 | Rashtriya Swasthya Bima Yojana plus (HP)
11 | 2011 | Chief Minister's Comprehensive Health Insurance Scheme

Source: Planning commission of India, 2010

2.2. Health Insurance Coverage:
The following table shows the current trends in the health insurance coverage in national and state wise, especially since the last three years. In India, currently any form of insurance including the CHGS, ESIS, Government Sponsored Schemes and Private Health Insurance together covered approximately 302 million individuals or 25 percent of India’s population. It can be observed that a substantial share of coverage is through RSBY and other state sponsored health insurance schemes that together covered 247 million individuals’ or 82% of population covered by any health insurance schemes across the country. The state of Andhra Pradesh with highest level of coverage 85% of its population covered by the state sponsored Rajiv Aarogyasri health insurance scheme (out of the total population of 84 million). In Tamilnadu Chief Ministers health insurance covers 62% of population. These are two states sponsored health insurance schemes are strongest in India.

3. Criticisms in Marketing of Health Insurance:

In a developing country like India, insurance companies are playing a very important role in the economy. Though insurance industry has very prospect in the economy but for some reasons it’s totally failed to achieve its goal.

In this paper the major criticisms in marketing of health insurance business has been classified into social, economical, political legal and other reasons.

3.1. Social Criticisms:

Less public awareness - A vast majority of people especially in rural & urban areas are left outside the insurance coverage. This mainly results from the unawareness among the people. People are not aware of the benefits from the health insurance policy and a great number of people believe that insurance business is nothing but cheating and assume that negative attitude from people.

Centralization - Most of the insurance companies in our country are located in urban areas and there are few branches in rural areas.

3.2. Economic Criticisms:

Poor economic conditions - Most of the people in this country live under extreme poverty level in rural. All of these people fight to earn their livelihood and are marginal in relation to the expenditure with the income. It is quite impossible to save some money for future need. Therefore they are quite unable to give the amount to the insurer which is called as premium and regarded as safety or precautionary measures against any accident.

Higher cost of business - Growing cost of business is another problem that insurance companies are facing now a day. They urge that government tax, house rent, utility, commission fee, stationeries are growing day by day. But the policy holders are not willing to pay too much premium with growing. So they are facing difficulties in running their business efficiently.

3.3. Legal Criticisms:

In rural area to take a health insurance policy there are great numbers of rules and regulations to be compelled by the insured person, which rules a vast number of complexities. Therefore the people are discouraged to take insurance policy because they think that the complexities will create extra pressure on their mind.
3.4. Lack of qualified officials:

Insurance companies perform their activities by recruiting marketing agents and they try to convince the people to take a policy. Most of the cases the agents are not properly trained and they are don’t know the right process to catch potential people to make their policy holders.

3.5. Lack of training for the employees:

Spread of insurance business in India for lack of proper training to employees specially the field employees of insurance companies. Still there is not enough training center to provide proper training regarding insurance activities for the officials of insurance company.

3.6. Lack of marketing policy:

One of the major criticisms in insurance company is lack of marketing policy to the urban & rural. Management is not taking initiative to increase their marketing expansion and services to the areas. They provide tiny amount advertisement, which is not sufficient for increasing business development in rural.

4. Criticisms with Health Insurance:

There are many advantages of health insurance and there are some characteristic criticisms with health insurance that one needs to be aware of. Some of the common criticisms with health insurance;

4.1. Adverse selection:

Adverse selection is one of the major criticisms for insurance companies to selling their health insurance schemes to the people. In this situation the high-risk for people buying health insurance such high-risk people in the risk pool. Ways of countering adverse selection are having a large enrolment unit, e.g. a family instead of individuals, setting specific collection and waiting periods, and making the insurance scheme compulsory. This means that those with low risk cannot opt out of the scheme and will subsidise the high risk.

4.2. Moral hazard:

Moral hazard defined as ―the tendency of individuals, once insured, to behave in such a way as to increase the likelihood or size of the risk against which they have insured‖. For example, knowing that he/she is insured, a person may indulge in more risky behaviour (e.g. smoking, fatty diet) or may use more health services. This is called consumer moral hazard or demand side moral hazard.

4.3. Cost escalation:

Health insurance, with its third party payment is an incentive for cost escalation. This is especially the market is unregulated and the providers are paid on a fee-for-service basis. This is now recognised as a major problem in most OECD (Organization for Economic Cooperation and Development) countries, and checks and balances are being introduced to manage the costs. So it is imperative that when introduces health insurance, there is strong government stewardship to protect the rights of the patient and prevent abuse of the system.

4.4. Administrative costs:

There are substantial administrative costs associated with marketing, processing claims and countering frauds. These are known as loading costs. If these costs are high, insurance coverage can become expensive. This can be reduced through economies of scale, e.g. if the health insurance policy covers a large number of people, then the administrative cost is distributed among them and so there is a lower cost per capita.

4.5. Fraud

Fraud is a big criticism with health insurance, especially in India where the provider is totally unregulated. There are two types of fraud. The first is that committed by the insured.
This may be in the form of producing false or inflated bills and claiming for treatment that never occurred or cost much less. However, the most important fraud is usually committed by the hospitals. They may do unnecessary investigations or provide irrelevant treatment or inflate the bill in case of an insured patient. This needs to control by the insurer, else it affects the sustainability of the scheme.

5. Other criticisms in marketing of health insurance companies:
   1. Lack of market survey
   2. Lack of manpower in marketing
   3. Absence of creative marketing
   4. High claim ratio
   5. Delay in settlement by TPAs (Third Party Administrators)
   6. No standard charges in hospitals: so far there is no standard charges for the hospitals and different hospitals are charging different rates for the same operation and treatment.

Conclusions:
Today’s India has developed into a force to think in the fields of science and technology, industrial development, education, information technology, communication etc., same level of achievement cannot be claimed, now in the area of health insurance. In most part of our country, it is still in the infancy stage. Though improvement in the networking and transportation can be felt and seen, there is vast scope for development, which is bound to improve the performance in health insurance business. It is common for policy makers to consider health insurance is a solution for all the criticisms in their health system. Policy makers think that introducing new health insurance will solve most criticisms but it is not so. If the policy makers consider the major criticisms in Marketing of health insurance service and should involve in solving the problems, then it will have a good potential in the future.
A PAPER ON CUSTOMER RELATIONSHIP MANAGEMENT IN BANKING SECTOR

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INTRODUCTION
CRM is a sound business strategy to identify the bank’s most profitable customers and prospects, and devotes time and attention to expanding account relationships with those customers through individualized marketing, reprising, discretionary decision making, and customized service—all delivered through the various sales channels that the bank uses.

CRM OBJECTIVES IN BANKING SECTOR
The idea of CRM is that it helps businesses use technology and human resources gain insight into the behavior of customers and the value of those customers. If it works as hoped, a business can: provide better customer service, make call centers more efficient, cross sell products more effectively, help sales staff close deals faster, simplify marketing and sales processes, discover new customers, and increase customer revenues. It doesn't happen by simply buying software and installing it. For CRM to be truly effective, an organization must first decide what kind of customer information it is looking for and it must decide what it intends to do with that information. For example, many financial institutions keep track of customers' life stages in order to market appropriate banking products like mortgages or IRAs to them at the right time to fit their needs. Next, the organization must look into all of the different ways information about customers comes into a business, where and how this data is stored and how it is currently used. One company, for instance, may interact with customers in a myriad of different ways including mail campaigns, Web sites, brick-and-mortar stores, call centers, mobile sales force staff and marketing and advertising efforts. Solid CRM systems link up each of these points. This collected data flows between operational systems (like sales and inventory systems) and analytical systems that can help sort through these records for patterns. Company analysts can then comb through the data to obtain a holistic view of each customer and pinpoint areas where better services are needed. In CRM projects, following data should be collected to run process engine: 1) Responses to campaigns, 2) Shipping and fulfillment dates, 3) Sales and purchase data, 4) Account information, 5) Web registration data, 6) Service and support records, 7) Demographic data, 8) Web sales data.

FOCUS ON ICICI BANK’S INITIATIVES
The use of Customer Relationship Management (CRM) in banking has gained importance with the aggressive strategies for customer acquisition and retention being employed by banks in today’s competitive milieu. This has resulted in the adoption of various CRM initiatives by these banks to enable them achieve their objectives. The steps that banks follow in implementing Customer Relationship Management (CRM) are:
- Identifying CRM initiatives with reference to the objectives to be attained (such as increased number of customers, enhanced per-customer profitability, etc.),
- Setting measurable targets for each initiative in terms of growth in profits, number of customers, etc. and
Evaluating and choosing the appropriate Customer Relationship Management (CRM) package that will help the company achieve its CRM goals (a comparison of pay-offs against investments could be carried out during the evaluation exercise).

Customer Relationship Management (CRM) has been deployed in retail banking. The challenges in managing customer relations in retail banking are due to the multiple products being offered and the diverse channels being used for the distribution of the products.

Customer expectation from banks can be summed up as:

**CUSTOMER RELATIONSHIP MANAGEMENT IN THE BANKING SECTOR**

ICICI Bank’s CRM Initiatives

ICICI Bank has to manage more than 13 million customers. The bank has over 550 branches, a network of 2025 ATMs, multiple call centres, Internet banking and mobile banking. Its customers often use multiple channels, and they are increasingly turning to electronic banking options. Business from the Internet. ATMs and other electronic channels now comprises more than 50 per cent of all transactions.

In the process of making its business grow to this level, ICICI Bank has distingished itself from other banks through its relationship with customers. The Teradata solution focuses on a Customer Relationship Management (CRM) platform. Information from various legacy and transaction systems is fed into a single enterprise called wide data warehouse. This allows the bank to generate a single view of its customers. The warehouse has the capability to integrate data from multiple sources comprising Oracle and flat files. The Behaviour Explorer enables profiling of customers and querying on various parameters. These enable the bank staff create suitable campaigns for targeting individual customers on the basis of their requirements. The logistics in the system have also led to other benefits like interactive reports, unearthing cross-selling opportunities as well as finding out about the channel usage undertaken by a segment. The data access was facilitated through the use of Cognos Power Cubes.

**The Benefits of CRM**

- Customers’ usage pattern: ICICI’s CRM data warehouse integrates data from multiple sources and enables users to find out about the customer’s various transactions pertaining to savings accounts, credit cards, fixed deposits, etc. The warehouse also gives indications regarding the customer’s channel usage.
- New product development: Analysis at ICICI guide product development and marketing campaigns through Behaviour Explorer, whereby customer profiling can be undertaken by using ad hoc queries. The products thus created take into account the customer’s needs and desires, enabling the bank to satisfy customers through better personalization and customization of services.
- Central data management: The initial implementation of CRM allowed ICICI to analyse its customer database, which includes information from eight separate operations systems including retail banking, bonds, and fixed deposits, and retail consumer loans, credit cards, custodial services, online share trading and ATM.

**SOME NOTEWORTHY CRM INITIATIVES OF ICICI BANK**

Mobile ATMs: Customers of ICICI Bank can access their bank accounts through mobile ATMs. These ATMs are kept in vans and parked at locations that have a high traffic of bank customers such as the commercial areas in a city or upmarket residential areas ICICI Bank now provides standard ATM facilities through ATM vans. This facility has been tried at Mumbai, Chandigarh and various places in Kerala during specified timings.

Bulk Deposits: The ICICI Bank’s Bulk Deposit ATMs enable customers to deposit large amounts at one time. Unlike conventional ATMs, which are able to accept only 30 notes at a time, these ATMs allow the deposit of huge amounts. The Bulk Deposit ATM is available in Mumbai’s Vashi sector branch office of ICICI. The bulk deposit facility can be availed of by
select customers who need to deposit huge amounts of cash. ICICI Bank issues a special card called the ‘Deposit Only Card’ to facilitate this service. This card allows for deposit transactions only.
The service is further facilitated by the provision of special bags at ATMs in which a customer can put his money. After the deposit slip is filled, the bag can be inserted in the ATM. The transaction slip is then generated by the ATM as an acknowledgement of the deposit. ICICI Bank also has cash pick-up service for business customers under the business banking segment.

ATMs for the visually challenged: ICICI Bank has launched ATMs with special voice-guided systems, which guide a visually challenged person to access ATMs without any help. The jack on the terminal enables headphones to be connected to it and voice commands enable the customer to transact business. Customers may choose a suitable language to get voice commands. After the language selection is done, the customer is guided to ensure that the ATM card is inserted in the right slot and thereafter, guidance is provided for entering the PIN by using the keypad. A raised button is provided on number 5 to enable users to identify the numbers easily through touch. The slot for cash collection has such raised ‘pips’ that enable easy identification through touch.

Other Services through ATMs: Apart from the usual transactions involving the bank, some other services can also be availed of by ICICI Bank customers. These include:

- Prepaid mobile recharge
- Buying and renewing Internet packs (such as those of TATA Indicom Internet service provider and Sify).
- Making donations for Tirupati Tirumala Devasthanams, Nathdwara temple and Shri Mata Vaishnodevi shrine.
- Mutual fund transactions, and
- Bill payments

Mobile phone as a Virtual Wallet: The mobile phone has been transformed into a virtual wallet – a new innovation in mobile commerce. On September 19, 2005, Airtel, ICICI Bank and VISA announced the launch of mChq – a revolutionary new service – which is a credit card using the mobile phone. This is the first mobile-to-mobile payment option which enables Airtel customers and ICICI Bank Visa cardholders to pay for their purchases with their Airtel Mobile phones. The service has eliminated the need for carrying physical cash for making a purchase and also the problems associated with the point of sale (POS) terminal since the mobile phone services as a secure POS and a payment mechanism.

Social Events: ICICI Bank organized the largest domestic invitational amateur golf event for HN1 (high-net-worth individuals) customers. This nation-wide golf tournament had over one lakh high-net-worth clients of ICICI Bank’s private banking division participating in the event.

Mobile Banking Benefits: Mobile banking enables the customer to avail of many facilities by just sending an SMS. These facilities, which are currently offered free of cost, are as follows:

- Locating ATM
- Locating branch
- Locating drop box
- Alert facilities like salary credit, account debit/credit, cheque bounce, etc., and
- Queries on banking, cards and demat account

CONCLUSION
Results obtained by extensive usage of customer data to develop and apply Relational Marketing have convinced the ICICI Bank to proceed along the line undertaken. As lists of customers eligible for four very important banking product/services are available, as above described, the following actions are now being deployed:
- Extension of promotions to a larger customer population by having sales people in the branches contacting progressively 15,000 customers
- Targeted campaigns through Internet and the call center for customers actively using one or both of these innovative channels for their banking operations. The same approach is now being extended to small and medium businesses and to commercial customers. Moreover the analytical and strategic CRM cycle is being completed by developing an application analyzing customers' attrition and deploying strategies to reduce it.

*****
PERFORMANCE APPRAISAL SYSTEM

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Introduction:

The efforts of employees can determine the success and survival of an organization (Drucker, 1994; Barney, 1995), and appraisal is potentially one way in which those efforts can be aligned with the aims of an organization, employees can be motivated and their performance managed (Orpen, 1997; Martin and Bartol, 1998; Cook and Crossman, 2004). Performance appraisal is among the most important human resource (HR) practices (Boswell and Boudreau, 2002; Judge and Ferris, 1993; Yehuda Baruch, 1996) and one of the more heavily researched topics in work psychology (Fletcher, 2002), a subject of research for over 70 years (Landy and Farr, 1980). Still, many organizations express dissatisfaction with their appraisal schemes (Fletcher, 1997).

This paper is organized as follows: (I) Understanding the performance appraisal system, (II) Performance appraisal system and Performance Improvement

UNDERSTANDING THE PERFORMANCE APPRAISAL SYSTEM

- Performance Appraisal System: Definitions

The term “performance appraisal” refers to the process by which an individual’s work performance is assessed.

Performance appraisal has been defined as the process of identifying, evaluating and developing the work performance of employees in the organization, so that the organizational goals and objectives are more effectively achieved, while at the same time benefiting employees in terms of recognition, receiving feedback, catering for work needs and offering career guidance (Lansbury, 1988). Performance appraisal is the formal process of observing and evaluating an employee’s performance (Erdogan, 2002).

- Performance Appraisal System: Different Methods

Most appraisal methods used throughout the world today are based, to some extent at least upon the following techniques: Graphic rating scales; behaviourally anchored rating scales (BARS), behavioural observation scales (BOS); mixed standard rating scales; and management by objectives (MBO). Most commentators agree that goal-based appraisal systems, in which an employee’s work performance is measured against specific goals, are the most satisfactory (Dorfman et al., 1986; Locke and Latham, 1984; Latham and Wexley, 1981).

Katsanis et al. (1996) provide several recommendations on the basis of their research for the development of performance appraisal methods:

- Gain support of both human resources and top management;
- Use qualitative versus quantitative criteria;
- Allow for input when developing performance standards and criteria;
- Make sure the performance appraisal system is not dated;
- Ensure managers take ownership of the performance appraisal system;
✓ Attempt to eliminate internal boundary spanning by creating direct reporting relationships where possible;
✓ Utilize performance targeting (Halachmi, 1993) to appraise PMs;
✓ Be aware and act on environmental forces as they affect the organization.

➤ **Performance Appraisal System: the specific case of the 360-degree**

Whatever method of performance appraisal is used, it’s necessary to decide whom to use as the source of the performance measures. Each source has specific strengths and weaknesses. We can identify five primary sources: managers, peers, subordinates, self and customers.

Now, we can clearly see the development of multi-source appraisals, initially as a means of initiating effective organizational change, but eventually as part of what has been termed 360-degree appraisals. By the 1990s, this type of appraisal was extremely widespread and growing in popularity in both the research and practice arenas (see for example, the review by Dalessio, 1998).

Proponents of the 360-degree feedback approach offer it as a “progressive” means of conducting performance appraisal, a means that addresses many procedural justice concerns. Church and Bracken (1997) contend those 360-degree feedback systems and other forms of multi source or multi-rater assessment methods in organizations have evolved from an innovative “nice-to-have” technique administered only to the most senior levels to a “must-have” tool for integration into overall performance and human resource management strategies. These systems appear well suited for the flexible, team-based, change-oriented organizational cultures of many organizations today.

360-degree systems are gaining popularity because they tend to reduce the problems of previous generations of assessment methods (Antonioni, 1996). Barnes (1997) notes that 360-degree appraisal moves the manager back into a “comfort zone” as she or he is now only one among a number of assessors. In addition, it greatly reduces the problems of central tendency, positive skewness, and “halo effects,” it reduces defensiveness on the part of the appraisee because there are a variety of assessors, and it recognizes that subordinates are best placed to assess “leadership” or “people management” skills. The technique is said to be helpful in defending legal challenges of the outcome of appraisals, it meets the demands for employee empowerment and involvement, and it is a useful tool in tapping employee opinions and attitudes.

➤ **Performance Appraisal System: Different Purposes**

Firms engage in the performance-evaluation process for numerous reasons. Managers may conduct appraisals to affect employee behavior through the feedback process, or to justify some sort of human resource management action (termination, transfer, promotion, etc.). However, many other benefits may also accrue from the information yielded by the appraisal. These benefits include increases in knowledge regarding the effectiveness of selection and placement programs, training and development needs, budgeting; human resource planning, and reward decisions (Cocanougher & Ivancevich, 1978; Dubinsky, Skinner, & Whittler, 1989; Thomas & Bretz, 1994; Wanguri, 1995). Perhaps the overriding reason for performance appraisals is provided by Ilgen and Feldman (1983).

According to Yehuda Baruch (1996), Performance Appraisal systems are used for two main purposes:
✓ To serve a variety of management functions such as decision-making about promotions, training needs, salaries, etc.
Problems in Performance Appraisal

The performance appraisal systems tend to have several problems. Raters' evaluations are often subjectively biased by their cognitive and motivational states (DeNisi & Williams, 1988; Longenecker et al., 1987), and supervisors often apply different standards with different employees which results in inconsistent, unreliable, and invalid evaluations (Folger et al., 1992). In order to create better systems, researchers have traditionally focused on validity and reliability (Bretz et al., 1992) by designing newer “forms” of performance appraisals (e.g., behavioral-based systems that better define specific essential job functions of employees or 360-degree feedback mechanisms that allow for cross-validation via multiple raters). However, despite these recent advances in evaluation design, critics continue to argue that performance appraisal systems are not consistently effective (Atkins & Wood, 2002; DeNisi & Kluger, 2000).

Thomas and Bretz (1994) argue that evaluations are often perceived by employees and supervisors with "fear and loathing." Two possible explanations for the fear and loathing are the absence of a "sense of ownership" and an absence of rewards for properly completing the process. Cardy (1998) describes the appraisal process as "a difficult and error-ridden task." However, Cardy also points out that it is an important task that affects both the individual and the organization. As suggested by Drenth (1984), evaluation is a sensitive matter, often eliciting negative psychological responses such as resistance, denial, aggression, or discouragement, particularly if the assessment is negative. Thus high perceptions of evaluative performance appraisal use may result in negative feelings about the appraisal.

Performance Appraisal System and Performance Improvement

Performance management focuses on ways to motivate employees to improve their performance. The goal of the performance management process is performance improvement, initially at the level of the individual employee, and ultimately at the level of the organization.

The performance appraisal is a technique that has been credited with improving performance (Bagozzi, 1980; DeCarlo & Leigh, 1996; Jaworksi & Kohh, 1991) and building both job satisfaction and organizational commitment (which has been related to lower levels of turnover) (Babakus, Cravens, Johnston, & Moncrief, 1996; Babin & Boles, 1996; Brown & Peterson, 1994; Churchill, Ford, Hartley, & Walker, 1985).

Although the relationship between appraisals and performance may not be a direct and causal one, their impact on performance may be attributed to their ability to enhance: role clarity, communication effectiveness, merit pay and administration, expectancy and instrumentality estimates, and perceptions of equity. Duhinsky, Jolson, Michaels, Kotahe, and Lim (1993) discuss the concept that increases in role clarity can affect both the effort/performance expectancy and performance/reward instrumentality estimates. Thus, by reducing ambiguity performance appraisals may positively influence the levels of motivation exhibited by employees. More frequent appraisals and feedback help employees to see how they are improving, and this should increase their motivation to improve further (cf. Kluger and DeNisi, 1996).
Appraisals are generally considered to have a positive influence on performance, but they also may have a negative impact on motivation, role perceptions, and turnover when they are poorly designed or administered (Churchill et al., 1985).

The ultimate goal of performance appraisal should be to provide information that will best enable managers to improve employee performance. Thus, ideally, the performance appraisal provides information to help managers manage in such a way that employee performance improves (Angelo S. DeNisi and Robert D. Pritchard, 2006). Providing the employee with feedback is widely recognized as a crucial activity. Such feedback may encourage and enable self-development, and thus will be instrumental for the organization as a whole Yehuda Baruch (1996). Larson (1984) supports the importance of evaluations in terms of their effect on organizational effectiveness, stating that feedback is a critical portion of an organization's control system.

➢ CONCLUSION:

The principal purpose of an appraisal system should be to improve the employee and the organizational performance. The system must be based on a deep regard for people and recognize that employees are the most important resource. The system should first of all contribute to the satisfaction of all the employees. This tenet will require a continuous effort in counseling, coaching and honest, open communications between the employee and supervisors.
GLOBAL DIMENSIONS OF HR AND ITS IMPACT - BENCHMARKING IN THE INDIAN BFSI ORGANISATIONS

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INTRODUCTION
Benchmarking is the process of comparing one's business processes and performance metrics to industry bests and/or best practices from other industries. Dimensions typically measured are quality, time and cost. In the process of benchmarking, management identifies the best firms in their industry, or in another industry where similar processes exist, and compare the results and processes of those studied (the "targets") to one's own results and processes. In this way, they learn how well the targets perform and, more importantly, the business processes that explain why these firms are successful.

The term benchmarking was first used by cobblers to measure people's feet for shoes. They would place someone's foot on a "bench" and mark it out to make the pattern for the shoes. Benchmarking is used to measure performance using a specific indicator (cost per unit of measure, productivity per unit of measure, cycle time of x per unit of measure or defects per unit of measure) resulting in a metric of performance that is then compared to others.

Return on assets (ROA) is one of the many measures used by finance technicians to measure performance of financial institutions. We have used this data to highlight the kind of income foreign banks generate from a low incision and penetration as compared to Indian banks, financial services and insurance. The keyword in the current synopsis hence is ‘compare’. To benchmark would ideally include an incisive evaluation of the organisation as a whole before we can compare the parameters with those of a leader. It has to be a holistic evaluation as all departments of a business unit perform together to reach a certain objective. However, having spoken of objectives, there is a deep chasm in terms of objective of the public sector BFSI organisations and their privately owned counterparts. The essential difference lies in the socialist aspect of home-grown and government owned or regulated organisations vis-a-vis the astutely ‘size zero’, profit and margin driven private companies. The reason why the socialist and the profit motive is being mentioned here is for the simple reason that in order to have a good profitable harvest, we must invest - in ‘good seeds’ (talent acquisition), ‘good fertilisers’ (conducive environment), ‘constant nurturing’ (employee engagement), weeding and replanting (de-unionising and stronger discipline) and most importantly – a plentiful supply of water (salaries, compensation and benefits). To begin with let’s break up this study in the areas of operations of human resources of privately owned companies. We can then possibly compare as to where do the public sector banking and insurance sector companies stand on those grounds.

Table 1: SWOT Analysis of Indian Banks (In Hr Context)

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ High skilled personnel in middle and low levels in the banks.</td>
<td>✓ Poor technology infrastructure</td>
</tr>
<tr>
<td>✓ Aggression towards the development of the existing standards</td>
<td>✓ Presence of more number of smaller banks that would likely to be impacted adversely.</td>
</tr>
<tr>
<td>✓ Strong regulatory impact by central bank to all banks for implementation</td>
<td>✓ Poor compensation system</td>
</tr>
<tr>
<td>✓ Presence of intellectual capital to face the change in implementation with good</td>
<td>✓ Poor talent management</td>
</tr>
</tbody>
</table>
### Opportunities

- Availability of fresh talent to strengthen the bank operations.
- Increasing risk manage expertise.
- Need significant connection among business, credit & risk management and information technology.

### Threats

- Inability to meet additional capital requirements.
- Huge investment in technologies.
- Entrance of foreign banks to capture talent HR.
- Increasing the cost of human capital.

**Source:** Jagannath Mishra & Pankaj Kumar Kalawatia: Basel II: Challenges Ahead of the Indian Banking Industry 2008

**Talent Acquisitions**

One of the biggest driving forces of multinational banks and insurance companies worldwide has been the kind of talent it has attracted over the years. Spawning every area of these businesses – from operations (front, middle and back-office), marketing, to human resources and policy making, private players hire from Ivy League management colleges after an assessment of their outlook and capacity to strategize. Many Heads of organisation have admitted that hiring management graduates have given them the edge they required in order to excel in a highly competitive market. For these executives the goal doesn’t begin on the first ladder of the 6 steps of Maslow (et al Theory of Human Motivation, 1943 – Abraham Maslow), but the 5th – that of esteem, understanding very well that the ladders below it will automatically flow in.

The hiring methods of Indian banks, financial and insurance companies can at best be described as archaic. Though some of the public sector nationalized banks have realised this point, some fear that this might be a little too late. State Bank of India, for example has hired graduates from top business schools in India in the last decade. Bank of Baroda, Canara Bank and Bank of India are some who have also followed this trend, but as expected they have settled for the great Indian ethos of procuring the low priced versions of what the multinational banks hire. Considering that as well, the penetration of such hiring remains minimal and the rest of the ranks are filled up by the age-old channel of ‘probationary officers’ examinations.

**Creating an Environment for Natural and Inclusive Growth**

In the analogy to agriculture, a dry and arid atmosphere will never produce the returns we expect; neither does the wet and swampy environment.

HR practices at multinational banks has been mostly successful, a key contributor to which have been constantly evolving HR policies that create facilitative environment to enhance the efficiency of the staff; empowering the employees so as to draw out the latent potential; and by catalyzing the conditions for a wholesome quality of work and personal life. Further, the employees need to be trained adequately so as to carry out their functions effectively while dealing with multicultural teams. To engender an environment that makes employees understand the organization’s direction and vision and work towards achieving the same.
Management development schemes and continuous training and development schemes enable talented employees to grow up the corporate ladder. The need for holistic human capital growth is envisaged by SC Gupta, Chairman and MD of Indian Overseas Bank - “To institutionalize talent management, the first priority for the banking industry would be to spot, recognize and nurture the talent from within. Secondly, the industry has to attract the best talent from the market to maintain the required competitive edge vis-a-vis global players. However, the issue of critical importance is how talent is integrated and sustained in the banks. Therefore, a proper system of talent management has to be put in place by all the banks.”

**Employee Engagement**

Multinational banking, financial services and insurance companies and their private sector counterparts spend a sizeable amount of resources on employee engagement in terms of investment towards team building exercises, building a brand amongst its employees, and inclusion in operational management decisions. The differences are highlighted when one says he works in, say, BNP Paribas, and another says, Indian Bank. Though the individual at Indian Bank might be in a far better position than his counterpart, the brand sometimes becomes a game clincher. Besides that, employees at home grown BFSI organisation also require a fair degree of autonomy that affects the work surrounding him. Employees at multinational banking and financial services companies are penalized for a delay / error that might cause the customer any loss (whether or not the customer is aware of it). A similar ownership is missing in the Indian counterparts of these entities.

To develop such a culture where speed and accuracy becomes paramount, there needs to be an organisation level direction and commitment towards the same. This directional change is incomplete without HR involvement and commitment. Town Halls and meetings need to be organised and participation ensured for success of all employee engagement programmes. “An equally important issue relevant to HRM is to create a conducive working environment in which the bankers can take commercial decisions judiciously and, at the same time, without fear. This calls for a re-look into the vigilance system as it exists today, and perhaps there is a need to keep the banking industry out of the CVC. The Banks’ Boards may be allowed to have their own system of appropriate checks and balances as well as accountability.” [SC Gupta, Chairman and MD, Indian Overseas Bank, Banking Industry Vision 2010, IBA Committee Report]

**De-Unionisation and Enforcing Discipline**

Trade Unions Act and State laws provide Legal Protections. Trade Unions in India have provided a powerful mechanism for collective bargaining between and employer and employees. At the same time, disputes between employers and trade unions continue to be litigated. The cost of disruption is constantly rising and raising questions about the role of trade unions and TU Act. Many multinational banks and financial services – attribute a part of their success to the absence of large scale trade union movements having vested interests. [Vikram Shroff and Akshay Bhargav, Attorneys of Law, Nishith Desai & Associates].

The Supreme Court, during a recent hearing of an inter-trade dispute, remarked that the provisions of TU Act were archaic and needed to be amended. Whether there will be a change in the future is yet to be seen. Stronger HR commitment is also required for enforcing appropriate work ethics decorum and discipline in public sector BFSI companies. Once employed with a particular PSB, it is taken as a ‘guaranteed income’, irrespective of performance and delivery.
AN EMPIRICAL STUDY ON INVESTMENT IN GOLD – A BENCHMARKING ANALYSIS

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INTRODUCTION

“And the gold of that land is good: there is bdellium and the onyx stone”. Genesis 2:12

For more than two thousand years gold's natural qualities made it man's universal medium of exchange. In contrast to political money, gold is honest money that survived the ages and will live on long after the political fiats of today have gone the way of all paper (Hans F. Sennholz). Gold continues to be one of the most popular forms of investment for a very long time. People across the latitudes and longitudes of the world prefer to invest in gold not just because of its fascination, rather its speciality to hedge inflationary rates. A common man’s uncommon thinking about gold as an investment cum prestige symbol has made it, a life time investment in hyper-heterogeneous society like ours. Gold enjoys the supremacy amongst several investment alternatives such as real estate, equities and forex trading etc. due to its liquidity and demand. Further, tangible and intangible factors like limited availability of mineral gold, regulated extraction, global demand and supply, Government policies and investors’ mindset have made this yellow metal to glitter brightly than the past.

OBJECTIVES OF THE STUDY

This paper attempts to examine the significance of investment in gold. Further, in the paper the author attempts to recognize return on investment in gold against the rate of inflation, benchmarking bank deposits, real estates and equities. Hence the major objectives of this study are listed below:

- To understand the various forms of investment in gold
- To study the volatility of return on investment in gold and
- To analyse the impact of impact of inflation on investment in gold.

METHODOLOGY

The paper titled “All that glitters is gold” is exclusively based on the secondary data collected from various published sources. The methodology adopted for this paper is descriptive as it describes about the significance investment in gold to hedge the inflation. Further, this paper attempts to underline the causes for investors’ preference on gold investment amongst several investment alternatives available.

REASONS TO INVEST IN GOLD

If an investor considers a reasonable return or results in the short term, then gold is probably not the right option. Investing in gold is no doubt a profitable option as it can be quickly converted to cash. It is also convenient it can be physically carried easily wherever he goes unless the quantity is very high. Since the performance of gold market is directly proportional to stock market it becomes easy to make calculations.

Gold-A Precious Metal as Investment

Investment in gold enjoys numerous advantages over other metallic forms and Gold is the most popular investment of all the precious metals. Platinum investment is very risky and moreover it is not easily convertible to cash. Investment in silver does not enjoy huge prospects in terms of financial gain and moreover silver occupies lots of space when compared with gold.

Factors to be considered before Investing in Gold
An investor needs to be very careful about investing in gold because unlike stock or other markets he does not have the option of investing a small amount. An investor must do lot of research and have a strong knowledge about the market information. Further, he must decide the proportion of gold investment in his portfolio. Some investors choose to invest only in gold and not in any other sources. However this practice won't be suitable for all. Therefore the investor must first check up the category under which he falls.

Factors that Influence Gold Price
Like any other resource the supply and demand constitutes to be an important factor in determining the price of gold. Since gold is a precious asset people even hoard it and its demand and price could increase drastically during inflation and even when there are wars. The price of gold shows an upward trend in most cases irrespective of the consequences due to the sentiment which people owe to the metal. They are prepared to pay any price for it.

Gold Investment Strategies
Some of the investors prefer to buy gold when the price increases because of the popular belief that it will increase further more and they can make profits by selling them thereafter. Other investors choose to buy gold when prices decline so that they can sell them at a higher profit when the prices increase. Another group of investors will make their decisions by testing if the current trend in pricing changes or not.

ANALYSIS AND INTERPRETATION
The yellow metal’s shine is only becoming more attractive and a perfect hedge against rising inflation. The price of gold has increased dramatically over the past decade as astute investors, concerned about the devaluation of all other investments, have been investing in this metal as a hedge against inflation. The following table gives a comparison of rate of inflation and return in investment in gold:

**Table 1: RATE OF INFLATION vs. CHANGE IN GOLD PRICE - 2009**

<table>
<thead>
<tr>
<th>2009</th>
<th>Rate of Inflation</th>
<th>Gold Price (24 ct/1gm.)</th>
<th>Change in Rate of Inflation</th>
<th>Change in gold price</th>
<th>% of Change in Rate of Inflation</th>
<th>% of Change in Gold price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan.</td>
<td>10.45</td>
<td>1370</td>
<td>-0.82</td>
<td>40</td>
<td>-7.85</td>
<td>2.92</td>
</tr>
<tr>
<td>Feb.</td>
<td>9.63</td>
<td>1410</td>
<td>-1.6</td>
<td>41</td>
<td>-16.61</td>
<td>2.91</td>
</tr>
<tr>
<td>Mar.</td>
<td>8.03</td>
<td>1451</td>
<td>0.67</td>
<td>39</td>
<td>8.34</td>
<td>2.69</td>
</tr>
<tr>
<td>Apr.</td>
<td>8.70</td>
<td>1490</td>
<td>-0.07</td>
<td>168</td>
<td>-0.80</td>
<td>11.28</td>
</tr>
<tr>
<td>May</td>
<td>8.63</td>
<td>1658</td>
<td>0.66</td>
<td>-102</td>
<td>7.65</td>
<td>-6.15</td>
</tr>
<tr>
<td>June</td>
<td>9.29</td>
<td>1556</td>
<td>2.6</td>
<td>-80</td>
<td>27.99</td>
<td>-5.14</td>
</tr>
<tr>
<td>July</td>
<td>11.89</td>
<td>1476</td>
<td>-0.17</td>
<td>46</td>
<td>-1.43</td>
<td>3.12</td>
</tr>
<tr>
<td>Aug.</td>
<td>11.72</td>
<td>1522</td>
<td>-0.08</td>
<td>44</td>
<td>-0.68</td>
<td>2.89</td>
</tr>
<tr>
<td>Sept.</td>
<td>11.64</td>
<td>1566</td>
<td>-0.15</td>
<td>36</td>
<td>-1.29</td>
<td>2.30</td>
</tr>
<tr>
<td>Oct.</td>
<td>11.49</td>
<td>1602</td>
<td>2.02</td>
<td>181</td>
<td>17.58</td>
<td>11.30</td>
</tr>
<tr>
<td>Nov.</td>
<td>13.51</td>
<td>1783</td>
<td>1.46</td>
<td>-102</td>
<td>10.81</td>
<td>-5.72</td>
</tr>
<tr>
<td>Dec.</td>
<td>14.97</td>
<td>1681</td>
<td>1.25</td>
<td>-159</td>
<td>8.35</td>
<td>-9.46</td>
</tr>
<tr>
<td>Mean</td>
<td>10.83</td>
<td>1547.08</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Range</td>
<td>6.94</td>
<td>413</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Inference

Correlation between % of Change in Rate of Inflation and Gold price = - 0.30146
The above table shows a mean inflation of 6.94 as against a mean price of Rs.1547.08 per gram of 24 Ct. gold. Inflation shows a range of 6.94 in the year 2009 and gold shows a range of Rs.413 per gram in 2009. The maximum rate of inflation in 2009 was 14.97 (December) as against the maximum rate of 24 Ct. gold per gram Rs.1783 (November). The minimum rate of inflation in 2009 was 8.03 (March) as against the minimum rate of 24 Ct. gold per gram Rs.1370 (Jan.). The above table shows that there is no proportionate increase in the gold price as compared to the rate of inflation and vice versa, which is witnessed by a correlation of - 0.30146 between % of Change in Rate of Inflation and % of Change in Gold price.

**Table 2: RATE OF INFLATION vs. CHANGE IN GOLD PRICE - 2010**

<table>
<thead>
<tr>
<th>2010</th>
<th>Rate of Inflation</th>
<th>Gold Price (24 ct/1gm.)</th>
<th>Change in Rate of Inflation</th>
<th>Change in gold price</th>
<th>% of Change in Rate of Inflation</th>
<th>% of Change in Gold price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan.</td>
<td>16.22</td>
<td>1522</td>
<td>-1.36</td>
<td>47</td>
<td>-8.38</td>
<td>3.09</td>
</tr>
<tr>
<td>Feb.</td>
<td>14.86</td>
<td>1569</td>
<td>0</td>
<td>-43</td>
<td>0.00</td>
<td>-2.74</td>
</tr>
<tr>
<td>Mar.</td>
<td>14.86</td>
<td>1526</td>
<td>-1.53</td>
<td>60</td>
<td>-10.30</td>
<td>3.93</td>
</tr>
<tr>
<td>Apr.</td>
<td>13.33</td>
<td>1586</td>
<td>0.58</td>
<td>134</td>
<td>4.35</td>
<td>8.45</td>
</tr>
<tr>
<td>May</td>
<td>13.91</td>
<td>1720</td>
<td>-0.18</td>
<td>41</td>
<td>-1.29</td>
<td>2.38</td>
</tr>
<tr>
<td>June</td>
<td>13.73</td>
<td>1761</td>
<td>-2.48</td>
<td>-90</td>
<td>-18.06</td>
<td>-5.11</td>
</tr>
<tr>
<td>July</td>
<td>11.25</td>
<td>1671</td>
<td>-1.37</td>
<td>100</td>
<td>-12.18</td>
<td>5.98</td>
</tr>
<tr>
<td>Aug.</td>
<td>9.88</td>
<td>1771</td>
<td>-0.06</td>
<td>19</td>
<td>-0.61</td>
<td>1.07</td>
</tr>
<tr>
<td>Sept.</td>
<td>9.82</td>
<td>1790</td>
<td>-0.12</td>
<td>43</td>
<td>-1.22</td>
<td>2.40</td>
</tr>
<tr>
<td>Oct.</td>
<td>9.70</td>
<td>1833</td>
<td>-1.37</td>
<td>75</td>
<td>-14.12</td>
<td>4.09</td>
</tr>
<tr>
<td>Nov.</td>
<td>8.33</td>
<td>1908</td>
<td>1.14</td>
<td>15</td>
<td>13.69</td>
<td>0.79</td>
</tr>
<tr>
<td>Dec</td>
<td>9.47</td>
<td>1923</td>
<td>-0.17</td>
<td>-53</td>
<td>-1.80</td>
<td>-2.76</td>
</tr>
</tbody>
</table>

**Mean** 12.11 1715
**Range** 7.89 401

Correlation between % of Change in Rate of Inflation and Gold price = 0.082477

**Inference**

The above table shows a mean inflation of 7.89 as against a mean price of Rs.1715 per gram of 24 Ct. gold. Inflation shows a range of 7.89 in the year 2010 and gold shows a range of Rs.401 per gram. The maximum rate of inflation in 2010 was 16.22 (January) as against the maximum rate of 24 Ct. gold per gram Rs.1923 (December). The minimum rate of inflation in 2010 was 8.33 (November) as against the minimum rate of 24 Ct. gold per gram Rs.1522 (January). From the above table it is conspicuous that the there is a proportionate decrease in the gold price as compared to the declining rate of inflation and vice versa, which is witnessed by a correlation of 0.082477 between % of Change in Rate of Inflation and % of Change in Gold price.

**Table 3: RATE OF INFLATION vs. CHANGE IN GOLD PRICE - 2011**

<table>
<thead>
<tr>
<th>2011</th>
<th>Rate of Inflation</th>
<th>Gold Price (24 ct/1gm.)</th>
<th>Change in Rate of Inflation</th>
<th>Change in gold price</th>
<th>% of Change in Rate of Inflation</th>
<th>% of Change in Gold price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan.</td>
<td>9.30</td>
<td>1870</td>
<td>-0.48</td>
<td>81</td>
<td>-5.16</td>
<td>4.33</td>
</tr>
<tr>
<td>Feb.</td>
<td>8.82</td>
<td>1951</td>
<td>0</td>
<td>-9</td>
<td>0.00</td>
<td>-0.46</td>
</tr>
<tr>
<td>Mar.</td>
<td>8.82</td>
<td>1942</td>
<td>0.59</td>
<td>166</td>
<td>6.69</td>
<td>8.55</td>
</tr>
<tr>
<td>Apr.</td>
<td>9.41</td>
<td>2108</td>
<td>-0.69</td>
<td>13</td>
<td>-7.33</td>
<td>0.62</td>
</tr>
</tbody>
</table>
FACTORS AFFECTING GOLD PRICE

The crude oil is one of the factors for inflation. As the prices of crude oil increases there is upward pressure on inflation. In order to hedge against the inflation people invest in gold, which represents an implied relationship between gold and crude oil prices. So during high crude oil prices, high inflation, and declining equity market gold can be stored to hedge the inflation. There is an inverse relationship between gold prices and US Dollars. In the past US Dollars were considered to be a hedging instrument, but with the large debt accompanied by heavy interest payments has made the dollar weak, which ultimately ruins its value for the purpose of hedging. Gold is considered as hedging instrument because when the price of gold depreciates the investors outside US will be benefited as the dollar price of the gold will increase. In such circumstances investors can shift away from the dollar denominated assets to gold, describing it to be as a hedge against currency risk.

Repo rate is the rate at which the commercial banks borrow money from the RBI. It is a good measure to control inflation, because when the repo rate will be high, the borrowings from banks will be low which will actually reduce the purchasing power, leading to reduction in investment in gold and ultimately reducing the price of the gold. Gold has always been considered as a good hedge against inflation. Rising inflation rate appreciates the gold prices. Bank failure and gold are inversely related (barring the vice versa part), because when dollars were fully convertible into gold, both were regarded as money. The most preferred instrument to carry was dollars as compared to heavier and indivisible gold. A fear of failure of bank would lead to bank run.

The performance of gold bullion is often compared to stocks. Despite being fundamentally different asset classes, there exists a relation between the two. Gold is regarded by some as a store of value (without growth) whereas stocks are regarded as a return on value. Stocks and bonds perform best in a stable political climate with strong property rights and little turmoil.
Low or negative interest rates leads to rise in gold prices. If the return on bonds, equities and real estate is not adequately compensating for risk and inflation then the demand for gold and other alternative investments such as commodities increases. In times of national crisis, war, invasion, looting crisis people fear that their assets may be seized and that the currency may become worthless. They see gold as a solid asset, which will always buy food or transportation. Thus in times of great uncertainty, particularly when war is feared, the demand for gold rises. So price also rises. Demand and Supply factor is very important for the price analysis of Gold. The demand – supply dynamics play an important role in determining the price of Gold.

CONCLUSION
In a nutshell, as global uncertainties continue to linger, gold will find favor among investors looking for a safe-haven asset. Despite gold becoming costlier day-by-day, still its sentimental value makes it an unavoidable investment alternative amongst other real assets. Combination of several factors, including a weakening dollar, fluctuation in crude oil price and volatility of global inflationary rates drive gold's price higher. Undoubtedly, investment gold acts as a hedge against inflation over a period of time. However, it is very important to note that the volatility of gold price does not correspond to volatility of inflation in short-run. The rising disposable income and curiosity to invest in low-risk investments will certainly drive up the gold price. Finally, investment demand will continue to play out fully, as gold becomes an integral part of every individual’s portfolio, which makes it to glitter all the time.

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MORTGAGE SECURITIZATION MARKET IN INDIA, PRE AND POST SUBPRIME CRISIS

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CHRIST UNIVERSITY, BANGALORE, KARNATAKA

Introduction

The economy of one of the world’s most powerful country started to tremble at the dawn of 2007. The 401Ks a social security that were once solid started to dwindle. Cash reserves started to run dry and the start of a crisis was upon the people of the United States of America. This Crisis was called the Subprime crisis. The US Subprime crisis of 2007-2009 was the start of the Global financial meltdown. With real estate prices falling and the subprime mortgage rates, typically adjusted rate mortgages (ARM), on the rise there was an increase in delinquesc. This led to foreclosures on mortgaged properties. As we see the crisis was called the subprime crisis, we can be sure that subprime lending was surely a major cause for the crisis. In order to proceed further will need to know what is subprime credit and subprime mortgage loans refer to. Subprime credit is the extension of credit facilities to borrowers who have deficient credit history or inadequate documentation (Ravi Saraogi 2007). Subprime Mortgage loans are thus a loan that is granted to mortgagors who do not qualify for market interest rates owing to various risk factors, such as income level, size of the down payment made, credit history and employment status (Mark Adam Petersen 2010). In the subprime market the interest rates are extremely high. This is based on the logic that higher the risk, higher will be the interest on such investment. The US Subprime mortgage marked had expanded rapidly during the decade preceding 2005. Approximately 20% of the loans in 2005 were of a subprime nature. It may be said that out of the total debt, $600 billion originated in the year 2006(Ravi Saraogi 2007). This gives us a magnitude of the growth of subprime lending. Now it is only understandable that with the rise of subprime mortgage there is also a rise in the securitization of Subprime Mortgage loan assets in order to issue Subprime Mortgage backed securities (SMBS). Thus with the fall in the real-estate prices in the US, investors in SMBS suffered a great amount of losses due to deliquesc of the numerous subprime borrowers.

What is this securitization that we talk about? Securitization is a way by which industries that are in need of additional financing raise funds. Securitization entails the pooling of assets, usually with similar cash flow characteristics and issuance of securities whose payments are derived from the underlying pool cash flow (Mark Adam Petersen 2010). One of the prominent industries that use this method of raising funds is the mortgage banking industry. Asset backed securities (ABS) and Mortgage Backed Securities (MBS) are so termed based on the nature of the assets that contribute the formulation of the underlying pool. ABS and MBS represent an interest in the underlying pools of loans or other financial assets securitized by issuers who often also originate the assets. The fundamental goal of all securitization is to isolate the financial assets supporting payments on the ABS and MBS (Cameron L. Cowan 2003). This isolation is done in order to ensure that the payments that relate to the securities are attained solely form the isolated (particular) pool of assets and not form the originator of the assets.

Objectives

To analyse the effect of the US Subprime crisis on the Indian mortgage backed securitization market.

Data and Methodology
This study has been carried out for the period 2004 to 2010. This period was so chosen in order to ensure that our study adequately covered both the pre and post subprime crisis periods. The data that we analysed was adequate to determine the trend in the Indian securitization market. The data on which our study is based is purely secondary in nature. Secondary data is data that is pre-existing or has been collected for the purpose of another research study. We have collected our secondary data from the RBI and Sifma websites. We also collected data from ICRA reports and other journals, published articles, working papers and websites. The bibliography gives a detail of the articles that have been referred for the purpose of this study.

The methodology that we have used to conduct our study is a comparative analysis and a percentage analysis. Based on the data we analysed the performance of MBS in India and the USA, which has helped us to arrive at our conclusion. We closely compared the MBS investment and growth trends during the above stated period in the two economic regions mentioned. The study provided us with interesting facts especially during the period of the global economic crisis.

**Analysis of data**

The analysis of data is done in such a way that we may be able to get a picture of the securitization market in the pre and post subprime crisis periods.

We collected the following data. The date was first organised based on a timeline starting from the year 2004 up to the year 2011. Our study compares two major economic regions that are India and The United States of America.

**The Indian Aspect**

We have first represented and analysed the data of the Indian securitization market. It concentrates on the Mortgaged Backed Securities (MBS).

Source: ICRA rating Feature from 2004 – 2011

There has been a steady growth in the MBS, from its first issue in the year 2000. From then up until the year 2006 there was a steady and continued growth in the issuance of MBS. Note that our study period, which is from 2004 to 2011, was so selected because by 2004 the MBS had grown to be a preferred method of investment. In 2004 MBS contributed to 21.26% of the total securitization market. You will note from the above that the trend of growth took a turn in the year 2006, where the issuance dropped by 68%. It then dropped even further to reach an all-time low in the year 2008, with an issuance of only 5.9 billion. That is there was a 63% drop in the issuance from the year 2007 to 2008. After this dip the market started to pick up again in the year 2009 and by the end of the year 2011 the total issuance of MBS was 50.29 billion and contributed to 16% of the total share in the structured finance market. The growth trend in MBS issuance and the share of MBS in the structured finance market is shown in the graphs below.

A brief overview of the practices in the Securitization market in India

In India, the securitization market was fairly un-regulated and open to all, before the RBI regulations of 2006. The RBI regulations of 2006 that came into the market, came in at the right time to curb the rampant misuse of securitization with substantial first loss support provided to most transaction without any concern about the regulatory capital. What did the RBI guideline state? As per the guidelines laid down, the players, that is banks and financial institutions, in the securitization market would have to transfer the receivables to a Special Purpose Vehicle (SPV). The loan pool, under the RBI regulations, would now have to qualify certain strict requirements. Based on this qualification the same player would have to issue a Pass-Through Certificate (PTC) to the investors on the mortgage backed or asset backed securities. Now with the new regulations in place the formerly popular method of direct
assignment in order to securitize the pool of loans was no longer in practise. Under Direct Assignment there was no need for a SPV to come into the transaction. There was also no such regulatory guideline that needed to be followed in order to define the liquidity of the assets that contributed to the pool of cash flows and hence there was no question of the issuance of PTCs to the investor.

The slowdown in the securitization market was clearly an effect of the new RBI guidelines of 2006. Furthermore the tight liquidity conditions that resulted in a rise in the interest rates in 2007, contributed to the slowdown in securitization. Nevertheless the continued growth in the retail loan portfolios motivated some key players, especially the ones with a rapid growth in portfolios, to securitize a significant portion of their assets.

RBI’s new circular on capital adequacy for Basel II compliance (2007) which allows for capital relief on securitisation has been a factor in motivating banks to securitise some of their assets. The choice of asset category to securitise, of course, depends on the extent of capital relief which in turn would hinge on the level of credit enhancement and its split between the first and second loss piece. Securitisation acts as an important funding tool, especially for some smaller originators who find it difficult to access the conventional debt market on a scale that matches their business growth ambitions.

A brief overview of the Banking regulations in the United State of America

Regulations of the banking sector in the United States in totality are made up of a very complex system that includes state and federal regulations (Dwight M. Jaffee 2011). However the rules and regulations in the US are more liberalised when compared to India. For instance, the rules of Prompt Corrective Action (PCA) that were adopted as a result of the Savings and Loan (S&L) crisis of the 1980s. PCA was formulated as part of the Federal Deposit Insurance Corporation Improvement Act (FDICIA). The main reason for the formulation of the PCA was to avoid regulatory forbearance that arose out of the policy of the Federal Home Loan Bank Board and the Federal Savings and Loan Insurance Corporation (FSLIC) to allow distressed S&Ls to continue to operate in the market with the underlying hope that the market conditions will improve and the firm would return to its solvent state. Thus the PCA when faced with a distressed S&L had three main options in front of it. (i) Request the institution to raise new equity capital or (ii) find a sound merger plan or (iii) Close the bank or S&L (Dwight M. Jaffee 2011). This safety net was fine as long as the volume of banks and S&Ls that failed was small. However during the Subprime crisis there was failure of many banks and S&Ls, which led to utter chaos. Thus from the above we infer that, yes, there were regulation in place however these regulation did not plan for a huge increase in unaccounted debt or in other words, the drastic fall in the real estate prices. The US treasury has proposed the winding down of Fannie Mae and Freddie Mac, the two large government sponsored enterprises (GSEs) indicating that big changes are taking place in the US state and federal regulatory systems. These changes are coming in at the right time, as a much needed break for the system. For instance the idea of allowing subprime mortgage loans to contribute to a pool of assets for the purpose of securitization was clearly a disaster in the making.

Findings and Suggestions

In the Indian securitization market there has been a decline in the total issuance in the year 2007, and a drastic decline at that. To a passive observer this may look to be a result of the US subprime crisis. However on further analysis it may occur to the observer that there is a mismatch in the dates. Based on our study we may conclude that it was in fact the RBI guidelines of 2006 that pushed the volume of MBS issuance down. The second factor that pushed down and discouraged the securitization was the tight liquidity conditions in the year 2007 that resulted in a rise of interest rates. Nevertheless this was not some-thing of great concern for
the Indian Securitization market since the continued growth in retail loan portfolios drove some of the key players, especially those with rapid growth in portfolio, to securitize a significant portion of their assets. This is why in India we see that the issuance of MBS has considerably gone up in the year 2009-2010. On the US front however we have discovered an entirely different story. The issuance of RMBS that were formed by non-agency regulated loan portfolios, have had a tremendous growth in the years 2005, 2006 and 2007. It was after this that the crisis hit and the entire issuance of RMBS hit rock bottom levels. From 2008 to 2011 there has been no growth whatsoever in the issuance of these non-agency RMBS. This lack of growth may be a result of the fact that many of the companies that dealt with non-agency loan portfolios suffered losses to such an extent forcing them to declare bankruptcy and close up shop. Also the US market has learnt that non-agency based mortgage loans do not form a good and stable pool of assets.

In India we really see that, unlike in the US, the securitization process is not that complex in nature. Furthermore there has always been an element of government intervention or protection of the investments, investors and the economy at large. In India there are rigid rules and regulation that the banks and financial institutions must conform with. We note that in the year 2006 the RBI regulation came in light of the unchecked misuse of the securitization. It was these regulations that have protected India from falling into a crisis. With this regulation the mortgage loans that go into forming the pool of assets are all from properties that have a very low chance to default. This factor will ensure strength and confirmed returns on the securities drawn on them. We note that in the US the securitization concept is much more complex in nature. We also not that the pool of assets that formed the non-agency mortgage loan portfolio comprised of loans that had a high likelihood of defaulting when the interest rates when up. What the US banks and financial institutions did not anticipate was the fall in the price of real estate all across the United States. The possible fluctuation in the real estate prices was some-thing that these banks and financial institutions took for granted. The life and the success of their RMBS hinged on their belief that the price of real estate was only going to go up. And it was this that spelt the downfall of the US RMBS securitization market. The losses realised were the causes for some highly rebound firms closing down. It is clear that the lack of strict regulations, guidelines and control from the side of the US federal government was one of the major causes of the crisis. We must however mention that the securitization of mortgage loans that were regulated by Fannie Mae and Freddie Mac did not suffer from the impact of the fall in real estate prices. In fact the issuance of these agency MBSs have maintained a stable rate during the time of crisis (data as per Sifma workbooks). It is hence clear that some sort of government regulation is required in the functioning of any economy. Based on our study we may conclude that India has been safe due to the intervention of the government in the practise of securitization. Hence for a system or economy to be stable a considerable amount of government intervention is required.

**Conclusion**

For an economy to run effectively, it is vital that there should be rules and regulations that guide it. It is the role of the Government to plan ahead and look at all possible future outcome of any decision or trend.

From our study we concluded that, in India, there is a good regulatory system in place to guide the securitization of assets. This is a growing sector of investment and we expect to see abundant returns from this sector as this sector has great potentials.

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MOBILE BANKING IN THE NEW MILLINEUM

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INTRODUCTION

Mobile banking (also known as M-Banking, SMS Banking) is a term used for performing balance checks, account transactions, payments, credit applications and other banking transactions through a mobile device such as a mobile phone or Personal Digital Assistant (PDA). The earliest mobile banking services were offered over SMS. With the introduction of the first primitive smart phones with WAP support enabling the use of the mobile web in 1999, the first European banks started to offer mobile banking on this platform to their customers.

Mobile banking has until recently most often been performed via SMS or the Mobile Web. Apple's initial success with iPhone and the rapid growth of phones based on Google’s Android (operating system) have led to increasing use of special client programs, called apps, downloaded to the mobile device.

A Mobile Banking Conceptual Mode:

In one academic model mobile banking is defined as:

Mobile Banking refers to provision and availing of banking- and financial services with the help of mobile telecommunication devices. The scope of offered services may include facilities to conduct bank and stock market transactions, to administer accounts and to access customized information.

A mobile banking conceptual model

A wide spectrum of Mobile/branchless banking models is evolving. However, no matter what business model, if mobile banking is being used to attract low-income populations in often rural locations, the business model will depend on banking agents, i.e., retail or postal outlets that process financial transactions on behalf Telco’s or banks.

The banking agent is an important part of the mobile banking business model since customer care, service quality, and cash management will depend on them. Many Telco’s will work through their local airtime resellers. However, banks in Colombia, Brazil, Peru, and other markets use pharmacies, bakeries, etc.

These models differ primarily on the question that who will establish the relationship (account opening, deposit taking, lending etc.) to the end customer, the Bank or the Non-Bank/Telecommunication Company (Telco). Another difference lies in the nature of agency agreement between bank and the Non-Bank.

Models of branchless banking can be classified into three broad categories - Bank Focused, Bank-Led and Non bank-Led

Mobile bank services:

Mobile banking can offer services such as the following:

Account Information:

1. Mini-statements and checking of account history
2. Alerts on account activity or passing of set thresholds
3. Monitoring of term deposits
4. Access to loan statements
5. Access to card statements
6. Mutual funds / equity statements
7. Insurance policy management
8. Pension plan management  
9. Status on cheque, stop payment on cheque  
10. Ordering cheque books  
11. Balance checking in the account  
12. Recent transactions  
13. Due date of payment (functionality for stop, change and deleting of payments)  
14. PIN provision, Change of PIN and reminder over the Internet  
15. Blocking of (lost, stolen) cards

Payments, Deposits, Withdrawals, and Transfers:  
1. Domestic and international fund transfers  
2. Micro-payment handling  
3. Mobile recharging  
4. Commercial payment processing  
5. Bill payment processing  
6. Peer to Peer payments  
7. Withdrawal at banking agent  
8. Deposit at banking agent

Support:  
1. Status of requests for credit, including mortgage approval, and insurance coverage  
2. Check (cheque) book and card requests  
3. Exchange of data messages and email, including complaint submission and tracking  
4. ATM Location

Future functionalities in Mobile Banking:  
Based on the 'International Review of Business Research Papers' from World business Institute, Australia, following are the key functional trends possible in world of Mobile Banking.

With the advent of technology and increasing use of smart phone and tablet based devices, the use of Mobile Banking functionality would enable customer connect across entire customer life cycle much comprehensively than before. With this scenario, current mobile banking objectives of say building relationships, reducing cost, achieving new revenue stream will transform to enable new objectives targeting higher level goals such as building brand of the banking organization. Emerging technology and functionalities would enable to create new ways of lead generation, prospecting as well as developing deep customer relationship and mobile banking world would achieve superior customer experience with bi-directional communications.

Illustration of objective based functionality enrichment In Mobile Banking:  
- Communication enrichment: - Video Interaction with agents, advisors.  
- Pervasive Transactions capabilities: - Comprehensive “Mobile wallet”  
- Customer Education: - “Test drive” for demos of banking services  
- Connect with new customer segment: - Connect with Gen Y – Gen Z using games and social network ambushed to surrogate bank’s offerings  
- Content monetization: - Micro level revenue themes such as music, e-book download  
- Vertical positioning: - Positioning offerings over mobile banking specific industries  
- Horizontal positioning: - Positioning offerings over mobile banking across all the industries  
- Personalization of corporate banking services: - Personalization experience for multiple roles and hierarchies in corporate banking as against the vanilla based segment based enhancements in the current context.
Build Brand: - Built the bank’s brand while enhancing the “Mobile real estate”.

Today in every aspect of our life we are using information technology to make our life comfortable. Due to IT Revolution various new technologies are introduced in production and service sector. As Banking and Insurance sector are based on the consumer data base, Banking and Insurance sector are also affected by this and IT tools are introduced for the better performance and faster growth rate.

Impact of on line banking:

It has been observed that customers who adopt online banking are typically more profitable to the bank, stay with the bank longer and use more products strengthening the bank customer relationship. A Information Technology and Internet banking has bridged the information gap, which was interestingly because of human involvement. A Banks can make the information of products and services available on their site, which is, an advantageous proposition. Prospective customer can gather all the information from the website and thus if he comes to the branch with queries it will be very specific and will take less time of employee. Â Customer can visit these websites and can compare the services offered by a bank with that of another. Â Customer can get all the information, by saving money and time. The trend thus emerging out is that of virtual corporate system where the human role is minimized to maximum effect.

The overall banking size and structure has increased considerably. Â It can also be accredited to the current market characteristics. Â More private players and multinational banks are establishing their base in India. Â Earlier nationalized bank dominated the scenario. Â Now after deregulation private banks have emerged as a powerful force. Â As a result, there is a fierce competition among these players for capturing the savings of individuals and current accounts of organizations this has been spearheaded by the liberalization in the insurance industry. An Insurance industry is giving fierce competition through their offerings on various policies. This sudden surge has necessitated the use of technology in offering better services competitively. Â Most of the banks have coupled IT with their offering to add value.

And authentication of the customer is through password. The information is fetched from the bank’s application system either in batch mode or off-line. The application systems cannot directly access through the internet.

Insurance sector banking on mobile channel to enhance services

The days when one had to solely depend on the insurance agent for all insurance related processes. Gradually the insurance companies are switching over to the mobile channel so as to reduce intermediary in between and connect directly with consumers.

ICICI Prudential and Max New York Life Insurance have already launched a service which enables mobile subscribers to pay premiums through SMS. The services are launched in alliance with mobile payment companies and require one time registration.Companies like Reliance Insurance and Bharti Axa are more likely to introduce such service in alliance with their sister concerns in the telecom business

Conclusion:

Banking is different in the fundamental sense that they serve all their customers the same based on their finances and not their lifestyle or any other factors that go into applying for insurance.

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Customer Disappointment – A Root Cause For Better Customer Retention Programme: A Benchmarking Analysis With Commercial Banks In Chennai City

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2 Associate Professor & Research Supervisor P.G. & Research Dept. of Commerce, Quaide Milleth College For Men, Medavakkam, Chennai – 600 100.

I. Prologue:
To be successful and to have survival in today’s competitive world, every bank must provide quality service to its customers. It is obvious from the previous studies that the customers’ satisfaction regarding the quality service has definitely become a top priority in most of the organisations around the world. Customers are the most vital asset and banks go all out to support them and resolve their problem. By fastening up the process of and improving the equipment reliability, the banks can increase the customers’ satisfaction. The earlier concept of banks was revolving around the term ‘Customer Service’ which was changed to ‘Customer Delight’ and currently it is ‘Customer Retention’.

To retain the existing customers, banks have to measure the satisfactory level and also to move forward in exceeding their expectations to ensure their retention. Banks need to obtain sufficient information necessary to establish, to their satisfaction, the identity of each new customer, whether regular or occasional, and the purpose of the intended nature of banking relationship. If the customers are disappointed, then it will affect the very image of the banks resulting in operational viability. In order to satisfy customers, it is essential to set customer service objectives which are measured in terms of infrastructure, reliability and empathy.

Scope of the Study:
The present study is confined to opinion survey about facilities provided by the banks whether delights or disappoints customers at Chennai. The study also analyses the remedies to curb the gap in order to provide quality service to customers by banks.

IV. Research Methodology:
The Commercial banks are taking efforts to have a congenial relationship with its customers by providing value added services like e-banking, ATMs, telebanking, m-banking, Core Banking Solution, Customer Identification Procedure, etc. This study attempts to analyse whether the customers were delighted or disappointed by these services. The data required for the study has been collected through the primary and secondary sources. The primary data has been collected from the respondents through Direct Personal Interview Method and analysed with various statistical tools. Secondary data were collected from various websites and published journals, books related to the study.

V. Analysis of Socio-Demographic Variables:
The demographic variables of the respondents viz., Age, Gender, Marital Status, Educational level, Occupation, Choice of banks have been taken for analysis and hypothesis is framed with educational level and choice of banks.

Table 1: Socio-Demographic Profile of the Respondents

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Particulars</th>
<th>No.of Respondents</th>
<th>Percentage</th>
<th>S.No.</th>
<th>Particulars</th>
<th>No.of Respondent</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Age (Yrs)</td>
<td>(b) Gender</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td>Below 20</td>
<td>11</td>
<td>9.48</td>
<td>1.</td>
<td>Men</td>
<td>63</td>
<td>54.31</td>
</tr>
<tr>
<td>2.</td>
<td>21-34</td>
<td>54</td>
<td>46.55</td>
<td>2.</td>
<td>Women</td>
<td>53</td>
<td>45.69</td>
</tr>
<tr>
<td>3.</td>
<td>35-50</td>
<td>33</td>
<td>28.45</td>
<td></td>
<td>Total</td>
<td>116</td>
<td>100.00</td>
</tr>
</tbody>
</table>
Table 1 reveals that majority of the respondents (47%) were at the age group of 21-34 years followed by 29% of them were in 21-34 years. As in the case of education, only marginal number of respondents (28%) was formally educated and the family status of the respondents reveals that majority (56%) were unmarried. It is inferred from the above table that more than two-third of the respondents (69%) were doing their own business and going on for a job. The reasons behind these variables may be because of most of the private organisations insisting their employees to operate a salary account for crediting through bank-suppliers; Government provides scholarships to students through crediting it to their accounts, etc.

Table 2: Availing of Banking Services by Respondents

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Particulars</th>
<th>No. of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Location Convenience</td>
<td>44</td>
<td>37.93</td>
</tr>
<tr>
<td>2.</td>
<td>e-banking Services</td>
<td>13</td>
<td>11.21</td>
</tr>
<tr>
<td>3.</td>
<td>Better Customer Relationship</td>
<td>17</td>
<td>14.65</td>
</tr>
<tr>
<td>4.</td>
<td>Ease to use</td>
<td>4</td>
<td>3.45</td>
</tr>
<tr>
<td>5.</td>
<td>Others *</td>
<td>38</td>
<td>32.76</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>116</td>
<td>100.00</td>
</tr>
</tbody>
</table>

*Others – Banks’ Reputation, Employer’s insistence for Salary A/c, Recommendations by friends and relatives.

From the above table, it is obvious that the customers are giving more importance for the location. 38% of the respondents have chosen the banks which are nearby their residence or their work place followed by 33% choosing the banks which were recommended by their friends or relatives, banker’s goodwill, employers’ insistence to open a salary account, etc. Very few Customers (3%) have chosen the banks which have simplified procedures. 12% of the respondents were choosing the banks which provide e-banking services. It is noteworthy that 15% of the respondents have given importance in choosing the banks which provides better customer relationship.

Table 3: Overall General Satisfaction of the Respondents

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Particulars</th>
<th>No. of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Low</td>
<td>56</td>
<td>48.28</td>
</tr>
<tr>
<td>2.</td>
<td>Moderate</td>
<td>41</td>
<td>35.34</td>
</tr>
<tr>
<td>3.</td>
<td>High</td>
<td>19</td>
<td>16.38</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>116</td>
<td>100.00</td>
</tr>
</tbody>
</table>
By analysing the overall general satisfaction of the respondents, it was surprising to note that majority of the respondents (49%) were not satisfied up to their level of expectations. Only 17% of the respondents find that their expectations were satisfied by their banks. Customers’ expectations from their bankers were more in case of ATM (All Transactions Mechanism) facilities rather than old (Anytime Money) ATMs, better RTGS system for securities market dealings, enhanced online banking facilities for e-payment facilities, etc.

Table 4: Weighted Average ranking of the factors which delights/disappoints the Respondents.

<table>
<thead>
<tr>
<th>S.No</th>
<th>Factors</th>
<th>Total Scores</th>
<th>Weighted Average</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Banks always do listen to them</td>
<td>1004</td>
<td>8.66</td>
<td>1</td>
</tr>
<tr>
<td>2.</td>
<td>Banks do provide proper services</td>
<td>833</td>
<td>7.18</td>
<td>4</td>
</tr>
<tr>
<td>3.</td>
<td>Continuous ATM Service</td>
<td>909</td>
<td>7.84</td>
<td>3</td>
</tr>
<tr>
<td>4.</td>
<td>Attending Customer with friendliness</td>
<td>829</td>
<td>7.15</td>
<td>5</td>
</tr>
<tr>
<td>5.</td>
<td>Cumbersome procedures for availing loans</td>
<td>939</td>
<td>8.17</td>
<td>2</td>
</tr>
<tr>
<td>6.</td>
<td>Safety in operations</td>
<td>796</td>
<td>6.86</td>
<td>9</td>
</tr>
<tr>
<td>7.</td>
<td>Cabin services provided to discuss personal views</td>
<td>816</td>
<td>7.03</td>
<td>8</td>
</tr>
<tr>
<td>8.</td>
<td>Consoling the dissatisfied customers</td>
<td>828</td>
<td>7.14</td>
<td>6</td>
</tr>
<tr>
<td>9.</td>
<td>Looking into customer grievances in time</td>
<td>819</td>
<td>7.06</td>
<td>7</td>
</tr>
<tr>
<td>10.</td>
<td>Compulsion to avail the credit facilities</td>
<td>819</td>
<td>7.06</td>
<td>7</td>
</tr>
<tr>
<td>11.</td>
<td>Higher bank charges</td>
<td>727</td>
<td>6.27</td>
<td>10</td>
</tr>
<tr>
<td>12.</td>
<td>Parity in lending and borrowing rates</td>
<td>638</td>
<td>5.5</td>
<td>11</td>
</tr>
<tr>
<td>13.</td>
<td>Banks advises them while they avail loan</td>
<td>599</td>
<td>5.16</td>
<td>12</td>
</tr>
</tbody>
</table>

From the above weighted average table, it can be observed that Banks to whom its customers contact are communicated and attended immediately is getting the highest score of 8.66. Hence, it is inferred that the customers are delighted with better customer relationship activities. Simultaneously, the cumbersome procedure for availing loans from their banks gets second highest score of 7.15 which disappoints the customers.

VI. Analysis of Relationship between Education level and Choice of banks by the Respondents:

The significance in the relationship between educational qualifications and choosing a bank has been tested with the following hypothesis. Banks chosen by the respondents were categorised as public sector banks and private sector banks. Chi-square Test has been applied to test the following hypothesis.

\[ H_0: \text{There is no significant dependence between the education level and choice of bank.} \]

| Chi-Square Test |
|-----------------|-----------------|-----------------|
| Value           | d.f.            | Sig             |
| Chi-Square      | 8.35            | 1               | **              |

From the above test, the calculated value of Chi-square (8.35) is more than the table value (3.84) at 5% level of significance. Hence, the null hypothesis (\( H_0 \)) is rejected. This failed test signifies that there is relationship between educational level and the choice of bank by the respondents.

VII. Analysis of Relationship between Availing Value Added Services Provided By Banks and the Level of Satisfaction.

The sample respondents usage of various modern banking services and their level of satisfaction attained were chosen for testing the relationship. To test these variables, null hypothesis is framed and ANOVA-two way classification has been applied.
There is no significant dependence between the value added services provided by the banks and the level of satisfaction attained by the respondents.

**ANOVA TABLE (Two-way Classification)**

<table>
<thead>
<tr>
<th>Source of Variation</th>
<th>Sum of squares</th>
<th>d.f.</th>
<th>Mean square</th>
<th>‘F’ ratio</th>
<th>F=</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between Samples</td>
<td>909.067</td>
<td>2</td>
<td>909.067/2</td>
<td>454.5335</td>
<td>454.5335/64.0333</td>
</tr>
<tr>
<td>Within Samples</td>
<td>768.400</td>
<td>12</td>
<td>768.4/12</td>
<td>64.0333</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1677.467</td>
<td>14</td>
<td>***</td>
<td>***</td>
<td></td>
</tr>
</tbody>
</table>

The above table shows the tabulation of the value added services provided by the banks and the level of satisfaction attained by the respondents. Since the calculated ‘F’ value (7.098) is greater than the table value (3.885) at 5% level of significance, the null hypothesis is rejected. Therefore it is clear that there is significant dependence between the value added services provided by the banks and the level of satisfaction attained by the respondents.

**Findings of the Study:**

1. Majority of the respondents (66%) were customers in Public sector banks like SBI, Indian Bank and Canara Bank. 34% of the respondents were customers in Private sector banks like ICICI and HDFC bank. The major issue behind this bank preference is security aspect in their mindset. The respondents felt that the public sector banks were much secured than private sector banks.

2. Banker-Customer relationship has gained importance among the respondents while they choose a bank. From the study, it was found that nearly 15% of the respondents have given importance for better customer relationship in choosing a bank.

3. It was surprising that majority of the respondents (49%) were not satisfied by the services rendered by their banks. 35% of the respondents neither delighted nor disappointed by the banking services provided. This shows a lesser interest among the customers with their bankers due to compulsion by their employer/vicinity.

4. Though banks always do listen to customers was given highest score of 8.66, cumbersome procedure for availing loans gets the second highest score of 7.15 which were disappointing the customers.

5. Now-a-days customers were aware about usage of ATM services. Customers prefer to use ATM instead of personal visit to the bank.

6. By applying Chi-square test, it has been inferred that there is significant dependence between the educational qualifications and choice of banks.

7. By using ANOVA – two ways classification, it has been found that there is significant dependence between the value added services provided by commercial banks and the level of satisfaction attained by its customers.

**Conclusion:**

To conclude, Customer Retention Programmes to be followed by the Commercial banks are based on the following aspects: Apart from acknowledging the truth, the banks need to begin working on the issue at hand. They should follow it up to get a solution. Inform the customer regarding these stages. Assign proper roles to bank employees to tackle the aggrieved customers more effectively. Finally, these will reflect in better customer service and efficient mechanism for customer retention programme.
CRM STRATEGIES TO LEVERAGE THE COOPERATIVE BANKING SERVICES


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INTRODUCTION:

Customer Relationship Management (CRM) as the name suggests, the primary focal point is placed on the customer. The key objective is to increase customer value over time by increasing customer loyalty. If a Cooperative bank develops better customer relationships, it also improves service processes as well as it profits. The UN had declared 2012 to be the year of cooperatives. At this junction the cooperatives must create a cordial relationship with its members. In general, CRM is a more efficient automated method used to connect and improve all areas of services to focus on creating strong customer relationships. Customer Relationship management involves managing detailed information about individual customers and carefully managing customer touch points in order to maximise customer loyalty.

In a broader sense Customer Relationship Management is the overall process of building and maintaining profitable Customer Relationships by delivering superior customer value and satisfaction. It deals with all aspects of acquiring, keeping and growing customers. Customer Relationship Management is an innovative strategy that spans the entire cooperative organisation in all spheres. It is a commitment you make to put customers at the heart of the cooperative organisation. Through correct implementation and use of CRM solutions, cooperative banks gain a better understanding of their strongest and weakest areas and how they can improve upon these.

COOPERATIVE BANKING:

The banking system in India occupies an important position in the process of economic development in India. As per the national Cooperative union of India report (2009), 372 Central Cooperative banks are functioning with 13,151 branches and there are 33,96,881 Members are associated with this Central banks. The State Apex Cooperative banks at the State head quarter guides the Central and Primary level Cooperatives. There are 55 State Cooperative banks with its branches serve the requirement of the members. Besides this, there are 1805 Urban Cooperative banks rendering service to the members in urban areas. So, Cooperative banks play a pivotal role in lending agricultural finance as well as non farm sector lending.

The rich tradition of Indian banking business has undergone a major phases of metamorphosis in the recent years. The demand and priorities of the customers are changing every day. The customers started dictating terms both on deposits and loan products. They adjust themselves to the new era of deregulation, competition and customer domination and banks are forced to adopt innovative measures. Cooperative banks have a history of over 100 years. They started in India in the beginning of the 20th century as an official effort to create a new type of institution based on the principle of cooperative organisation and management suitable for problems peculiar to Indian conditions.

Cooperative banks, judging by the role assigned to them the expectations from them and the number of office they operate are an important constituent of the country’s financial system. In order to retain customer’s cooperative banks must work harder on managing individual customers. Relationship can be built through delivery of quality service.
The measurement of service quality is an important step in relationship building with customers. COOPERATIVE BANKING today experiences intense competition as banks like ICICI, STATE BANK OF INDIA, INDIAN OVERSEAS BANK, BANK OF BARODA, and other COMMERCIAL BANKS AS WELL AS MULTINATIONAL BANKS are increasingly accepting customer relationship marketing as a way to increase customer satisfaction, bank loyalty and their own profitability. Cooperative banks can provide more value to the customer by their enhancing quality of services.

**IMPLEMENTING CRM IN COOPERATIVE BANKING:**

In Order to provide quality service the CRM has to be implemented in Cooperative banks.

1. Implementing CRM requires significant changes in the whole organisational structure.
2. Elected Democratic management and chief executives must agree that CRM is the way forward and without such commitment it will not deliver results.
3. Redtapism can be removed by implementing CRM in cooperative banks.
4. For switching to CRM a good amount of investment in IT is required.
5. The organisation must be able to collect, store and access all the information it will need on each customer in order to customize the services to them.
6. The cooperative banks should appoint a highly motivated relationship manager who will identify each customer according to his or her current potential value.
7. The relationship manager should manage the complete relationship. He should oversee all communications and dialogue with each customer and find new products or services to sell to each of them and new ways to customize to each one’s specifications.

**CRM PROCESS IN COOPERATIVES:**

CRM Process is defined as any group of action that is instrumental in the achievement of the output in an operating system, in accordance with a specified measure of effectiveness. The final objective of CRM process is to devise a powerful new tool for customer retention. The CRM implementation and success rate purely depend upon the process, which include the future, revenue, member acquisition and profitability.

**USES OF CRM IN COOPERATIVE BANKING:**

Today there is a stiff Competition between Nationalised banks and Cooperative banks. The rural Customers are depending upon the Cooperative bank Services. So, Strengthening CRM in Cooperative banks is the need of the hour. The use of CRM in cooperative banking has been essentially done for the following purposes:

**IDENTIFYING CUSTOMERS:**

It is necessary for banks to identify potential customers for approaching them with suitable offers. The transactions data that is generated through customer interaction and also taking into account the profile of the customers such as the life cycle stage, economic back ground, family commitments, etc, need to be collated into one database to ensure proper analysis.

**CUSTOMER SEGMENTATION:**

Banks can use the data on customers to effectively segment the customers before targeting them. Typically, mountains of customer data are available from the data warehouse. By applying data mining tools, clusters of similar records can be made. From, this one can arrive at a list of customers who are more likely to respond to new loan schemes, new deposit scheme, etc. This will help in finding a highly targeted market.

**PREDICTION:**

Data mining tools can build a classification system based on past data taking a number of parameters into consideration. Depending on this system, a new customer’s
behaviour can be predicted with reasonable accuracy. The same principle can be applied at
the time of launching a new product. Before the product is launched, its sales can be
predicted. This can help in deciding the advertisement and pricing strategy.

CUSTOMER LOYALTY ANALYSIS:

To develop effective customer retention programmes it is vital to analyse the
reasons for customer attrition. Data mining tools can help in understanding customers. One
can audit even individual transactions. Absence of this may result in the customers switching
over to other competitors.

CROSS SELLING:

Based on the previous service taken from the bank, data mining tools can
provide a wealth of knowledge about the association between two services. This can be used
in building a strategy for promotion or sell more services to the customers at the time of
contact.

CUSTOMER LIFE TIME VALUE:

Customers who are not very profitable today may have the potential tomorrow
and profitable in future. Hence, it is absolutely essential to identify customers with high
lifetime value. The tools are designed to provide methods to calculate CLTV in different
business environments.

PRODUCT PRICING:

Using data warehouses and data mining tools, sophisticated price models can
be developed, which can establish price sales relationship for different services and the
relationship between changes in prices and sales.

CONCLUSION:

Customer relationship management depends on matching customer
expectations and customer perceptions. The need and expectations of the customers change
from time to time and as such innovating new services becoming imperative. Today
customers are aware of and exposed to the standards of international banking and other
private banks and expect the same range of service quality from cooperative banks. If
cooperative banks fail to offer their financial services of quality at least on a par with that of
international and private banks, the time is not far away when they will lose substantial
market share to foreign and private banks which are already sprouting on Indian soil.
Although most banks in India claim to serve the best interests of their customers, much
remains to be done. Customer satisfaction is the ultimate tool of relationship building.

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Introduction:

Organizations are run by and through people. It is through people the goals are set and objectives realized. The performance of an organization is dependent upon the sum-total of the performance of all its members. The success of an organization will, therefore, depend on its ability to measure accurately the performance of its members and use it objectively to optimize them on most vital resources. This is where performance appraisals play an important role. Nearly all organizations seek to monitor the performance of their members through an evaluation system.

Performance appraisal system (PAS) has been described as a “vehicle for creative competitive advantage” for organizations (Longneck and Fink, 1999). Hence, performance appraisal has remained an important topic of investigation among organizational researchers because people have been identified as the source of competitive advantage (Poon, 2004). Nevertheless, there is evidence to indicate that there is widespread dissatisfaction with PAS across many industries (Fletcher, 1992; Fletcher, 2002; Strebler et al., 2001).

In the current work culture, terms like performance appraisals, performance reviews, and performance evaluation are universally scorned at and are usually dropped in usage. That is because employees do not want to hear that they were less than perfect last year. Even managers do not like these terms because they would not like to engage in unpleasant arguments and lower the morale of employees resulting from such reviews. Bernadin and Beaty (1984) emphasize the need for adequate control procedures in order to assure higher levels of perceived trust in the appraisal process.

It is felt that to achieve the objectives of employee development and organizational improvement, organizations should move to a larger frame of performance management system. Performance Management is a joint process where both the supervisor and the employee identify common goals, which correlate to the higher goals of the organization. This process results in the documentation of performance expectations that are later used as measures for feedback and performance evaluation.

Performance management is a wider concept, which includes long term and short term goals of the company, measurable and quantifiable goals of the job and performance appraisal system. The traditional approach has primarily been concerned with the overall organization and has focused more on past performance. The new approach to performance appraisal has been identified as a developmental approach, which views employees as individuals and is forward looking through the use of goal setting.

This paper seeks to assess the performance appraisal systems (PAS) in the banks, to identify the purpose, the effectiveness, and challenges of the existing performance appraisal system and to suggest improvements.

Objectives of the Study:

- The main objective of the study is to gain insights into the various PAS currently implemented in the banking sector.
To analyse the primary objective the following secondary objectives have been framed
- To identify the purposes of performance appraisal.
- To know the frequency of performance appraisal.
- To understand the methods used for performance assessment.
- To gain insights into the applicability of the performance assessment to other areas of HR like training and development and rewards.
- To assess the challenges of the existing appraisal system and to suggest improvements.

METHODOLOGY
A descriptive research design was applied. The approach was used because of the need to obtain the employees’ perception and experiences pertaining to the existing performance appraisal system. Besides, the approach was found appropriate since the study sought to explore where and why performance appraisal policy and practice were at odds. A Structured questionnaire was administered to a sample of respondents for collecting primary data. The questionnaire was simple in form with both open-ended and close-ended questions. A survey on performance appraisal was conducted in eight different banks—three nationalized banks (NB), three private sector banks (PB) and two foreign banks (FB).

Limitations of the study: The results of the study are based on a relatively small sample and therefore the following limitations are observed
- The data was collected only from Coimbatore. However the policies followed by banks are the same throughout the country.
- Only 40 employees working in the selected banks were part of the sample (only five employees from each bank)
- It is assumed that the information provided by the respondents is unbiased.

Results
All the eight banks included for the study had annual appraisals. There is a combination of appraisal methods followed by banks, as seen in Table 1, a majority 62.5% use Supervisor assessment method, 37.5% of the banks use the self and supervisor assessment method. Being a service organisation feedback from the customers will improve the performance of the employees and functioning of the banks. But none of the banks used 360 degree feedback.

Table 1: Methods of Appraisal

<table>
<thead>
<tr>
<th>Methods</th>
<th>No. of Banks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supervisor Assessment</td>
<td>5</td>
</tr>
<tr>
<td>Self and Supervisor Assessment</td>
<td>3</td>
</tr>
</tbody>
</table>

Though performance evaluation can give a direct input for training needs assessment from Table 2 it can be observed that only 40% of the banks use performance evaluation for identifying training needs.

Table 2: Usage of Performance Appraisal For identifying training needs.

<table>
<thead>
<tr>
<th>Response</th>
<th>No. of Banks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>03</td>
</tr>
<tr>
<td>No</td>
<td>05</td>
</tr>
</tbody>
</table>
It was found that nearly 62.5% banks used On-line Performance Evaluation and 37.5% banks do not use On-line appraisals (Figure 2). Almost all banks are computerized, but only the Nationalized and foreign banks used On-line appraisals.

Because jobs differ in content and expected results, it is important that organisations develop different sets of performance appraisals for different task/job holders. The parameters and weightage differs from job to job. But it was noted (Figure 3) that only less than 40% of the banks used different appraisal formats for different levels.

For performance appraisals to function as effective developmental tools performance reviews or feedback form an essential part. Feedback disclose past performance which can be improved or developed. Performance reviews can also act as motivators to continue good performance. But from Table 3 it can be observed that only 50% of the banks provided feedback. The other 58% of the banks kept the performance ratings confidential.

Table 3: Feedback on performance provided to employees

<table>
<thead>
<tr>
<th>Feedback provided to Employees</th>
<th>No. of Banks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>05</td>
</tr>
<tr>
<td>No</td>
<td>05</td>
</tr>
</tbody>
</table>

Opinions of Employees towards the existing PAS revealed that only 50% were satisfied with the existing system. Several banks indicated a scope for improvement. (Figure 4).

Discussion:
- Compared to the nationalized and private banks the foreign banks have a more quantifiable and objective method of performance appraisal. The other banks have to fine tune the evaluation parameters to make the system objective.
- All the Banks carry out annual appraisal. To be competitive and effective the frequency of appraisals can be increased.
- Jobs differ in content and expected results; every level in the hierarchy requires different abilities, skills and knowledge hence banks should consider having separate appraisal format for different levels.
- Feedback is an integral and essential aspect of performance appraisals. Hence all the banks should incorporate performance reviews/feedback as part of the PAS.
- Self appraisal should be made mandatory. Being a service organisation 360-degree feedback must be implemented. By incorporating the views of the customer performance management and the operations of the organisation would be improved.
- The banks must work towards incorporating the results of the PAS to identify training needs and also as the basis for advancement.
- Out of the eight banks under study four banks (i.e.50%) do not have any relation between performance and rewards, which is undesirable. It demotivates sincere and efficient employees from achieving higher targets.
- The Banks must work at changing the mindset of employees towards performance appraisals.

Conclusion
Performance Appraisals are essential for the effective management and evaluation of the employees. The results of the study indicate that there is scope for improvement in the performance management systems of the banking sector. Performance Management systems would be more suitable than traditional appraisal systems. Current Literature indicates that not much has been done on the PMS of Financial Institutions in India.

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A STUDY ON CUSTOMER PERCEPTION TOWARDS MOBILE BANKING: IDENTIFYING MAJOR CONTRIBUTING FACTORS

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Mobile banking is becoming popular because of convenience and flexibility. The present paper explores the major factors responsible for mobile banking based on respondents’ perception on various mobile phone applications. It also provides a framework of the factors which are taken to assess the mobile phone applications. It also provides a framework of the factors which are taken to assess the mobile banking perception.

Key words: Mobile banking, perception, E Banking

Introduction

Mobile Banking (also known as M-Banking, SMS Banking) is a term used for performing balance checks, account transactions, payments, credit applications and other banking transactions through a mobile device such as a mobile phone or Personal Digital Assistant (PDA). Mobile banking refers to provision and availment of banking and financial services with the help of mobile telecommunication devices. The scope of offered services may include facilities to conduct bank and stock market transactions, to administer accounts and to access customized information. The advent of the internet has enabled new ways to conduct banking business, resulting in the creation of new institutions, such as online banks, online brokers and wealth managers.

The following are the major Mobile Banking services.

I. Account Information

1. Mini statements and checking of account history.
2. Alerts on account activity or passing of set thresholds
3. Monitoring of term deposits
4. Access to loan statements
5. Access to card statements
6. Mutual funds/equity statements
7. Insurance policy management
8. Pension plan management
9. Status on cheque, stop payment on cheque
10. Ordering cheque books
11. Balance checking in the account
12. Recent transactions
13. Due date of payment
14. PIN provision, change of PIN and reminder over the Internet.
15. Blocking of (lost, stolen)cards.

II. Payments, deposits, Withdrawals and Transfers

1. Domestic and international fund transfers
2. Micro-payment handling
3. Mobile recharging
4. Commercial payment processing
5. Bill payment processing
6. Peer to peer payments
7. Withdrawal at banking agent
8. Deposit at banking agent

A specific sequence of SMS messages will enable the system to verify if the client has sufficient funds in his or her wallet and authorize a deposit or withdrawal transaction at the agent. When depositing money, the merchant receives cash and the system credits the client’s bank account or mobile wallet. In the same way the client can also withdraw money at the merchant: through exchanging SMS to provide authorization, the merchant hands the client cash and debits the merchant’s account.

**Objectives of the study**
1. To explore the major factors responsible for mobile banking.
2. To find out the respondents’ perception on various mobile banking applications.
3. To examine there is any relation with the demographic variable (eg: gender) and respondents’ perception about mobile banking and whether the user and non user perception differs.

**Hypotheses of the study**
1. There is a significant relation between factors responsible for mobile banking and respondents’ perception on various mobile banking applications.
2. There is a significant relation between demographic variable and respondents’ perception about mobile banking.
3. There is a significant relation between the user and non user perception on various mobile banking applications.

**Methodology**
Normative Survey Method.
The study employs primary data as well as secondary data Secondary data was collected from different published sources. Primary data was collected by structured survey.

**Sample Profile**
From the total respondents 64% were males and 36% were females.

The chart below depicts the respondents classification based on user and now user criteria. Out of total respondents 44 respondents were mobile banking users and 14 were non users.
Most of the respondents belong to the age group of 24-30, while 18-23 and 31-39 age group respondents were almost equal in number.

**Tool used**

Structured Questionnaire containing general perception and mobile banking features.

**The framework of the factors which are taken to assess the perception is as follows.**

1. Convenience way of operating banking transactions.
2. Flexible virtual banking system.
3. Reliability.
4. Time factor
5. Real time access to information.
6. Saving transaction cost.
7. Online bill payments.
8. Digital signature for security.
9. Faster transfer
10. Easy to use and user friendliness
11. Low transaction fees.
12. Any time and anywhere banking facility.
13. Access to current and historical transaction data
14. Facility of fund transfer to third party
15. Queue management.

Data analysis and Results
Factor Analysis was performed with 15 statements related with mobile banking features. An exploratory principal component factor analysis was done using SPSS 16.0. Items with eighteen values greater than one were extracted and all factor loading greater than 0.5 were retained. Fifteen items yielded 5 factors explaining 74.10 percent of variance as shown in table 1.

<p>| TABLE ROTATED COMPONENT MATRIX |</p>
<table>
<thead>
<tr>
<th>Factors</th>
<th>Items</th>
<th>Factor loading</th>
<th>Variance Explained</th>
<th>Reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Utility request</td>
<td>..................</td>
<td>..................</td>
<td>18.848</td>
<td>.799/.801</td>
</tr>
<tr>
<td>3. Utility transaction</td>
<td>..................</td>
<td>..................</td>
<td>15.055</td>
<td>.786</td>
</tr>
<tr>
<td>4. Ticket booking</td>
<td>..................</td>
<td>..................</td>
<td>14.205</td>
<td>.920</td>
</tr>
<tr>
<td>5. Fund transfer</td>
<td>..................</td>
<td>..................</td>
<td>15.850</td>
<td>.570</td>
</tr>
</tbody>
</table>

The major five independent set of factors associated with the mobile banking features are extracted from the factor analysis and explained in brief.

1. Utility request
The items loading on this factor relate to utility request dimension of mobile banking. The respondents felt that the request through mobile banking are important ones.

2. Security
Security as the most important issue of mobile banking

3. Utility transaction
It indicates that bill payment through mobile banking is very important feature on this facility.

4. Ticket Booking
It is the important features of mobile banking.

5. Fund Transfer
Fund transfer and account statement is clubbed together as one factor and they are explaining 15.85 percent of variance.

General perception about mobile banking was gauged by 18 items. Out of which seven items were related with convenience and flexibility and 8 items were related with transaction related benefits. Out of total respondents 81% respondents felt that mobile banking is very convenient and flexible banking. In mobile banking one can check transaction details regularly without any hassle.

<table>
<thead>
<tr>
<th>Factors</th>
<th>Items</th>
<th>Cronbach Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Convenient</td>
<td>- Convenient way of operating banking transactions</td>
<td>0.760</td>
</tr>
</tbody>
</table>
and flexibility

- A very flexible banking system.
- Saves time as compared to conventional banking
- No Queuing in bank branches
- Easy to use
- User friendly

Transaction related benefits

- Saves a lot transaction cost
- Transaction is efficient
- It has lower transaction fees
- It allows speedy transfer
- It allows easy access to transaction data both recent and historical
- It can check transaction details and statement regularly
- It gives facility of fund transfer to third party

When asked ‘Digital signature is best way to have security’, 36% of total respondents agrees while only 22% strongly agrees with this. However, 63% of mobile banking users either agrees or strongly agrees that digital signature is best way to have security. Out of total male respondents 64% while 50% of total female respondents either agrees or strongly agrees that digital security is best way to have security and when asked that mobile banking is most reliable only 9% users strongly agrees with this and 26% users agrees with the statement. Out of total respondents only 11% strongly agrees about the reliability of mobile banking. ANOVA results for assessing perception about internet banking with age and gender showed no difference.

Limitations and Future Research

This research is primarily based on the primary data from the users and non users of mobile banking, the findings cannot be generalized, as the research is based on non probability sampling. This study has successfully examined the major factors responsible for mobile banking based on respondents’ perception on various mobile phone applications, future research may include examining the factors importance. Future research may also consider the impact of other demographic variable like education.

Conclusions

The analysis done with the help of statistical tools clearly indicate the factors responsible for mobile banking Factor Analysis results indicate that ‘utility request’, ‘security’, ‘utility transaction’, ‘ticket booking’ and ‘fund transfer’ are major factors. Out of total respondents’ more than 50% agree that mobile banking is convenient and flexible ways of banking and it also have various transaction related benefits.

References


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An Overview of Marketing Strategies on Banking Sector in the present Scenario

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Introduction

According to Oxford English Dictionary, a Bank is, “An establishment for custody of money received from or on behalf of, its customers. Its essential duty is the payment of the orders given on it by the customers, its profit mainly from the investment of money left unused by them”.

Banking Regulation Act, 1949 (Sec. 5(c)), has defined the banking company as follows, “Banking Company means any company which transacts business of banking in India”. According to Section 5B, “Banking means the accepting of deposit of money from the public for the purpose of leading or investment, which are repayable on demand or otherwise and are withdraw able by cheque, draft, order or otherwise.”

Different economists, banking professionals and authorities explained their viewpoints regarding banks or commercial banks. It has been rightly said by A.K. Basu that a general definition of a bank or banking is by no means easy, as the concepts of banking differ from age to age, and country to country.

Research Design

Nature and Statement of Problem
To find out the Pro’s and Con’s of Marketing Strategies used by the Banking Business to Market there Service oriented Products for attracting the customers.

Objectives of the Study
To understand the Tool of Strategy used by banks for marketing there product (Bundle of Services) to prospected customers and other users of banking service

Scope
It involves the area of Marketing in the Banking Sector.

Data Collection

Primary Data:
Personal interview method used for collecting data (Only to verify the marketing effectiveness). This research requires less primary data from the organizations and also from the customers.

Secondary Data:
Secondary data is existing data that was collected by someone else or for other purposes other than the current one. This research requires some secondary data in the form of historical information from various relevant sites, journals, articles, company reports and databases.

Methodology Followed:
Collection of data against various parameters with the application of subject

Limitations
The limitation of the report is limited to Bangalore

BANK MARKETING
We define bank marketing as follows: “Bank marketing is the aggregate of functions, directed at providing services to satisfy customers’ financial (and other related) needs and
wants, more effectively and efficiently that the competitors keeping in view the organizational objectives of the bank”.

Bank marketing activity. This aggregate of functions is the sum total of all individual activities consisting of an integrated effort to discover, create, arouse and satisfy customer needs. This means, without exception, that each individual working in the bank is a marketing person who contributes to the total satisfaction to customers and the bank should ultimately develop customer orientation among all the personnel of the bank. Different banks offer different benefits by offering various schemes which can take care of the wants of the customers.

Marketing helps in achieving the organizational objectives of the bank. Indian banks have dual organizational objective – commercial objective to make profit and social objective which is a developmental role, particularly in the rural area.

Marketing concept is essentially about the following few thing which contribute towards banks’ success:

1) The bank cannot exist without the customers.
2) The purpose of the bank is to create, win, and keep a customer.
3) The customer is and should be the central focus of everything the banks does.
4) It is also a way of organizing the bank. The starting point for organizational design should be the customer and the bank should ensure that the services are performed and delivered in the most effective way. Service facilities also should be designed for customers’ convenience.
5) Ultimate aim of a bank is to deliver total satisfaction to the customer.
6) Customer satisfaction is affected by the performance of all the personal of the bank.

All the techniques and strategies of marketing are used so that ultimately they induce the people to do business with a particular bank. Marketing is an organizational philosophy. This philosophy demands the satisfaction of customers needs as the pre-requisite for the existence and survival of the bank. The first and most important step in applying the marketing concept is to have a whole hearted commitment to customer orientation by all the employees. Marketing is an attitude of mind. This means that the central focus of all the activities of a bank is customer. Marketing is not a separate function for banks. The marketing function in Indian Bank is required to be integrated with operation.

Marketing is much more than just advertising and promotion; it is a basic part of total business operation. What is required for the bank is the market orientation and customer consciousness among all the personal of the bank. For developing marketing philosophy and marketing culture, a bank may require a marketing coordinator or integrator at the head office reporting directly to the Chief Executive for effective coordination of different functions, such as marketed research, training, public relations, advertising, and business development, to ensure customer satisfaction.

The Executive Director is the most suitable person to do this coordination work effectively in the Indian public sector banks, though ultimately the Chief Executive is responsible for the total marketing function. Hence, the total marketing function involves the following:

a) **Market research** i.e. identification of customer’s financial needs and wants and forecasting and researching future financial market needs and competitors’ activities.
b) **Product Development** i.e. appropriate products to meet consumers’ financial needs.

c) **Pricing of the service** i.e., promotional activities and distribution system in accordance with the guidelines and rules of the Reserve Bank of India and at the same time looking for opportunities to satisfy the customers better.

d) **Developing market** i.e., marketing culture – among all the customer-consciousness ‘Personnel’ of the bank through training.

Thus, it is important to recognize the fundamentally different functions that bank marketing has to perform. Since the banks have to attract deposits and attract users of funds and other services, marketing problems are more complex in banks than in other commercial concerns.

**MARKETING CONCEPTS – ITS APPLICATION TO BANKING**

When we apply marketing to the banking industry, the bank marketing strategy can be said to include the following:

i. A very clear definition of target customers.

ii. The Development of marketing mix to satisfy customers at a profit for the bank.

iii. Planning for each of the ‘source’ markets and each of the ‘user’ markets (A bank needs to be doubly market – oriented – its has to attract funds as well as users of funds and services).

iv. Organization and Administration.

**Marketing strategies**

- **Financing rapid industrial growth**
  - With the Indian economy growing at a blistering pace on the back of strong industrial and services growth, the Indian companies are looking to build up capacity to meet future demand.
  - Banks play a pivotal role in financing this industrial growth.

- **Technological innovations & challenges**
  - Banks are aggressively adopting the latest technology in order to improve product offerings, customer service, operational efficiency and risk management systems.

- **Financial inclusion & Rural and Microfinance**
  - In the quest for new markets and customer segments, as well as with the RBI directives in this area, banks are looking at the rural and un-banked segments in a new light as a huge business opportunity.

- **Convergence to a single solution provider**
  - With pressures on the spreads and the competition in the urban markets increasing rapidly, banks need to develop new ways to sustain profitability.
  - Banks led to a plethora of new products, hence becoming a one stop shop for all financial solutions.

- **Roadmap by RBI for foreign banks**
  - The RBI has laid out a two phased roadmap for giving greater freedom to the foreign banks in India.
  - This has spurred the entry of several other foreign banks in India, along with acting as a signal to the domestic players to pull up their socks to face the new competitors.
- Growth in retail lending
  - The under banked Indian population as well as the high margin on retail products makes this a very attractive market for the banks.
  - The all-inclusive nature of this growth in terms of sectors covers all consumer segments as well as product segments.

- Demand for derivatives & other risk management products
  - The increasingly dynamic business scenario and financial sophistication also increase the need for customized exotic financial products.
  - The complex and peculiar nature of risks faced by the companies are passed onto the banks.
  - Innovative financial tools and advanced risk management methods are required by the banks to capitalize on this business opportunity.

- Consolidation
  - The process of consolidation in India aims at ironing out these deficiencies.
  - The Indian banking industry may soon be characterized by fewer but very competitive banks.

- Basel III
  - The proposed Basel III guidelines seek to improve the ability of banks to withstand periods of economic and financial stress by prescribing more stringent capital and liquidity requirements for them. (ICRA Comment - Proposed Basel III Guidelines: A Credit Positive for Indian Banks, September 2010)

- Capital account convertibility
  - With the possible introduction of capital account convertibility in India, it will provide additional inflow and outflow of foreign currency.
  - This exposes banks to additional exchange risk apart from providing an additional source of revenue generation.

- Global expansion plans
  - Most Indian banks including the PSU banks already have branches abroad, albeit with minimal presence in terms of market share.
    - E.g. ICICI and SBI

- SME Financing
  - SMEs, with the recent growth, are the new goldmine that the banks have hit upon. With a host of services ranging from bill discounting, factoring and even venture capital funding, banks are knocking at their doors, ready to customize offerings to suit their needs and acquire these customers.

Suggestions & Recommendations.
Most of the banks are starting to adopt technology very fast. However the technology that the bank has set up can be used only to market their products to their existing customers. Hence, banks are failing to use the existing technology effectively.

  - Before banks start to market their products a proper analysis of the market is required. Once this is done they will be in a better position to determine benefits and the effectiveness of their marketing strategy.
  - A proper targeting of the market must be done for their various Bundles of services.
Banks should use various tools of promotion to create awareness of their product to all the potential users as well as other targeted customers of the product.

- An appropriate tool of marketing must be used by the bank to ensure the development of their Brand name. Hence proper selection of the channel of market their products must be done.
- When the banks are marketing and attempting to promote their zero balance accounts, they must ensure that copies of the application forms are sent to all the respective branches, to ensure easy accessibility for their potential customers.

**Conclusion:**
The marketing done by banks has its own set of advantages and drawbacks. Hence it is vital for banks to conduct a proper analysis of the market and its marketing strategies before it consider marketing its brand and bundle of service (Product).

In the present day the segmentation and targeting done by banks are not effective. Hence appropriate steps must be taken to effectively segment and target the market. i.e., the selection of the segment should ensure the generation of users in a short or very short time period.

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Life Insurance Companies and Marketing Strategies

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Introduction

Uncertainty is a universal phenomenon. Uncertainty leads to risk of physical and psychological. The terms risk and uncertainty are used interchangeably. Nobody can avoid the risk. Risk refers to a situation in which the probability of each of the outcomes of an event is known and where as uncertainty refers to a situation in which even such probabilities are not known. Risk can be managed with the help of risk management techniques. Risk management is a systematic process of evaluating and managing risk by adopting certain risk management methods. The risk management methods include loss control, loss financing and internal risk reduction. The loss financing methods are retent

ion, insurance, hedging and other contractual methods. Insurance is one of the effective risk management tools. Insurance is a contract to finance the losses of the insured. That is the insurer provides funds for special losses in exchange of receiving a premium from the insured. Insurance is a form of contract or agreement under which one party agrees in return for a consideration to pay an agreed amount of money to another party to make good for loss, damage or injury to something of value in which the insured has a pecuniary interest as a result of some uncertain event. Insurance is a social device in which a group of individuals transfer rise to another party in order to pool the losses, which provides for financing of losses from funds contributed by all members who transferred risk. Insurance business is classified as life and non-life or general. Life insurance includes all risks related to the lives of human being and general insurance covers the rest.

In the context of life insurance a technical distinction is made between assurance and insurance. Assurance is used of policies under whose terms a payment is guaranteed either offer a fixed term or on the death of the insured person, where as insurance is the general term and is used in particular of policies under whose terms, a payment would be made only in certain circumstance.

Bombay Mutual Life Assurance Soci3ety was the first Indian life insurance company established in 1870 to carry the message of insurance and social security through insurance to various sections of the Indian society. In 1907 the Hindustan Co-operative Insurance Company was established in Calcutta. An ordinance was issued on 19 January 1956 nationalizing the life insurance sector by the Indian Govt.. The life insurance corporation of India (LIC) came into existence in the same year. The LIC absorbed 154 Indian and 16 non-Indian insurers as also 75 provident societies, 245 Indian and foreign insurers in all . Nationalization of the life insurance business in India was facilitated by the industrial policy resolution of 1956, which had created a policy framework for extending state control over 5 atleast seventeen sectors of the economy, including the life insurance. Based on the recommendations of the Malhotra Committee the Govt. constituted an interim authority called the Insurance regulatory Authority to look into the implementation aspects of the Malhotra Committee report. The Insurance Regulatory and Development Authority Bill 1998 was passed by the parliament. Accordingly, the Insurance Regulatory and Development Authority (IRDA) was constituted in April 1999 as an autonomous body with the responsibility
of regulating and developing the business of insurance and re-insurance in India. In the process of economic reforms the Govt. of India has opened up the insurance sector or private companies. The private insurance companies have thus come into being partnering well recognized foreign players.

Liberalization on the insurance sector has allowed the foreign players to enter the market with Indian partners. India offers immense possibilities to foreign insurers since it is the world’s most populous country having over a billion people. The year 2000-01 onwards many private life insurance companies emerged in India. At present totally there are 23 life insurance companies in the Indian Insurance Industry.

Objectives of the Study

- To understand the modern marketing approach in the life insurance industry
- To discuss about the marketing strategies of life insurance companies

Insurance Marketing

The term insurance marketing refers to the marketing of insurance services with the aim to create customer and generate profit through customer satisfaction. The marketing mix is the combination of marketing activities that an organization engages in so as to best meet the needs of its targeted market. The marketing includes sub mixes of the 7 Ps of marketing i.e. the product, price, place, promotion, people, process and physical distribution. Here the product is intangible. The products or schemes are services of life insurance companies. Customers can get the assistance and advice of the agents, prestige of the insurance company and the facilities of claims and compensation along with the schemes. The price of insurance is in the form of premium rate. Premium rates are determined based on mortality of a person, expenses and interest. Place is related to the location of the insurance branches. A branch manager considers number of factors to make attention such as smooth accessibility, availability of infrastructural facilities and the management of branch office furnishing, civic amenities and facilities, parking facilities and interior office decoration. In promoting insurance business the agents and the rural career agents play an important role. As the part of the promotional activities life insurance companies arrange Kirthans, Exhibitions, in establishing Fairs and Festivals, rural wall painting and publicity drive through the mobile publicity van units to attract policyholders. About People concern the companies involve a high level of interaction, which is very important to satisfy customers. Training, development and strong relationships with intermediaries are key area to be kept under consideration. The speed and accuracy of payment is given as great importance in the process. The process should be easy and convenient to customers. As the physical distribution concern the awareness increases, the product become simpler. Now-a-days the intermediaries are different types. For example in U.K retailers like Marks & Spencer sells insurance products. The remote distribution channels such as telephone or internet are good to decrease overhead charges. Banks are also playing as intermediaries for insurance companies the way of the method is called as bancassurance.

The year 2009-10 witnessed a 1.39 per cent increase in the number of individual agents. The number of the agents increased from 29.38 lakh as on 1 april 2009 to 29.78 lakh as on 31 march 2010. while the private life insurers reported a decrease of 1.07 per cent the LIC showed an increase of 4.31 percent in the number of individual agents. As at 31 march 2010, the number of agents registered with LIC stood at 14.03 lakh. The corresponding number for private sector insurers was 15.75 lakh. The attrition was higher in case of private sector insurers at 6,42,439 more than two firms that of (2,54,596) LIC.

<table>
<thead>
<tr>
<th>Insurer</th>
<th>As on 1 April</th>
<th>Additions</th>
<th>Deletions</th>
<th>As on 31 March</th>
</tr>
</thead>
</table>

Individual Agents: Life Insurers
The details of the individual agents of life insurers are presented in the above table. As it can be observed from the table, the turnovers of agents are working in the industry even in the year 2009-10. While the number of agents appointed was 9.37 lakh, the number of agents terminated was 8.97 lakh.

**Marketing Strategies of Life Insurance:** Life insurance marketing is one of the jobs for those who are involved in the insurance marketing. The insurance policy needs to be transparent so that the potential customer understands it totally. Generally policy holders pay little premiums, so that the scope for profit is very small to the companies. However older people pay higher premium rates and they will be paid compensation at more chances. The life insurance companies can change the public perception by following different marketing strategies. The companies can advertise in the crowded places and also offer fliers and hanging banners. Most of the life insurance companies offer similar types of premiums and facilities. So it is important for life insurance companies to concentrate on life insurance marketing and attract much more policyholders. Life insurance companies prefer to go for group life insurance for a group of people from a particular company or families so that they get a group of customers and even if they compensate for some of them for various reasons they usually make it up with others’ premium. Before purchase the life insurance policy, policyholder needs to know the market and the desires of them.

- Insurance companies are familiar to the policyholders through television commercials, handling out pamphlets, hanging banners in populated areas by creating exciting offers.
- Telephone marketing is one way of life insurance marketing. Insurance companies send messages and make phone calls about various offers through different channels of telephone networks.
- Life insurance companies can make publicity by undertaking social works and charity works, so that they get publicity through media.
- The claim settlement ratio is also another important marketing strategies to build long term brand loyalty.
- The constant contact with the existing customers is helpful to the companies to build brand equity. Generally insurance companies they send messages to the policyholders on the occasions of birthdays, anniversaries and festivals.
- Some life insurance companies used to send dinner coupons to the policyholders occasionally.
- Life insurance companies may follow the way of honesty and loyal to build loyal customers.

**Conclusion:** In earlier days, life insurance corporation of India (LIC) was a monopoly in the life insurance industry with its good marketing strategies. After emergence of private life insurance companies, the market share of the LIC is reduced to 76%. In decade period of time 22 life insurance companies are added and they also occupied certain market shares. They captured the market shares by focusing target segments and created policies to suit the needs and desires of the policyholders. And the private life insurance companies introduce many more innovative marketing strategies using updated technologies. The companies have confidence of getting potential customers in their future endeavours.

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A STUDY ON TRENDS IN NON-INTEREST INCOME – WITH REFERENCE TO INDIAN BANK

S. Nishkala
Asst. Professor, Department of Commerce (Marketing Management), M.O.P Vaishnav College for Women.

INTRODUCTION:
Banking sector reforms have brought in a tremendous amount of competition among various players in the financial market. To meet this global competition, they are diversifying their activities into fee-based activities. Hence, non interest income is increasingly capturing the focus of the banks. Before 1991, the country was caught into a deep economic crisis which is directly attributable to cavalier macro management of the economy during the 1980’s. In response to the crisis situation, the government decided to introduce economic reforms. The financial sector reforms were a major part of this package.

A committee headed by Mr. M. Narasimham was constituted to evaluate the performance of financial sector. The committee derived its report in 1991 with various recommendations like reduction in SLR and CRR, deregulation of interest rates and capital adequacy norms etc. The committee observed that still there is a need to further improve these reforms. It submitted its second report in 1998 with some new recommendations, under the chairmanship of Mr. M. Narasimham which were the landmark for banking sector and improved the performance. As a result of these reforms, liberalization, deregulation of interest rates and free entry of foreign banks made the banking sector more competitive.

NEED FOR THE STUDY:
In order to meet the challenges of global competition, banks started to restructure their business. So banks entering with innovative products/services to capture maximum market share. The banks have started to diversify their bank activities into fee based activities that earn fee rather interest.

Fee-based earning is the conglomerate of income from various items. However three heads namely commission exchange and brokerage, exchange transactions and sale of investment account for over 85% percent of non-interest income of the banks. The banking sector income is divided into 2 major parts i.e. interest income and non – interest income. The components of interest income and non – interest income is given below in Table 1. Against this background; a study titled “TRENDS IN NON INTEREST INCOME” has been undertaken. The word other income and non - interest income is used interchangeably.

<table>
<thead>
<tr>
<th>INTEREST INCOME</th>
<th>OTHER INCOME</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest/ Discount</td>
<td>Commission/Brokerage</td>
</tr>
<tr>
<td>Income on Investment</td>
<td>Sale of Investment</td>
</tr>
<tr>
<td>Balance with RBI</td>
<td>Exchange Transaction</td>
</tr>
<tr>
<td>Others</td>
<td>Miscellaneous Income</td>
</tr>
</tbody>
</table>

OBJECTIVES:
1. To trace the trend of non - interest income in Indian bank.
2. To establish a significant hypothesis between profitability and non – interest income of Indian bank. Therefore hypothesis are
   - Ho there is no association between profitability and non – interest income
   - H1there is an association between profitability and other income
3. To suggest possible strategies to enhance non – interest income of Indian bank.
SAMPLE AND SOURCES OF DATA: The sample for this current study is restricted to one nationalized bank – Indian bank. The data used is primarily secondary data. The financial data and other data are drawn from the annual reports published by the respective bank.

ANALYSIS & RESULTS: The first objective is done in two phases. The first section in general deals with interest income and the non – interest in total income of the Indian bank. The next section in particular, aims at analyzing the percentage of interest income and non-interest income in total income for 5 financial years ending 2007-2011. Table 2 presents the interest and non-interest income of Indian bank.

Table: 2 Interest & Non-Interest income for year ending 2007 - 2011 (Rs in Crore)

<table>
<thead>
<tr>
<th>Particulars</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest earned</td>
<td>4195</td>
<td>5213</td>
<td>6830</td>
<td>7714</td>
<td>9361</td>
</tr>
<tr>
<td>Other Income</td>
<td>823</td>
<td>1005</td>
<td>1036</td>
<td>1317</td>
<td>1182</td>
</tr>
<tr>
<td>Total income</td>
<td>5018</td>
<td>6218</td>
<td>7866</td>
<td>9031</td>
<td>10543</td>
</tr>
</tbody>
</table>

From the table 2 it is observed, Interest income is showing upward and positive trend for all the years from 4195 in 2007 to 9361 in 2011. However other income have been increasing till 2010 and in 2011 a slump is observed. Therefore based on the above analysis, the next table analyses the percentage of interest income and non-interest income in total income for the financial year ending 2007-2011.

Table 3: Interest Income & Non Interest Income for year ending 2007 - 2011 in %

<table>
<thead>
<tr>
<th>Year Ending</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Income</td>
<td>83.59</td>
<td>83.83</td>
<td>86.82</td>
<td>85.41</td>
<td>88.78</td>
</tr>
<tr>
<td>Non-interest income</td>
<td>16.41</td>
<td>16.17</td>
<td>13.18</td>
<td>14.59</td>
<td>11.22</td>
</tr>
</tbody>
</table>

The above table 3 is calculated by finding percentage of Interest income and Non-interest income in total income. It is interesting to find Non - interest income has been constant in the year ending 2007 and 2008 and from the year 2009 and onwards the percentages of non interest income have fluctuations. Even though table 2 depicts non-interest income were in rise till 2010, but table 3 clearly states the percentage changes in the non – interest income. Thus to validate the result, chi square test is used.

The second objective of this paper is to focus on establishing a relationship between non interest income and profitability of Indian bank. i.e. As a result a hypothesis is made between the two at 5% level of significance (3.84).

Table: 4 Net profit and Other income for financial year ending 2007 - 2011

<table>
<thead>
<tr>
<th>Year Ending</th>
<th>Net Profit</th>
<th>Other Income</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>760</td>
<td>823</td>
<td>1583</td>
</tr>
<tr>
<td>2008</td>
<td>1009</td>
<td>1005</td>
<td>2014</td>
</tr>
<tr>
<td>2009</td>
<td>1245</td>
<td>1036</td>
<td>2281</td>
</tr>
<tr>
<td>2010</td>
<td>1555</td>
<td>1317</td>
<td>2872</td>
</tr>
<tr>
<td>2011</td>
<td>1714</td>
<td>1182</td>
<td>2896</td>
</tr>
<tr>
<td>Total</td>
<td>6283</td>
<td>5363</td>
<td>11646</td>
</tr>
</tbody>
</table>
O – Observed Frequencies E – Expected Frequencies

Chi Square Test = \( \sum \frac{(O-E)^2}{E} = 66.80 \)

From the table 6 it could be identified the calculated value is greater than the table value of \( \chi^2 \), therefore it is concluded that non – interest income is undoubtedly significant in the profitability of Indian bank. Therefore hypothesis H1 is accepted.

**Strategies to Enhance Non – Interest Income:**

The last objective of this paper is to suggest some measures to increase Non interest income. Therefore bank can create links with educational institutions and also with restaurants and supermarkets to motivate them to accept their travellers’ cheque, also they can create links with stock brokers to procure the list of investors who can directly contact the banks to sell their stock invest, and of the most prompt customer service is highly required.

**LIMITATIONS OF THE STUDY:**

1. The study cannot be generalized as it is limited to one banking company.
2. The study is done for 5 years period only.
3. Basic statistical tools only were used.

**CONCLUSION:**

To conclude, competition is prevailing in the Indian economy. The non-interest income activities of banks are also on the increase in recent years. This has helped to stabilize the total income of banks. Increase in non-interest income as a source of funds for banks would also greatly be helpful for maintaining the financial soundness of banks. Interest is by far the most important cost as income of banks. Now days due to the introduction of e-delivery channels by various banks the source of other income has changed. The gap between public and private sectors banks is decreasing. Therefore public sector banks should adopt more new methods according to changing scenario to increase their non interest income.
“Customer Relationship Management- The Road to Brand Indispensability”

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Introduction

In the words of Karl Marx “Money plays the largest part in determining the course of history” and that is why banks have always been an indispensible, integral part of the financial system from time immemorial. From being just a financial intermediary that accepted deposits and granted loans the role of banks has undergone a huge transformation in the last few decades. The banking sector in India has also evolved leaps and bounds, for, at present we have 222 commercial banks, 218 scheduled commercial banks of which 133 are regional rural banks and 4 non-scheduled commercial (RBI: Mar 06) that provide a whole new range of financial services like 24 hour banking, mobile banking, e-broking, online banking, corporate banking.

The increase in the number of players in the banking sector has made competition fiercer than ever before. A highly regulated sector like banking whose operations are closely defined and monitored by RBI guidelines and Basel Norms provides little or no scope for variations, innovations in the bank’s operations. Thus the only way a bank would have the competitive edge is by acquiring a larger share of the market. To achieve this, banks may take reckless decisions like relaxing their credit standards and finally end up making bad loans, and thereby add on a couple more to their long list of non performing assets. Though the number of bank failures have been mounting in the last decade the list of banks that have stood the test of time and emerged successful are far greater. State Bank of India is one such example for in spite of being the oldest bank it is also one of the most successful banks operating in India. The success of these banks was solely due to their initiatives in tapping the most vital element of the supply chain management namely “CONSUMERS”. Consumers are the sole reason why businesses exist and by giving the consideration due to them success is assured. This is where and why customer relationship management attains vitality.

Customer Relationship Management (CRM)

Customer relationship management better known as ‘CRM’ is defined as “the overall process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction” (Kotler: 13).

The very basis of CRM is founded on the maxim ‘Customer is king’. It is imperative that banks offer only the best to their customers to sustain themselves in this highly competitive era. However it is not possible to please all the customers at the same time. According to Kotler the tact lies in selecting fewer but more profitable customers. This process of selecting one’s prospective customers is only known as Selective Relationship Management. The selection is done through: market segmentation, target marketing, differentiation and market positioning. (185)

- **Market Segmentation:** process of dividing the market into distinct groups and thereafter clubbing /grouping them on the basis of similar characteristics. Markets may be segmented on the basis of geographic, demographic, psychographic and behavioural variables. Geographic segmentation is based on states, cities, regions, countries, while demographic segmentation factors are age, gender, occupation, income, education, religion, generation and nationality. Psychographic segmentation takes into consideration the social class, lifestyle and personality of consumers. Behavioural segmentation factors
include occasions, benefits, user status, user rates, loyalty status, readiness stage and attitude towards product. A basic form of market segmentation in a bank would consist of two segments namely: a). Mass Market segment- targets customers with low profit potential and low investment requirements b). Relationship banking segment – targets high end customers with high profit potential.

- **Target Marketing**: process of evaluating each market segment and selecting those segments that are likely to be most profitable for the organisation. A target market consists of a set of buyers who share common needs or characteristics that the company decides to serve. The various target marketing strategies that help an organisation to arrive at its target market includes: mass marketing, segmented marketing, concentrated and micro marketing strategies.

- **Differentiation and Product pricing**: means creating unique market positions for the organisation’s products so that consumers perceive that such products are distinctive from that of other competing ones and thereby gives the organisation an edge in its target market.

Selective Relationship management in banks is based on a number of factors such as :

<table>
<thead>
<tr>
<th>FACTORS</th>
<th>TARGETED SEGMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Occupation</td>
<td>a. Salaried Class</td>
</tr>
<tr>
<td></td>
<td>b. Business Class</td>
</tr>
<tr>
<td>Income</td>
<td>High net worth individuals</td>
</tr>
<tr>
<td>Geographical area</td>
<td>Tier I and Tier 2 cities</td>
</tr>
<tr>
<td>Age</td>
<td>a. Senior citizens</td>
</tr>
<tr>
<td></td>
<td>b. Working group</td>
</tr>
<tr>
<td></td>
<td>c. Students</td>
</tr>
<tr>
<td></td>
<td>d. Children/kids</td>
</tr>
</tbody>
</table>

The above mentioned strategies are all time tested formulae’s and much in vogue in the corporate sector. However, in the banking sector it is only very recently that the concept of customer relationship management has gained momentum. This is because the increased need for customer relationship management is being felt only now, since unlike yesteryears banks have started providing advisory services and various other fee based services that requires extensive customer analysis.

**Implementation of CRM**

According to Rastogi implementation is done in a four step manner-

- Identifying the core business
- Identifying the present and future business where CRM is required
- Building the appropriate information architecture
- Integrating CRM systems with sales and marketing, back office, call centres, supply chains, marketing departments etc., (161)

With the advent of information technology banks have moved over to e-business and this has paved way for e-CRM – a much more effective form of CRM. Implementation of e-CRM is easier due to the availability of various computerised CRM software’s like Peoplesoft, Siebel etc.(Rastogi:159) Implementation can be done either vertically or horizontally. Vertical CRM solutions are tailor made to suit specific industry needs whereas horizontal solutions offers non-specialized, non-specific products across all industries.
Once the implementation is done, the actual analysis is done by using the following three methods namely: (CRM Info)

1. ANALYTICAL CRM:

   Analyses in depth the customers information gathered from operational CRM to determine various patterns and predictions of customer behaviour to enable the bank to capitalize from such behaviour.

2. COLLABORATIVE CRM:

   Analyses of customer information is done by sharing information collected by various departments of the bank

3. OPERATIONAL CRM:

   Focuses on automating, improving, enhancing business processes which are based on customer support. Interaction with customers is the best way to build the customer data base. Operational CRM includes:
   - SFA (Sales Force Automation): automation of certain critical sales tasks such as forecasting, tracking customer preference and demographics
   - CSS (Customer Service and Support): Automates certain service requests, complaints, product returns and enquiries
   - EMA (Enterprise marketing operation): Information about business environment, competition, industry trends is made known.

CRM – INDIAN BANKING SECTOR

As far as the Indian Banking Sector is concerned customer relationship management is fast gaining ground as a new way of doing business. Although it is considered as an inevitable option, the results of the survey conducted by Rastogi reveals that, in India it is the foreign banks that have achieved a 100% CRM environment with the private sector banks closely following suit. The Public sector banks still have a long way to go for only around 50% have implemented CRM. The stark contrast that is seen in these three sub sectors is directly attributable to the level of interest that the top management has in improving existing processes and reducing costs. (158)

Banks that are successful in implementing an effective CRM will besides ensuring the business profitability also carve a niche for themselves and uphold their competitive advantage. The CRM strategy operating within their organisation would ensure that customers are kept satisfied and happy. They would be able to retain their customers for a long period and thus embark on their journey of ‘Brand Creation’.

CONCLUSION

An effective CRM helps create a successful brand and a successful brand induces customers to form positive perceptions about the bank. Some of the most captivating brand slogans of leading banks that have helped inducing customers to form positive perceptions about the bank like State Bank of India’s “A banker to every Indian”, Axis bank’s “The bank with a solution to every banking need”, HSBC Bank’s “The world’s local bank” are all a result of years of customer relationship management and brand building. Indian banks have now understood the importance that CRM and Branding have in their business and are re-directing efforts to achieve it. The day is not far when the Indian banking sector can also be proud of a 100% CRM environment.

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EMPLOYEE’S PERCEPTION TOWARDS ORGANIZATIONAL CLIMATE IN BANKING INDUSTRIES AT TRICHY

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INTRODUCTION
Organizational Climate serves as the guidelines for dealing with people, and has a major influence on motivation and productivity of individuals as well as total work group. A sound climate is a long term proposition managers take an assets approach meaning that they take the climate as organizational assets. Organizational Climate is work environment as perceived by the individuals in the organization. The routine are the events and practices of an organization while rewards pertain to what behaviours get acknowledged and supported. Organizational Climate is extremely important for the ultimate achievement of organizational goals. Organizational climate is normally associated with job performance and job satisfaction and morale of the employees. Organizational Climate is very important factor to be considered in studying and analyzing organizational behaviour, Organizational Climate further provides a useful platform for understanding various characteristics of a given organization. It is thus the global expression of what the organization is it affects the behaviour of people in significant ways. Organizational Climate covers all the areas such as communication between worker and management, job satisfaction, welfare measures, safety promotion, behaviour of the individual and economic benefits. Thus Organizational Climate is an independent process.

ORGANIZATIONAL CLIMATE: Organizational Climate is nothing but its work environment as perceived by the individuals in the organization. Climate is manifested in the observable routines and rewards of the organization. The routines are the events and practices of an organization while rewards pertain to what behaviours get acknowledged and supported. Organizational climate serves as the guidelines for dealing with people, and has a major influence on motivation and productivity of individuals as well as total work group. A sound climate is a long-term proposition managers take on assets approach meaning that they take the climate as organizational assets.

STATEMENT OF THE PROBLEM: In any organization the climate has to be conducive for enhancing the growth and development of the organization. This involves several factors including an open communication system between the employee and the managerial staff. Other factors like a sound grievance settlement procedure, adequate capacity building programmes, adequate remuneration and incentives for the employees including good welfare schemes for them and above all a genuine concern for the wellbeing of the employees, are the key factors that contribute towards creating a positive climate in any industry. However problems ensue with the human element is missing in organizations and the thrust is only on increasing production for the sake of profit. In the present scenario the importance of improving positive human relationship is considered to be an integral part of the organizational process.

NEED AND SIGNIFICANCE OF THE STUDY: Organizational Climate is a useful construct within which to monitor the effects of organizational –change programs. Assessing the climate at various times-before during, and after an intervention allows people to track the effects of planned change. The system wide effects of contemplated changes in mission, policies technology or personnel can be predicted in advance in the context of an Organizational Climate analysis. If Organizational Climate in natural and healthy. It is used to promote more efficiency co-operation among dissimilar submits. Alternatively the information can be used to diagnose possible deficiencies when dysfunctional diversity is
detected. Based on this focus the researcher conducted a research on Employees’ Perception towards Organizational Climate in banking industries at Trichy.

**OBJECTIVES OF THE STUDY**
- To know the personal data of the respondents
- To study the worker’s perceptions towards work environment
- To examine the interpersonal relationship of the employees
- To study the effectiveness of the systems of rewards & recognition
- To assess the effectiveness of various facilities in the organization
- To suggest measures for sound Organizational Climate

**RESEARCH METHODOLOGY:** The researcher adopted Descriptive Research Design to this study. In this research the researcher describes the Organizational climate, so Descriptive Research Design is most suitable research design to this study. The tool for data collection was questionnaire. The questionnaire consists of six parts, i.e. Personal data, Interpersonal Relationship of the employees, the Effectiveness of the system of Rewards and Recognition, Effectiveness of various Facilities in the Organization and Measures for Sound Organization. The researcher did his pilot study in one nationalized bank to find out the feasibility of the research. Through pilot study the researcher identified the availability of respondents, feasible time etc. A Pre-test was conducted to test the effectiveness of the questionnaire to be administered. The pre-test was conducted with 10 respondents. There were few changes that were made in the questionnaire after pre-test. The changed questionnaire was administered for the actual survey. The management didn’t not allow the researcher to do the data collection during the working hours of the organization. So the researcher collected the data during lunch time and after the working hours. The researcher adopted Stratified random sampling for this study. The total sample size was 100. The researcher analyzed the data with the help of Statistical Packages for Social Sciences (SPSS) Package.

**MAJOR FINDINGS**
- Majority (56 percent) of the respondents were above the age group of 35 years.
- More number (40 percent) of respondents have completed their Undergraduate.
- In this research most (86 percent) of the respondents are male.
- Majority (67 percent) of the respondents have an experience of 10 years and above.
- Majority (78 percent) of respondents earn a salary of above Rs.15000.
- In this research more number (44 percent) of respondents felt that this Organization recognize the employees for their good work in some extent.
- Majority (56 percent) of the respondents felt that the organization is offering attractive allowances to its employees.
- There are 45 percent of respondents felt that the grievances and complaints are considered in some extent.
- In this study 43 percent of respondents said that the organization is following a sound grievances handling procedure to some extent.
- In this research 44 percent of respondents felt that the organization appreciates the employees for their work to some extent.
- There are 47 percent of respondents felt that organization provides safe working conditions to some extent.
- Majority (55 percent) of the respondents felt that the organization provides adequate welfare facilities to some extent.
- Majority (62 percent) of the respondents felt that this organization conducted the training courses and conferences to some extent.
In this study 49 percent of respondents felt that the organization have various committees for joint decision making process to some extent.

- Majority (74 percent) of the respondents said that the organization have rules and policies with personal matters in the organization to some extent.
- Majority (56 percent) of the respondents revealed that the employees have a better relationship with their supervisors to some extent.
- In this study half (50 percent) of the respondents felt that the employees are sharing information with the colleagues in good manner.
- Majority (63 percent) of the respondents felt that the employees are sharing their problems with the colleagues in a good manner.
- Majority (62 percent) of the respondents felt that the employees are sharing their problems with the colleagues in a good manner.
- Majority (61 percent) of the respondents said that the organization has a conducive work environment for interpersonal relations to some extent.
- In this research half (50 percent) of the respondents said that the organization creates many opportunities for advancement to the employees to some extent.
- There are 48 percent of respondents said that the organization conducted career development programmes for the employees in the organization to some extent.
- Majority (54 percent) of the respondents said that the organization has many opportunities for employees’ growth to some extent.
- In this study 47 percent of respondents said that the organization appreciates employee’s contribution to some extent.
- There are 46 percent of respondents said that provision of facilities and amenities to employees and their families in this organization was carried out only some extent.
- Majority (58 percent) of the respondents said that impartial treatment by the management to some extent.
- There are 48 percent of respondents stated that sympathetic dealing with employees’ problems was only to some extent.
- There are 42 percent of respondents said that their participation in decision making was some extent and not at all respectively.
- Majority (53 percent) of the respondents said that comparison of salary and allowance with other company was better in some extent.
- Majority (56 percent) of the respondents said that remuneration based on qualification and skills only to some extent.
- Majority (57 percent) of the respondents said that job security is provided only some extent.
- There are 46 percent of respondents said that meetings are held regularly to solve day to day problems to some extent.

SUGGESTIONS

- In this study more number of respondents felt that the Grievances and Complaints are considered to some extent only. So the organization has to develop and practice a standard Grievances handling procedure for the employees in the organization.
- In this research the respondents felt that the provision of safe working conditions for the employees to some extent only. So the management has to take necessary steps to create a safe working condition in the organization.
- In this research respondents felt that the provision of adequate welfare facilities to the employees to some extent only. The management should provide adequate welfare facilities as per the labour legislation to the employees.
In this research the researcher found that the employees are feeling bad about their salary according to their experience and knowledge. The management has to consider the employee’s potentials and capabilities before setting their salary. The management has to provide sufficient salary to all the employees.

**CONCLUSION:** Organizational Climate is extremely important for the ultimate achievement of organizational goals. In this research an attempt has been made to study the Organizational Climate in Banking sectors at Trichy, which focuses on dimensions like workers perception towards work environment, interpersonal relationship of the employees, the effectiveness of the system of reward and recognition, effectiveness of various facilities in the organization and measures for sound organization. The study has been undertaken to understand the existing perception and prominence of Organizational Climate in fulfilling organizational goals. Organizational Climate is normally associated with job performance and job satisfaction and morale of the employees. Organizational Climate is very important factor to be considered in studying and analyzing organizational behavior, Organizational Climate further provides a useful platform for understanding various characteristics of a given organization. It is thus the global expression of what the organization is it affects the behavior of people in significant ways.

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ORGANIZATIONAL STRESS AMONG EMPLOYEES OF BANKING SECTOR AT CHENNAI

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INTRODUCTION
Work-related stress is a pattern of reactions that occurs when workers are presented with work demands that are not matched to their knowledge, skills or abilities, and which challenge their ability to cope. These demands may be related to time pressure or the amount of work (quantitative demands), or may refer to the difficulty of the work (cognitive demands) or the empathy required (emotional demands), or even to the inability to show one’s emotions at work. Demands may also be physical, i.e. high demands in the area of dynamic and static loads. When the worker perceives an imbalance between demands and environmental or personal resources, this can cause a number of possible reactions. These may include physiological responses (e.g. increase in heart rate, blood pressure, hyperventilation), emotional responses (e.g. feeling nervous or irritated), cognitive responses (e.g. reduced attention and perception, forgetfulness), and behavioural reactions (e.g. aggressive, impulsive behaviour, making mistakes). When people are in a state of stress, they often feel concerned, less vigilant and less efficient in performing tasks (Stress occurs in many different circumstances, but is particularly strong when a person’s ability to control the demands of work is threatened. Insecurity about successful performance and fear of negative consequences resulting from performance failure may evoke powerful negative emotions of anxiety, anger and irritation

ORGANIZATIONAL STRESS
Organizational Stress is the harmful physical and emotional response that occurs when the requirements of the job do not match the capabilities, resources and needs of the employees. Organizational Stress always related to our health and our work. When we feel stressed, our bodies respond by raising the concentration of the stress hormones in our blood. The human body continually responds to constant demand and threats, which can be damaging to health over time. Stress in the form of a challenge energizes us psychologically and physically, it motivates us to learn new skills and master our work. When a challenge is met, we feel relaxed and satisfied. However, sometimes challenged is turned into job demands that cannot be met. This is negative stress, which sets the stage for illness, injury and job failure

STATEMENT OF THE PROBLEM
The researcher has formulated this topic because of his own personal experience as well as by reading through news papers and watching TV news. When the researcher is at work he always feels that there is often a lot of pressure and Organizational Stress from the head of the departments. When he /she are under stress, lack of technical competence and skills then they are unable to perform the work thus leads to less productivity in the organization. Indirectly stress is one of the biggest killers around the world and it even makes the employees miserable. The unchecked stress can be the root of destroying the relationships in the family and in the organization. There should be a continuous and a comprehensive monitoring of the employees in an organization to keep them physically healthy. This will not only ensure their productivity but will ensure his /her well being in the organization. Therefore, a study on the Organizational Stress among the employees at banking sectors at Chennai.

NEED AND IMPORTANCE OF THE STUDY
Every organization depends on their valuable employees for their maximum contribution in attaining organizational objectives. It aims to know the opinions, views, expectation and satisfaction of the respondents regarding the employee relation, resources, commitment, and stress they experience towards their work and company. Executives and managers in all kinds of organization are becoming increasingly concerned about the human costs of doing business. Only if the employees are dedicated to their work, the organization can run effectively. This study on Organizational Stress will greatly help both the organization and me. The organization will come to know what are all the factors, which causes stress among its employees. This study will be helpful for the organization to rectify it. In order to analyze the level if work stress among employees at work place and to find the major class of employees who experiences stress at major level, a survey was conducted among the employees of banking sectors at Chennai.

**OBJECTIVES OF THE STUDY**

- To know about the opportunities of the respondents to prepare themselves for future challenges
- To know whether the work done in banking sector is related to their interest.
- To know the level of psychological Organizational Stress experienced by the respondents.
- To know the work load lowers productivity and job satisfaction
- To know the work load & conflicting demand of the respondents in relation to job stress.

**RESEARCH METHODOLOGY**

The researcher adopted the Descriptive Research Design for the study. Descriptive research design is fact finding investigation with adequate interpretation. In this research the researcher had described about Organizational Stress among the employees banking sectors at Chennai. So Descriptive research design is most suitable research design for the study. The researcher has used both the Primary and Secondary data were used in the project. A questionnaire is for the purpose of collecting data from the respondents. The researcher used Systematic Random sampling in this Research. The total sample size was 75.

**MAJOR FINDINGS**

- In this research, 45 Percent of respondents belong to the age group between 25 to 35 years.
- Majority (74 Percent) of the respondents are Male.
- Majority (69 Percent) of the respondents are having 5 to 10 years of experience.
- In this study, Majority (54.5 Percent) of the respondents felt run down & drained of physical or emotional energy.
- In this study 41.2 Percent of respondents said that they are prone to negative thoughts about their job.
- Majority (61.6 Percent) of the respondents easily irritated by small problem with other employees and team
- In this study 44.2 Percent) of respondents misunderstood and unappreciated by their co-employees.
- As per the study 41.9 Percent) of respondents felt that they have no one to talk to them in the organization.
- In this study 43.6 Percent of respondents felt that there is organizational politics.
- Majority (57.3 Percent) of the respondents said that there is equal chance is given to all practically to do more work.
• In this study 38.4 Percent of respondents expressed that employee’s lack time to do good quality of job.
• As per the study, 41.7 Percent of respondents said that there is lack of time to do as the employees like to do the work.
• In this study 44.1 Percent of respondents satisfied with the performance of their work given.
• In this research, 36.4 Percent of respondents suffered depression from their job.
• In this research 32.9 Percent of respondents worried about their colleague’s opinion on them.
• In this research 33.2 Percent of respondents discussed their problem with their spouse and friends.
• As per the study 41.8 Percent of respondents worked more than eight hours daily.
• In this study 40.9 Percent of respondents felt their role tends to interfere with family life.
• In this research 32.3 Percent of respondents did not have the time they like to do work without interruption.
• As per the study 43.9 Percent of respondents had time that they want with their family members every week.
• In this research 46.2 Percent of respondents had the personal time that they like to do in a week.
• As per the study 47.2 Percent of respondents responded angrily when the activity is interrupted.
• In this study 35.2 Percent of respondents responded angrily when they are asked to unplanned work by the management.
• Majority (57.4 Percent) of the respondents tensed when they are given unexpected large projects.
• In this research 28.6 Percent of respondents responded positive manner when they are asked to do something without training.
• Majority (56 Percent) of the respondents accepted with a healthy attitude circumstances that can’t change them.
• There are 34 Percent of respondents proactively responded with positive power to stressors.
• There are 44 Percent of respondents planed their life each day and work out that plan.
• There are 37 Percent of respondents were unable to satisfy the conflicting demands of various people over them.
• In this research 34.1 Percent of respondents stressed because of their boss scolding.
• Majority (59 Percent) of the respondents thought of organizational work is not related to their job.
• In this research 48.6 Percent of respondents feared about the quality of their performance.

**SUGGESTIONS**

• Majority of the respondents expressed that they have stress at work, the organization can reduce the work load so that the employee may overcome their stress or the organization can establish a counseling center to provide service to the employees during stress.
• More than 50 Percent of the respondents said that they get tensed when the management is given a large project without the training. Training programmes
should be organized for the awareness of the ways and modes of overcoming stress for updating the knowledge and skill of the employees to face the challenges brought about by the fast changing technological milieu.

- Majority of the respondents agreed that their physical and emotional energy comes from job. The job which is given to the employees by the organizations is demanding more. It is up to the management to reduce the Conflict and clarify organizational roles so that this cause of stress can be eliminated or reduced.

- In this study below 50 Percent of the respondents said that the interest of the employees on their job that enables an individual to accomplish or achieve the task or goals necessary for successful job performance. It is necessary to identify those needs and wants of the individuals in terms of importance and then to match them with the time and resources available.

CONCLUSION

Stress Job is so wide spread; it has a very high cost per individual, organization, families and for society. for the individuals, the loss of capacity to cope with working and social situation which can lead to less success at work place including loss of career opportunities and employment. It can give rise to greater strain even in family relationship and with friends. Hence it may result in depression, suicide or even death. For the organization, the cost of stress may take many forms which include absenteeism, high medical cost and staff turnover. For the society cost of stress may include many parameters like frustration and less success in achieving individual objectives. Thus, a study of stress will be useful to organizations and community at large. In this study the researcher found that majority of respondents are overall satisfied with the job in the IT sector and the working condition and facility provided by the management. Even though the organization is satisfied with the working environment the organization can focus more on the health aspects of the employees and can also reduce the Organizational Stress of the employees. This research will help the organization to reduce Organizational Stress of the employees that they are facing in the organization. This research surely will help the management to analysis the Organizational Stress of the employees in the organization. This can help the employees to overcome Organizational Stress of organization so that the performance at the individual level can be improved.

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