Analyzing Consumer Market And Buyer Behavior With Special Reference To Banking Sector

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Introduction:-

The aim of marketing is to meet and satisfy target customers' needs and wants. The field of **consumer behavior** studies how individuals, groups and organizations select, buy, use and dispose of goods, services, ideas or experiences to satisfy their needs and desires. Understanding consumer behavior and "knowing consumers" is never simple. Customers may say one thing but do another. They may not be in touch with their deeper motivations. They may respond to influences that change their mind at the last minute. Small companies, such as a corner grocery store and huge corporations such as Whirlpool, stand to profit from understanding how and why their customers buy. Philip Kotler on marketing: -*"The most important thing is to forecast where customers are moving and to be in front of them".*

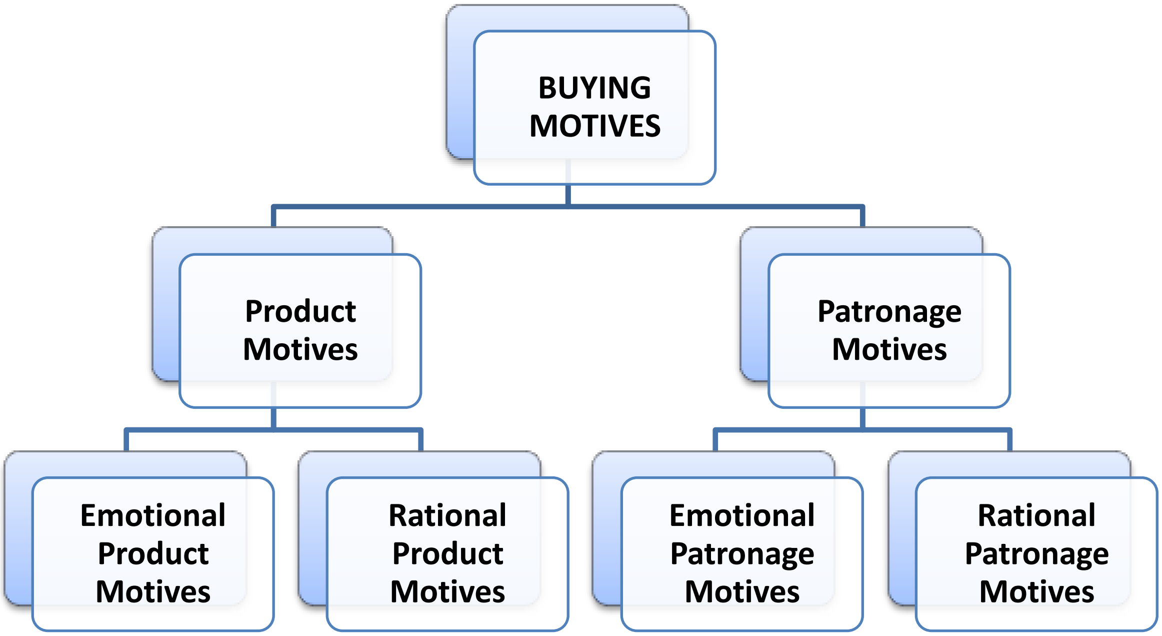
Consumer behavior is the study of when, why, how, and where people do or do not buy a product. It blends elements from psychology, sociology, social anthropology and economics. It attempts to understand the buyer decision making process, both individually and in groups. It studies characteristics of individual consumers such as demographics and behavioral variables in an attempt to understand people's wants. It also tries to assess influences on the consumer from groups such as family, friends, reference groups, and society in general. Customer behavior study is based on consumer buying behavior, with the customer playing the three distinct roles of user, payer and buyer. Relationship marketing is an influential asset for customer behavior analysis as it has a keen interest in the re-discovery of the true meaning of marketing through the re-affirmation of the importance of the customer or buyer. A greater importance is also placed on consumer retention, customer relationship management, personalization, customization and one-to-one marketing. Social functions can be categorized into social choice and welfare functions.

Each method for vote counting is assumed as social function but if Arrow's possibility theorem is used for a social function, social welfare function is achieved. Some specifications of the social functions are decisiveness, neutrality, anonymity, monotonicity, unanimity, homogeneity and weak and strong Pareto optimality. No social choice function meets these requirements in an ordinal scale simultaneously. The most important characteristic of a social function is identification of the interactive effect of alternatives and creating a logical relation with the ranks. Marketing provides services in order to satisfy customers.

What a marketer needs to know on Consumer Behavior?

The two major components a marketer needs to know on consumer behavior are: 1. Buying motives &, 2.Buying habits

1) Buying motives: -



Buying motives can be defined as 'all the impulses, desires and considerations', which induce a buyer to purchase a given product.

I] Product motives: -

The impulses, desires and considerations that make people buy a given product, are called product motives.

Product motives are of several types and they can be classified in several ways. One classification that is linked to the nature of satisfaction sought by the buyer puts them into the following two categories:

a) Emotional product motives
b) Rational product motives

Another classification that takes into account the utility and prestige dimensions of a product puts them into the following two categories:

a) Operational product motives
b) Socio-psychological product motives

Emotional product motives are those impulses that appeal to the buyer's pride or ego, his urge to imitate others, or his desire to be distinctive. The emotional motives may persuade a consumer to buy a certain product without evaluating the plus and minus points of such action. Careful reasoning or logical analysis need not be found behind such purchases.

Rational product motives, on the contrary, involve a logical analysis of the intended purchase-the purpose expected to be served by the product, the various alternatives available to the buyer, etc. Relevant and valid reasons that justify the purchase are characteristics of rational product motives.

Limitations of the 'Emotional' and 'Rational' classification

A major limitation with 'emotional' and 'rational' classification is that it is not always practical to place product motives into strict compartments-'emotional' and 'rational' categories. Again it may not be correct to say that an 'emotional motive' is totally devoid of reasoning or analysis. A buyer may react quickly to a situation and 'buy impulsively', but it is quite possible that there is some conscious reasoning behind such purchase.

Classification into operational and socio-psychological product motives

It is more meaningful to classify product motives as operational and socio-psychological product motives. Products have a utility dimension as well as prestige dimension. A buyer can gain satisfaction from the function or physical utility of a product and/or the socio-psychological significance he attaches to the product. The former is the operational product motive and the latter the socio-psychological product motive.

II] Patronage motives: -

The impulse, desires and considerations that make people buy from particular firm/shop are called patronage motives. Patronage motives can also be grouped into emotional and rational categories. **Emotional patronage motives** are those that persuade a buyer to buy from shops, without much logical reason behind that action. She may like the place for purely subjective reasons and may consider the shop as her 'favorite' shopping place. However, if she selects a shop because she knows that it offers a wide selection, or the latest models, or good after-sales services, then she is influenced by **rational patronage motives**. But, as said earlier, in every patronage, there is a combination of the rational and emotional motives. Knowledge of product motives and patronage motives of buyers is important to marketers, as their main job is to secure the buyer's loyalty and patronage.

2) Buying Habits: -

Buying habits can be best studied in relation to the types of products purchased. Consumer goods have been classified into 3 types:

i. Convenience goods
ii. Shopping goods
iii. Specialty goods

i] Convenience goods: -

Convenience goods are products, which consumers like to purchase with the least possible effort. The items are purchased frequently and their unit price is low. There is not much planning behind such purchases. Products of daily consumption like toothpaste, soap, cigarettes, etc., come under this category. As there is a recurring need of these items, the consumer would desire to get it at an easily accessible place. Marketers of such products know that they have to be made available within easy reach of customers. So, they make these products available in as many outlets as possible, ensuring maximum exposure. The consumer is not prepared to make a special shopping trip for buying such products. And he/she may readily switch to a substitute product or brand that is available in the immediate vicinity.

ii] Shopping goods: -

Items like clothes, shoes, electrical appliances, etc., are not purchased so frequently. There is an element of planning behind their purchase. They are not necessarily purchased at an easily accessible store. The buyer is ready to make more than one shopping trip to buy such items. Unlike the purchase of convenience goods, purchase of these products involves considerable expenditure. The buyer would like to compare the prices, quality, models, etc., in a number of stores before finalizing the purchase. Such products are normally not standardized items, they are differentiated offers. These products are termed as shopping goods.

iii] Specialty goods: -

Specialty goods are high-priced goods and include products like cars, luxury watches, high priced dresses, and ornaments, etc. purchases of specialty goods involve substantial investments and the periodicity of purchase is less frequent as compared to shopping goods. Specialty goods are not purchased on the basis of instant decisions. The various aspects of the purchase – the cost angle, the utility angle, the prestige angle, the alternatives available and the experience of others who have purchased the product – are analyzed before any decision is taken. Normally, the entire family takes part in the decision-making process for purchasing specialty goods. Since buyers of such products are prepared to make special efforts in buying them, the manufacturers need not have a wide distribution network. They normally deal through a small number of outlets, located in potential markets. They go in for selective distribution entrusting the job to selected retailers. In certain cases, they sell the product through their own showrooms.

Factors influencing buyer behavior:-

1) Cultural factors
2) Social factors
   a) Reference groups
   b) Family
   c) Roles and statuses
3) Personal factors
   a) Age and stage in the life cycle
   b) Occupation and economic circumstances
   c) Lifestyle
   d) Personality and self-concept
4) Psychological factors
   a) Motivation
   b) Perception
   c) Learning
   d) Beliefs and attitudes

1] CULTURAL FACTORS: - Culture, subculture and social class are particularly important in buying behavior. Culture is the fundamental determinant of a person’s wants and behavior. The growing child acquires a set of values, perceptions, preferences and behaviors through his/her family and other key institutions. Each culture consists of smaller subcultures that provide more specific identification and socialization for their members. Subcultures include nationalities, religions, racial groups and geographic regions. When subcultures grow large and affluent enough, companies often design specialized marketing programs to serve them. Such programs are known as diversity marketing, a practice which was pioneered during the 1980s by large companies like Coca – Cola. Diversity marketing grew out of careful marketing research, which revealed that different ethnic and demographic niches did not always respond favorably to mass-market advertising. Virtually all human societies exhibit social stratification. Stratification sometimes takes the form of a caste system where the members of different caste are reared for certain roles and cannot change their caste membership. More frequently it takes the form of social classes, relatively homogenous and enduring divisions in a society, where are hierarchically ordered and whose members share similar values, interests, and behavior.

2] SOCIAL FACTORS: - In addition to cultural factors a consumer’s behavior is influenced by such social factors as reference groups, family and social roles and statuses.

a) Reference groups: A person reference group consists of all the groups that have a direct or indirect influence on the person attitudes or behavior. Groups having a direct influence on a person are called membership groups. Some membership groups are primary groups, such as family, friends, neighbors and co-workers, with whom the person interacts fairly continuously and informally. People also belong to secondary groups, such as religious, professional, and trade-union groups, which tend to be more formal and require less continuous interactions.

b) Family: The family is the most important consumer-buying organization in society, and family members constitute the most influential primary reference group. The family has been researched exclusively. We can distinguish between two families in the buyer’s life. The family of orientation consists of parents and siblings. From parents a person acquires an orientation towards religion, politics and economics and a sense of personal ambition, self-worth and love. Even if buyer no longer interacts very much with his/her parents, their influence on the buyer’s behavior can be significant. In countries where parents live with grown children, their influence can be substantial. A more direct influence on every day buying behavior is the family of procreation – namely, once spouse and children.

c) Roles and statuses: A person participates in many groups – family, clubs, and organizations. The person’s position in each group can be defined in terms of roles and status. A role consists of the activities a person is expected to perform. Each role carries a status. A Supreme Court justice has more status than a sales manager, and a sales manager has more status than an office clerk. People chose product that communicate their role and status in society. Company presidents often drive Mercedes, wear expensive suits and drink Chives Regal Scotch. Marketers must be aware of the status-symbols potential of products and brands.

3] PERSONAL FACTORS:-

A buyer's decisions are also influenced by personal characteristics. These include the buyer's age and stage in life cycle, occupation, economic circumstances, lifestyle and personality and self-concept.

a) Age and stage in life cycle: - People buy different goods and services over a lifetime. They eat baby food in the early years, most foods in the growing and mature years, and special diet in the later years. Taste in clothes, furniture and recreation is also age related.

b) Occupation and economic circumstances: - Occupation also influences consumption patterns. A blue-collar worker will buy work clothes, work shoes and lunch boxes. A company president will buy expensive suits, air travel and country club membership. Marketers try to identify the occupational groups that have above-average interest in their products and services. A company can even tailor its products for certain occupational groups: Computer software companies, for example- design different products for brand managers, engineers, lawyers and physicians.

c) Lifestyle: - People from the same subculture, social class and occupation may lead quiet different lifestyle. A lifestyle is a person's pattern of living in the world as expressed in activities, interests and opinions. Lifestyle portrays the "whole person" interacting with his/her environment. Marketers search for relationship between their products and lifestyle groups. For example, a computer manufacturer might find that most computer buyers are achievement-oriented. The marketer may then aim the brand more clearly at the achiever lifestyle.

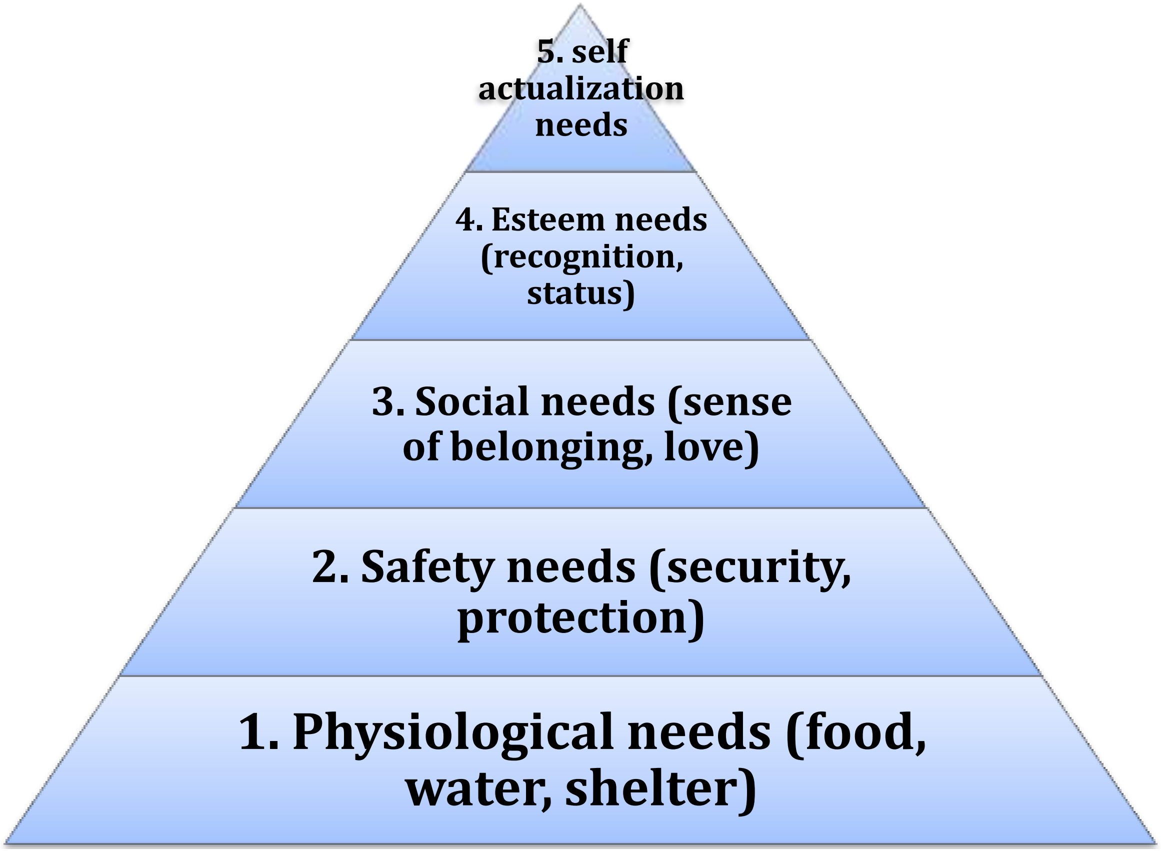
d) Personality and self-concept: - Each person has personality characteristics that influence his/her buying behavior. By personality, we mean a set of distinguishing human psychological traits that lead to relatively consistent and enduring responses to environmental stimuli. Personality is often described in terms of such traits as self-confidence, dominance, autonomy, difference, sociability, defensiveness and adaptability. Personality can be useful variable in analyzing consumer brand choices. The idea is that brands also have personalities and that consumers are likely to chose brands whose personality match their own.

4] PSYCHOLOGICAL FACTORS:-

A person's buying choices are influenced by four major psychological factors – motivation, perception, learning, beliefs and attitudes.

a) Motivation: A person has many needs at any given time. Some needs are *biogenic*; they arise from physiological states of tension such as hunger, thirst or discomfort. Other needs are *psychogenic;* they arise from psychological states of tension such as the need for recognition, esteem, or belonging. A need become s a motive when it is aroused to a sufficient level of intensity. A motive is a need that is sufficiently pressing to drive the person to act.

b) Perception: A motivated person is ready to act. How the motivated person actually acts is influenced by his/her perception of the situation. Perception is the process by which an individual selects, organizes and interprets information inputs to create a meaningful picture of the world. Perception depends not only on the physical stimuli but also on the stimuli's relation to the surrounding field and on conditions within the individual. The key point is that perceptions can vary widely among individual exposed to the same reality.



MASLOW'S HIERARCHY OF NEEDS

c) Learning: When people act, they learn. Learning involves changes in an individual's behavior arising from experience. Most human behavior is learned. Learning theorists believe that learning is produced through the interplay of drives, stimuli, cues, response and reinforcement. Learning theory teaches marketers that they can build up demand for a product by associating it with strong drives, using motivation cues and providing positive reinforcement. A new company can enter the market by appealing to the same drives that competitors use and by providing similar cue configurations, because buyers are more likely to transfer loyalty to similar brands or the company might design its brand to appeal to a different set of drives and offer strong cue inducements to switch.

d) Beliefs and attitudes: Through doing and learning people acquire beliefs and attitudes. These in turn influence buying behavior. A belief is a descriptive thought that a person holds about something. People's beliefs about a product or brand influence their buying decision.

CONCLUSION

To understand how consumers actually make buying decisions, marketer must identify who makes and has input into the buying decision; people can be initiator, influencer, decider, buyer or users and different marketing campaigns might be targeted to each type of person.

Marketers must also examine buyers' levels of involvement and the number of brands available to determine whether consumers are engaging in complex buying behavior, dissonance-reducing buying behavior, habitual buying behavior, or variety- seeking buying behavior.

Consumer behavior is influenced by four factors: cultural [culture, subculture, and social classes]; social [reference groups, family, and social roles and statuses]; personal [age, stage in the life cycle, occupation, economic circumstances, lifestyle, personality, and self-concept]; and psychological [motivation, perception, learning, beliefs and attitudes]. Research into all these factors can provide clues to reach and serve consumers more effectively.

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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.

Data Requirements for CRM

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

Analytical Datamart for CRM

1. demographic (age, sex, cultural level, marital status, etc.)
2. ownership of bank's product/services
3. product/services usage (balance, transactions, etc.)
4. global variables : profit, cost, risk, assets, liabilities
5. relationship with the bank: segment, portfolio, etc.

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 customersProvision 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.

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A STUDY ON THE INDUCTION PROGRAM AT A MULTINATIONAL BANK

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Introduction:

An induction programme is the process used within many businesses to welcome new employees to the company and prepare them for their new role. It is an important process for bringing staff into an organisation. It provides an introduction to the working environment and the set-up of the employee within the organisation. The process will cover the employer and employee rights and the terms and conditions of employment. As a priority the induction programme must cover any legal and compliance requirements for working at the company and pay attention to the health and safety of the new employee. An induction programme is part of an organisations knowledge management process and is intended to enable the new starter to become a useful, integrated member of the team, rather than being "thrown in at the deep end" without understanding how to do their job, or how their role fits in with the rest of the company.

Good induction programmes can increase productivity and reduce short-term turnover of staff. These programs can also play a critical role under the socialization to the organization in terms of performance, attitudes and organizational commitment Induction includes an orientation about the company, the various department products and services along with a formal introduction to all staff and an overview of job roles. On the point of values and philosophy, induction training offers a wonderful early opportunity to establish clear foundations and expectations in terms of ethics, integrity, corporate social responsibility, and all the other converging concepts in this area that are the bedrock of all good modern responsible organizations. It is absolutely vital for new starters. Good induction training ensures new starters are retained, and then settled in quickly and happily to a productive role.

It is more than skills training and is about the basics that seasoned the employees i.e what the shifts are, where the notice-board is, what is the routine for holidays, sickness, where's the canteen, what's the dress code. New employees also need to understand the organization's mission, goals, values and philosophy, personnel practices, health and safety rules, and of course the job they're required to do, with clear methods, timescales and expectations.

A typical induction programme will includes any legal requirements, any regulatory requirements, introduction to terms and conditions, a basic introduction to the company, and how the particular department fits in, a guided tour of the building, completion of government requirements, set-up of payroll details, introductions to key members of staff and specific job-role training.

Statement of the problem:

It is important to plan an appropriate induction programs as it also marks the beginning of the employer-employee relationship. Induction is a must in every organization. In fact there are many companies that do not allow new recruits to take up responsibilities without attending the induction session. But it is also a perquisite to identify the scenario which would prevail if the induction programme does not reach the employees in an effective manner. If an induction program is not so effective it leads to various problem for an employee. It misleads the employee and it also paves way to employee dissatisfaction Induction is where the employee comes to know about the organisation in detail. If an induction program is not effective the employee do lack of knowledge about the organisation they work for. An old saying goes "first impression is the best impression" induction is where the organisation leaves its first impression and if it makes a negative impression it again leaves a trace on the employee. And a poor induction is a matter of complaint issue. Most importantly it spoils the branding; the internal branding of the organisation gets spoiled. And this study will help the researcher to gain in depth knowledge of the induction process and its impact. And it will also be useful for the HR of the particular organisation. As the study provides an in depth detail on the impact of the induction program conducted by them on their employees.

It is important that the employee gets right induction that will benefit themselves and business. Some companies often make the mistake of ignoring induction periods. Instead, they leave the new employee to pick things up themselves, and from existing employees, which costs time and money. This defeats the idea of induction which is to integrate the employee so that they reach their full potential as soon as possible. The result of the study will definitely help HR professionals to get a clean insight of induction and its impact on the employees. The quality of the induction program and other such other areas related to it. The study would help companies to frame innovative methods of induction programs. Through the study the researcher can also find the behavioural changes of the employees after attending the induction. The research will be presented by the researcher in conferences in future.

Research Methodology

The field of study for the research was Royal Bank of Scotland, Chennai branch. The general objective of the study was to find the impact of induction program on employees at Royal Bank of Scotland (RBS) and the specific objectives were to find the awareness level of employee about the organisation given through induction, to find if the employee is given awareness about the statutory benefits provide through induction program, to find the quality of the induction program and to find the comfort and commitment level of employee before and after induction. Descriptive research design was used. The universe consisted of employees of Royal Bank of Scotland (RBS) who attended induction program during the last two months. The sampling technique the researcher used for the study was Non probability method of Purposive sampling to choose 30 respondents from the universe. Questionnaire was used for data collection.

Main Findings

The following were the main findings of the study:

- Seventy per cent of the respondents agreed that the induction program helped them to gain awareness about the history of the organisation.
- Seventy two per cent of the respondents have agreed that the induction program helped the employee in getting acquainted with the infrastructure set up within the organization.
- Fifty per cent of the respondents strongly agreed that the induction program helped them to know the key stake holders of day to day transactions within the organisation.
- Ninety one per cent of the respondents strongly agreed that the induction program helped the employees in understanding the organisational structure of RBS.

- Ninety per cent of the respondents have agreed that the induction program helped them in understanding the process and operations of RBS.
- Ninety three per cent of the respondents agreed that the induction program helped in understanding the company policies.
- Sixty nine per cent of the respondents strongly agreed that the induction program helped them in understanding the communication channel followed in the organization.
- Seventy five per cent of the respondent strongly agreed that the induction program helped in understanding the culture followed in the organisation.
- Fifty two per cent of the respondent strongly agreed that the induction program helped in getting awareness about the statutory benefits provided in RBS.
- Sixty nine per cent of the respondents agreed that the induction program helped in understanding the leave application process.
- Seventy two per cent of the respondents strongly agree that the induction program helped in understanding the pay roll process.
- Seventy per cent of the employee strongly agreed that the induction program helped in understanding the welfare measure available for the employees.
- Fifty five per cent of the respondents strongly agreed that the induction program helped the employee in understanding the safety measures available for the employees.
- Seventy two per cent of the employees agreed that the facilitators approach in the program was effective and useful.
- Fifty per cent of the respondents agreed that the structure of the program was effective and useful.
- Seventy five per cent of the respondents strongly agree that the all activities carried out during the induction program was useful.
- Eighty four per cent of the respondents strongly agreed that the ambience and arrangements made for the induction program was ere comfortable.
- Sixty per cent of the respondents strongly agree that the induction program has helped them to improve their comfort level with their team members.
- Fifty per cent of the respondents strongly agree that the induction program has helped in improving their comfort level with the organisation.

Conclusion: The single most important aspect of the first day is making time for the new recruit. There is nothing more disappointing and disheartening than sitting for hours waiting for someone to come and show a new recruit what to do, or give information he needs. At worst, employees who fail to get a proper welcome, or who are expected to take in too much information during the first few days, can feel that they have been thrown in at the deep end without sufficient support. The downside for the organisation is that it can lead to a high turnover of new staff, and disengaged, unproductive employees. Getting off on the wrong foot can colour the employee’s impression of the business forever in a negative manner. Indeed, the organisation may lose the person on whom the organisation has spent so much time and money getting – so it is worth getting it right! What makes a huge difference is having a planned induction programme like the one which happens at Royal Bank of Scotland!!

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GLOBAL DIMENSIONS OF HR AND ITS IMPACTS IN BANAKING AND INSURANCE SECTORS IN INDIA

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Introduction:

Banking is a strong and efficient financial system is critical to the attaintments of the objectives of creating a market driven, productive and competitive economy and to support higher investment levels and accentuate growth. Banking by far is the most dominant segment of the financial system and play a vital role in the development of a sound economy. The banks attract deposits, for the purpose of lending and investing programmes, from millions, of people and governments and business.

Banking system in India is currently changing its fibre and is undergoing sweeping and phenomenal changes. Today, Banks have diversified their activities and are getting into new products and services that include opportunities in credit cards, consumer finance, wealth management, life and general insurance, investment banking, mutual funds, pension fund regulation, stock broking services, custodian services, private equity, etc. In order to recruit specialists in various fields such as Treasury Management, Credit, Risk Management, IT related services, HRM etc in keeping with the segmentation and product innovation. As a complementary measure, fast track merit and performance based promotion from within would have to be institutionalized to inject dynamism and youthfulness in the workforce. To institutionalize talent management, the first priority for the banking industry would be to spot, recognize and nurture the talent from within. " The Banking industry growth and there are a lot more opportunities. The financial sector is booming and Indian salary has reached the global standards".

However, the issue of critical importance is how Employee talent is integrated and sustained in the banks.

INDIA INSURANCE :-

Insurance in its modern form first arrived in India through a British company called the Oriental Life Insurance Company in 1818, followed by the Bombay Assurance Company in 1823, and the Madras Equitable Life Insurance Society in 1829. They insured the lives of Europeans living in India. The First company that sold policies to Indians with "fair value was the Bombay Mutual Life Assurance Society starting in 1871. The first general insurance company, Triton Insurance Company limited was established in 1850.

"Together with Banking Services, it adds about 7percent to the country's GDP"

One must understand in the insurance industry, convergence, globalization, and consolidation – as well as new technologies and changing demographics – are impacting the pace level of change. In this situation how the HR dimension should given importance to face these challenges, and as a result, insurance companies will be challenged to remain competitive, and ultimately, to thrive having talent that can both adapt to change and meet customer demands, must become a priority. Due to the growing demand for insurance, more and more insurance companies are now merging in the Indian insurance sector. With the opening up of the economy, several international leaders in the insurance sector are trying to venture into the India insurance industry. So the insurance industry should adopt the HR dimension to fill the lack of professionals gap by recruiting and selecting a skilled persons and providing the Training system to benefit mutually to achieve the organizational goals and policies.

CHALLENGES IN BANKING AND INSURANCE SECTOR:

In banking sector, High attrition/ poaching of skilled and quality staff, difficulty in hiring highly qualified youngsters aspiring high remuneration are some of the threats the banking industry is facing. However, employee engagement and learning culture still remains the real issue this sector. And it also stresses the inadequate incentives to the performers, existing training arrangements grossly inadequate to cope up with massive skill explosion, requirement of new capabilities for issues like mergers and acquisition, new technology, finance etc.

These days, there is a shortage of 'Critical talent' in the insurance industry – the talent that drives a disproportionate share in a company's business performance. Depending on an insurer's business strategy and model, these can be underwriters, claim adjusters, sales professionals, actuaries and others who can make the difference between 10percent and 20 percent annual growth. Insurance companies continue to face challenges in both recruiting skilled professional. The p resent situation in India's insurance sector is a welcome development as it enhances the strength of employees as well as the career opportunities of insurance industry professionals. However, there is still a lack of qualified talent to take many positions as actuaries and insurance specialists which current skewing the demand-supply.

GLOBAL DIMENSION OF HR :- ***"HR is about both new processes new outcomes"***

An organization is made up of a number of a people who strive to achieve the organizations goals. Human resources have a significant bearing on the profitability, efficiency and overall organizational effectiveness. Human beings differ from one another in their basic mental abilities, skills, approaches, qualifications and also behavior which account for their complex behavior patterns and psychological makeup. Such difference gets multiplied when hey interact with one another in a group or in an organization. This generates different styles of management, values, feelings, beliefs and opinions of the employees. They must be groomed in order tot take risks, think innovatively and handle new problems. In the competitive environment, employees of any business organization are the key factor for deciding the success of the firm. Identifying, developing and retaining talent is critical to a Banking and Insurance success. By bringing these capabilities together with the HR practices, banks can gain the visibility they need to implement talent various dimensions of HR strategies that increase individual and organization performance.

The key to success of any organization lies in how efficiency the organization manages its HR. The principle applies equally and perhaps more aptly to service institutions like Banking and Insurance sectors. The issue is all the more relevant to these sectors who are striving hard to keep pace with the technological changes and meet the challenges of globalization.

The challenges and opportunities in the Indian Banking and Insurance industry in the post globalization era, over the last two decades, several reforms have taken place within the these sector. The focus of the industry is now on HR dimensions and challenges like human resource risks, empowerment and motivation, rewards and recognition, job description, employee turnover, manpower planning; recruitment.

THE IMPACT OF GLOBAL DIMENTION OF HR IN BANKING AND INSURANCE SECTOR:-

In a Service oriented industry such as Banking and Insurance, people are among the most important assets. To stay competitive, These sector must efficiency manage its employment during every phase of employment, recruitment through training and development. But banks of all sizes faces challenges and its very difficult to achieve. These challenges include mergers that consolidate resources, the fluctuating global economy, shorter product life, cycles, the constant demand for quick ROI, an aging workforce, and the huge burden of picking the best job candidates from a multitude of applicants. How can a bank tap the full potential of every employee, retain talent, and support career development all while reducing costs. The HR's one of the dimension of Training and Development will ensure tapping the employees talent and it tries to find the employees hidden talent.

Determining one of the global dimensions of HR is Recruitment, Its helps to enable the innovative recruiting practices – **Attracting, recruiting and retaining the right people** are the cornerstones of Banking and Insurance sector, an successful HR recruitment process will relies on strong long term relationship with both current potential employees and to the ability to locate appropriate positions for individuals from within and outside the organization.

Another important ingredient of HR dimensions **is reward and compensation** and a system or ***reward and compensation that attracts, recognizes and retain the talent, and which is commensurate with performance is an urgent need of the industry.*** "HR will be a key player in these service sectors in the managing board of the company and mergers and acquisition will be key capability of a HR

CONCEPTUAL FRAMEWORK OF DIMENSION OF HR AND ITS IMPACT IN BANKING AND INSURANCE SECTOR:-

These are the asset in this sector, from selling to promoting the financial products and its systems. The success and failure of any organizations is depending upon the quality and performance of its people. The demand of today's business also. Banking and insurance is like the service industry if success and failure in its case more depends upon the human resources. HR dimensions such as Training and Development, promotion and Transfers, Rewards and compensation, Performance appraisal and Better working Environment leads to Job Satisfaction which the organization benefits by retaining the employees, higher productivity and Better turnover

And also it ensures the ideas are embedded into the organization and change is successfully managed. Gaining a competitive advantage with human resource dimension that are aligned to your organization's Business, It understand how people and processes are key to organizational success and create a culture that promotes energy and innovation and thrives on performance which is very important in Banking and Insurance sector .

CONCLUSION:- The conclusion of this article strongly ensures as there is significant relation of employees productivity with human resource practices including selection, employee's benefits, compensation, training and staffing practices. Thus, through the use of Global Dimensions of HR policies and practices in Banking and Insurance sector will create a more competent and committed workforce, which in turn provides a source of sustainable competitive advantage.The Global dimension of HR is the main root cause for maximum productivity in Banking and Insurance sector. And its impact ensures the strong connection between employees morale and the Organization. How the HR dimensions are shaping all the levels of employees by Training and development, performance appraisal, the four independent variables namely selection, training , compensation and employee participation have high positive effect on the financial performance of banks. In the Banking and Insurance sector, we found that compensation is also a major factor towards banking performance. The dimension of HR mainly training and compensation system had positive impacts on perceived firm and market performances of the firm. Hence The article identified selection, training, compensation and employee participation as major factors for high financial performance of these sectors; therefore Banking and Insurance sector need to achieve high performance it must focus and adopt the HR dimension.

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QULAITY OF WORK LIFE AMONG EMPLOYEES IN INSURANCE COMPANIES AT CHENNAI

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INTRODUCTION

As every employer wants a good employee, every employee wants a good employer. Then how do we assess whether the employer is good or bad? One of the yardsticks is to find out the Quality of Work Life the company is offering to their employees. In fact, it is the Quality of Work Life that differentiates good companies from poor companies. Quality of Work Life is all about the conducive and congenial environment created at the work place as it is one of the main reasons for better performance and productivity. Only when the right ambience is provided to the employees they will be able to deliver their goods effectively and efficiently. Let us briefly look at the ways and means to ensure the Quality of Work Life in this regard. Quality of work life is all about the conducive and congenial environment created at the work place as it is one of the main reasons for better performance and productivity. Only when the right ambience is provided to the employees they will be able to deliver their goods effectively and efficiently.

QUALITY OF LIFE

People are becoming more quality conscious as of their work, the products & the quality of their work life. The efficiency of each activity depends on the Quality of Work Life of the people. Quality of work life is not based on a particular theory nor does advocate a particular technique for application. Instead Quality of Work Life is concerned with the overall climate of work. Quality of work life will be varying from place to place, industry to industry and culture to culture. Quality of work life is a process by which an organization responds to employee needs for developing mechanisms to allow them to share fully in making the decisions that design their lives at work. Regular assessment of Quality of Working Life can potentially provide organizations with important information about the welfare of their employees, such as job satisfaction, general well-being, work-related stress and the home-work interface. Although much research has uncovered important predictors of Quality of Work Life (QWL), yet it has been absent present and has not been fully explored. To date, much of the empirical research on QWL has implicitly, if not explicitly, adopted a contemporary view of job satisfaction, stress, labor relations and abroad based view of occupation. Past scholars have offered a variety of definitions and suggestions of what constitutes QWL. For instance, QWL is a philosophy, a set of principles, which holds that people are the most important resource in the organization as they are trustworthy, responsible and capable of making valuable contribution and they should be treated with dignity and respect.

STATEMENT OF THE PROBLEM

The Quality of Work Life is an essential part in determining the progress of the organization as it directly influences the employees participation in the work which eventually influences the profit generation of the company. If the Quality of Work Life is poor it can disrupt the entire functioning of the organization and the Quality of Work Life will also determine the relationship of the employer and employees and how the employers consider the need of the employees and provide a good working condition. There are many factors that influence quality of work life such as fair compensation, safe and healthy working conditions and opportunity to use and develop human capacities and even if one factor is not given the prime importance then the employees attitude becomes negatively influenced by Quality of Work Life and there will be a slowdown in production and competent employees.

NEED AND IMPORTANCE OF THE STUDY

Quality of work life consists of opportunities for active involvement in group working arrangements or problem solving that are of mutual benefit to employees or employers, based on labor management cooperation. People also conceive of quality of work life as a set of methods, such as autonomous workgroups, job enrichment, high-involvement aimed at boosting the satisfaction and productivity of workers. It requires employee commitment to the organization and an environment in which this commitment can flourish. Thus, Quality of Work Life is a comprehensive construct that includes an individual's job related well-being and the extent to which work experiences are rewarding, fulfilling and devoid of stress and other negative personal consequences. The topic is considered very relevant to the present working scenario as the employees seek a good Quality of Work Life as they spend most of their time in the work place and this would yield more profit to the organization and the employees would be more productive.

OBJECTIVES

- To study the demographic details of respondents
- To study the factors that influences the Quality of Work Life in the organization
- To assess the Quality of Work Life in the organization
- To study the different programs for improving the Quality of Work Life in the organization

RESEARCH METHODOLOGY

The researcher adopted descriptive design. The study aims to find out the factors influencing Quality of Work Life, asses the Quality of Work Life in the organization and the different programs for improving the Quality of Work Life in the organization which is descriptive in nature. The study was conducted in four Insurance Companies at Chennai. The sample size of this study is 85 respondents. The researcher adopted simple random sampling and the questionnaire was given to the respondents based on the selection through random number method.

MAJOR FINDINGS

- Majority (74 Percent) of the respondents were Male.
- Majority (88 Percent) of the respondents were married.
- A little less than half (45 Percent) of the respondents were graduated.
- A little more than half (58 Percent) of the respondents drew a salary between 10000 to 15000.
- An over whelming (87 Percent) of the respondents were permanent employees.
- Majority (67 Percent) of the respondents work as a part of a team as the job requires employees to work as a team.

- Majority (64 Percent) of the respondents are motivated in their work environment.
- A little less than three fourth (72 Percent) of the respondents are satisfied with their working condition.
- A little more than half (56 Percent) of the respondents have harmonious relationship with their colleagues.
- A little more than half (57 Percent) of the respondents felt that they have opportunities to develop their special abilities.
- A close of three fourth (73 Percent) of the respondents felt secured about their job.
- There 48 percent of the respondents sometimes felt that their work stressful.
- Majority of (55 Percent) of the respondents agree that their accomplishments recognized.
- Majority (58 Percent) of the respondents agree that the organization link rewards to job performance.
- A little more than three fourth (75 Percent) of the respondents felt that there is freedom to offer comments and suggestion.
- A little more than half (57 Percent) training programme helped the respondents to achieve the required skill performing t he job efficiently to some extent.
- In this study majority of the (54 Percent) of the respondents agreed that they are given adequate and fair compensation for the work they do.
- Majority (64 Percent) respondents strongly agreed that safety measures are provided in the organization.
- Majority of (71 Percent) of the respondents said that they felt comfortable in sharing their grievances to higher authorities.
- A little less than half (46 Percent) of the respondents strongly agreed that they treated with respect in their work place.
- An over whelming (95 Percent) of the respondents felt that they are not discriminated in their job because of gender or position.
- An over whelming (87 Percent) felt that feedback given by their supervisors about the work done by them is motivating.
- A majority (66 Percent) of the respondents felt that recreational activity will improve Quality of Work Life.
- A little more than three fourth (77 Percent) of the respondents felt that their supervisors motivate and encourage them.
- Majority (65 Percent) of the respondents felt that it is necessary to have training within the department.
- A little less than half (44 Percent) of the respondents sometimes participate in decision making.
- A little less than three fourth (71 Percent) of the respondents felt that there is freedom to inform work related problems to supervisors.

SUGGESTIONS & RECOMMENDATIONS

- All the employees should be given more opportunity to develop their abilities to perform job better and faster will enable job enrichment and ultimately lead to career development.

- The organization should have man power planning to reduce the work stress in job of the employees or have more recreational activities so that the respondents don't find their job stressful
- The organization should encourage the employees to take additional responsibility so that effective job rotation can be implemented and the employees are trained to face challenges and equip them for future needs
- The employees should be given awareness on the fringe benefits provide to them by the organization so that they know about the social security measures and have a good financial plan
- The training programmes provide to the employee must be more effective and preferably experienced workmen training and within the department
- The promotion in the company should be handled more fairly to encourage and retain the employees
- The grievance sharing procedure should be more effectively implemented so the work related problems or grievances are solved promptly and they are motivated to work in the organization.
- The employees should be given change to participate in the decision making so that they are able to express their ideas.
- The job should have more variety to be interesting so that the employees work engagement is increases.
- The employees should be given more freedom to offer comments and suggestion and those suggestions have to be given importance for the employees to have a peaceful working environment.

CONCLUSION

Quality of work life is gaining momentum in the present scenario as it has become very essential for many reason which are inter connected for employees to be retained in the job and the organization to work function efficiently. Quality of Work Life is all about the conducive and congenial environment created at the work place as it is one of the main reasons for better performance and productivity. Only when the right ambience is provided to the employees they will be able to deliver their goods effectively and efficiently. Though many of the organization realize that Quality of Work Life is important aspect it is not implemented properly due to targets that has to achieved in shorter period or pressure from various sources the employees are taken for granted and since man power is always available. All over the world, people are craving for their human dignity and respect. Besides their aspirations and expectations are rising along with rapid changes in times and technologies. There is growing significance attached to human resources. Therefore, it is necessary to ensure Quality of Work Life for all-round peace and prosperity.

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CONSUMER BEHAVIOUR TOWARDS INSURANCE SERVICES SECTOR

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INTRODUCTION:

"Know your customer and give them what they want" is the fundamental principle of marketing. It has been proved in a number of cases that better the firm understands its consumers; the more likely it becomes successful in market place. To understand consumer behavior, experts examine purchase decision processor, especially any particular triggers that compel consumers to buy a certain product. Short of being a mind reader or having a crystal ball, its difficult for marketers to know what's on a customer's mind today, or anticipate what the customer may need or want tomorrow.

Knowledge of consumer behavior would render immense help for planning and implementing marketing strategies. Understanding perceptions of consumers will reveal their preferences, their knowledge and motivations now-a-days the consumer behavior is affected such as cultural, social, personal and psychological which influences the purchases of consumer. Consumers are for value that will best satisfy their needs and wants. They are for products that best satisfy their preferences with minimum cost that is they expect the highest quality of the products.

Thus, the quality of a products and its brand image is becoming an important competitive issue in the global market place.

OBJECTIVES OF THE STUDY:

1. To study consumer awareness regarding various schemes in insurance sector.
2. To analyze the level of satisfaction about insurance services.
3. To identify the factors that influences the customer to take insurance policies.
4. .How insurance services serve as savings among individuals.

METHODOLOGY:

Both primary data and secondary data have been collected for the study. Primary data are collected from a random sample of 100 respondents. The secondary data used in the study are from several published and unpublished reports from the Government, Consumer Guidance Society of India - Mumbai.

DATA ANALYSIS AND INTERPRETATION:

To understand the opinion of the respondents were studied. The data collected from the customers were classified and systematically analyzed. The various factors influencing the insurance and banking services and their problems and prospects have been analyzed in detail is presented in the following tables.

AGE AND LEVEL OF SATISFACTION:

Age is an important factor for the purpose of decision making on matters with the day-to-day life of the individuals. Age is also a symbol about the maturity of an individual. Age is one of the stages or phases in the lifetime, measured in terms of years.

Age	No. of Respondents	Level of Satisfaction		
		Less	Medium	High
Below 20	6	1	3	2
20-30	25	7	12	6

30-40	36	3	17	16
Above 40	33	1	14	18
Total	**100**	**12**	**46**	**42**

Chi-square value=48.1942679
The table value of Chi-square for 5df at 5% level is 11.070.
Hypothesis is rejected since the calculated value of Chi-square is more than table value of Chi-square.Hence age group and level of satisfaction is not significant.

GENDER AND LEVEL OF SATISFACTION:

Gender	No. of Respondents	Level of Satisfaction		
		Less	**Medium**	**High**
Male	48	5	20	23
Female	52	7	26	19
Total	**100**	**12**	**46**	**42**

Chi-square value=1.339
The table value of Chi-square value for 3 df at 5% level =7.815
Hypothesis is accepted since the calculated value of Chi-square is less than table value of Chi-square.Hence gender and level of satisfaction is significant.

MARITAL STATUS AND LEVEL OF SATISFACTION:

Marital Status	No. of Respondents	Level of Satisfaction		
		Less	**Medium**	**High**
Married	60	6	26	28
Single	40	6	20	14
Total	**100**	**12**	**46**	**42**

CHI-SQUARE VALUE=1.50966.The table value of Chi-square value for 3 df at 5% level=7.815.Hypothesis is accepted since the calculated value of Chi-square is less than table value of Chi-square. Hence marital status and level of satisfaction is significant.

MONTHLY INCOME AND LEVEL OF SATISFACTION:

Income Range	No. of Respondents	Level of Satisfaction		
		Less	**Medium**	**High**
Below 10,000	45	2	23	20
10,000 - 15,000	28	3	15	10
15,000 - 20,000	18	4	7	7
Above 20,000	9	3	1	5
Total	**100**	**12**	**46**	**42**

Chi-square value=11.1066 Table value of Chi-square for 6df at 5% level =5.348.The calculated value of Chi-square is more than the table value. Therefore there is a no significant association between annual income and level of satisfaction.

EDUCATIONAL QUALIFICATION AND LEVEL OF SATISFACTION:

Particulars	No. of Respondents	Level of Satisfaction		
		Less	Medium	High
High School	5	1	2	2
Arts & Science Graduates	17	2	9	6
Professional Graduates	78	9	35	34
Total	**100**	**12**	**46**	**42**

Chi-square value=0.75378.Table value of Chi-square at 4 df at 5% level=9.488. The calculated value of Chi-square is less than the table value. Our hypothesis holds true. Therefore there is a significant association between educational qualification and level of satisfaction.

OCCUPATION AND LEVEL OF SATISFACTION:

Particulars	No. of Respondents	Level of Satisfaction		
		Less	Medium	High
Students	6	1	3	2
Professionals	56	6	25	25
Business	33	3	16	14
Others	5	2	2	1
Total	**100**	**12**	**46**	**42**

Chi-square value=0.4116.Table value of Chi-square at 5 df at 5% level=11.07.The calculated value of Chi-square is less than the table value. Our hypothesis holds true. Therefore there is a significant association between occupation and level of satisfaction.

FINDINGS:

1. The Chi-square table reveals that there is a significant association between gender, marital status, educational qualification and occupation. There is no significant association between age and monthly income.
2. Out of 100 respondents, only 12% are less satisfied with the services of insurance.
3. 42% of the respondents are highly satisfied with insurance sectors.

SUGGESTIONS:

1. Awareness about insurance sector is quiet less among customers. So insurance sectors have to appoint more agents to create awareness among the public regarding the product.
2. Certain percentage of discount has to be provided on certain policies, so that the public will buy more of the product.
3. People above the age of 40 can be given discount on premium so that they will be more motivated to take policies.
4. Insurance companies can also extend more loan facility for different purposes to their customers.

CONCLUSION:

Protection of the consumers is an issue of paramount consideration in the modern economic world. Cultural and social values also play large roles in determining what products will be successful in a given market.

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A STUDY ON HRM PRACTICES - GOVERNMENT INSURANCE COMPANIES AT CHENNAI

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Introduction:

As part of the LPG (Liberalization, Privatization, Globalization) India deregulated the Insurance sector by allowing private Insurance companies with a maximum of 26% foreign holding. This has unleashed aggressive competition in the market place. Contemporary companies must seek ways to become more efficient, productive, flexible and innovative, under constant pressure to improve results. The traditional ways of gaining competitive advantage have to be supplemented with organizational capability i.e. the firm ability to manage people (Ulrich and Lake 1990).Organizational capability relates to hiring and retaining competent employees and developing competencies through effective human resource management practices is essential to sustainable competitive advantage(Kundu and Vora 2004).

High Performance work practices provide a number of important sources of enhanced organizational performance (Pfeffer and Veiga 1999). HR Systems have important ,practical impacts on the survival and financial performance of firms, and on the productivity and quality of work life of the people in them

Objectives of the Study:

To assess practices regarding human resources planning and recruitment

1. To assess the practices regarding training in insurance companies
2. To assess the practices of performance appraisal in insurance companies
3. To assess the compensation and benefits related practices in insurance companies
4. To assess and compare the HR practices being implemented in the Private and Government companies
5. To assess the differences of perception of male and female employees regarding HR practices being practiced in insurance companies

Research Methodology

The study was based on the primary data collected through a questionnaire which contained 10 background questions(Table 1) and 18 statements about human resource management practices(Table 2). The respondents were asked to rate the statements on a five point rating scale. The questionnaire was administered to 100 respondents of four insurance companies(Life Insurance Corporation of India, Oriental Insurance Corporation of India, The New India Assurance Company Ltd, United India Insurance Company Ltd) in 12 branches(Three from each company) out of which 78 (78%)questionnaires were returned and only 71 were found to be in order. Out of 71 respondents 55 were males and 16 females.

Statistical tools like actual counts, percentages and means were used to assess the frequency and extent of variables related to general and background information. Correlations were used to assess the relationships of human resource management practices used in Government run Insurance companies. Standard deviations were used to understand the variations in data collected through responses. ANOVA was used to assess the significant differences regarding HR practices between the four companies

Results

1.The primary data were analyzed to assess HR practices being analyzed by Government run insurance companies.Table 3 explains the characteristics of the sample

2.Stude revealed correlation between various HR practices

3. Training and development Factor mean score of 3.1 reveals that it is on a much lesser scale compared private players(3.5)
4.Performance Appraisal Factor mean score of 2.8 illustrates that it is in no way compared to private players(3.4)
5.Recruitment,Selection and Socialization of employees Factor mean score of 2.5 compared to 3.4 of private players illustrates the scope for improvement
5.Contemporary HR Practices Mean Factor score is 2.2 against 3.0 of private players

<u>Suggestion/Conclusion:</u>

Government run Insurance companies need to be alive to the market realities and quickly adapt contemporary HR practices in terms of

Recruitment and Selection ,Training and Development, Performance appraisal, Compensation and Benefits and QWL failing which the market share will continue to slide and the organizations would go in the way many Public Sector Companies have gone.

Table 1: Description variables

1	The organization conducts job analysis regularly
2	The organizations conducts human resource planning on a regular basis
3	The organization has a well defined recruitment policy
4	The organization attracts service oriented employees towards the organization
5	The organization selects individuals on the basis of service attitude and competence
6	The organization has a well planned training and development programs for service employees
7	The organization provides service orientation to leaders from top management
8	Performance appraisal is done regularly
9	Client management ad support is given due weight in performance appraisal
10	The organization has a system of pay linked to performance
11	The organization pays competitive salaries to the employees
12	The benefits offered to the employees are in line with other organizations
13	All employees have equal say in the organization
14	The organization has flexible work hours for special groups like women and physically challenged employees
15	The organization provide sufficient opportunities for career advancement to employees
16	The organization conducts attitude survey regularly
17	The organization is open to adoption of new HR practices
18	The organization encourages constructive criticisms

Table 2: Distribution of sample

Gender	LIC	UIIC	OIC	NIAC	Total
Male	20	14	11	8	53
Female	7	4	4	3	18

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Total	27	18	15	11	71

Table 3: Characteristics of the sample

	Variables	Categories	Number
1	Gender	Male Female Total	53 18 71
2	Marital status	Married Unmarried Total	65 6 71
3	Type of insurance company	Life General	27 44
4	Number of Branches	LIC UIIC NIAC OIC	3 3 3 3
5	HRM Dept	Exist Does not exist	12 -
6	Work experience		23

Table 4: Grouping of variables under different HR Practices

S.No	Factors	Variables
F1	Performance appraisal	Well defined recruitment policy Regular performance appraisal Due weight for performance Proper HRIS
F2	Contemporary HR practices	Equal say for all Flexible work hours Conducting employee attitude survey Lead in adopting to contemporary HR practices
F3	Training and Development	Training programs Benefits to employees
F4	HR Planning and recruitment	Regular job analysis Regular HR Planning Emphasis on long service Attracting service oriented employees Opportunities for career development
F5	Competitive compensation	Pay for performance Paying market related salaries

BRAND IMAGE EFFECT ON INSURANCE COMPANY CUSTOMER SERVICES -A STUDY

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INTRODUCTION

According to Keller (1993), most researches on brand have been so far focused on consuming goods especially on understanding the effects of brand awareness. There is an emerging trend on branding which is as same as service logic in concentrating on added value processes. In such view, brand plays a broader role so it is related not only to end users but also to company, its employees and its shareholders. Research papers call this broader perspective of branding as “service brand” (Brodie et, al, 2009). The pioneering research of Berry (2000), which stems from the interpretation of his personal experiences with labor-intensive service organizations, provides initial insight into the way brands play a broader role. While Berry's model still recognizes that the awareness of the company's presented brand influences the brand's equity, Berry suggests the brand's “meaning” that the customers derive from their service experiences is more important. Hence, Berry states that “the company” becomes the primary brand rather than the product. Conducted studies have paved the ground to develop this service branding model fruitfully. They indicate that brand creates an “experimental image”, a “commitment to experience servicing” and “communicational confidence”. Together these three studies highlight the need to have a broader conceptualization when rethinking the traditional image and logo view of the brand (Berry 2000). The purpose of present study is to understand the nature of service brand by using a quantitative study. The empirical ground for present paper is insurance industry. By providing a theoretical framework on brand concept, its aspects and its relation to service quality and customers’ loyalty, present paper studies service brand by using the same framework in insurance services.

METHODOLOGY

In present study, a 37-item questionnaire by Likert’s five-scale range is used to investigate the existing relations in provided model by LIFE INSURANCE CORPORATION– KARAIKAL, PUDUCHERRY STATE. At the beginning, 30 questionnaires were distributed to measure the reliability and obtained Chronbach’s alpha was %82. Research statistical population consists of the customers of LIFE INSURANC CORPORATION- KARAIKAL, PUDUCHERRY STATE. Finally, 64 responses were gathered and analyzed. T test method was used to analyze data.

DATA ANALYSIS

T test was used to analyze data and, as shown by results, low and high levels are positive for all variables which indicate that responses are higher than mean level (mean level = 3) to well and very well levels. Likewise, the significance of all variables is less than 0.5 which shows that considered variables are relevant and important factors in this study.

Table: The average responses to variables in t-test (mean=3; Confidence level= %95)

Variable	Average	significance	Low level	High level
Brand image	3.4865	0.000	0.3441	0.6290
Companies	4.0269	0.000	0.8849	1.1690

image				
Employee trust	4.5769	0.000	1.1904	1.9635
Companies trust	4.3462	0.000	1.2234	1.4689
Services quality	4.2308	0.000	0.9086	1.5529
Customer loyalty	4.1875	0.000	1.0545	1.3202

In above table variables figure of significance is less than 0.05. Beta weights show that by changing one standard deviation in concerned variable, several standard deviations will happen in independent variable.

DISCUSSION AND CONCLUSION

In a research by Kim and Hyun (2010) in industrial markets, the impacts of various factors including price, after sale services, promotions and sale channel on customers conceived quality and the final impact on brand loyalty were studied. The results show that concerned factors have a positive impact on quality and quality also has a suitable impact on brand. In present study, three aspects including company's image, employee's trust (customer's trust to employee's behavior) and company's trust are considered in addition to traditional brand image aspect and their impacts on service conceived quality and finally on customers' loyalty in Asia Insurance Company are investigated.

As mentioned before, two company's brand and brand image aspects are achieved through external marketing processes and customer's trust to employee's behavior and customer's trust to managerial policies and operations are achieved via interactional marketing activities. Finally, through field studies and data analysis, it was concluded that brand image and company's image have a well and direct impact on service conceived quality of LIFE INSURANC CORPORATION- KARAIKAL, PUDUCHERRY STATE and H1 and H2 were supported while employee's trust and company's trust have no significant relationship to service conceived quality. Therefore, H3 and H4 are refused. Put it differently, one can conclude that in LIFE INSURANC CORPORATION- KARAIKAL, PUDUCHERRY STATE, external marketing activities impact on service conceived quality while interactional marketing activities have no special impact. In the meantime, it is clearly obvious that service conceived quality also impacts positively and directly on the Insurance Company customers' loyalty but its impact is trivial. So, H5 is supported. Past researches show that there is a direct relationship between trust and loyalty in B2B and B2C (Erdem and Swait, 2004). Overall, one can conclude that service conceived quality and customer's loyalty are not only impacted by customer's conception of brand and there are paramount factors that can impact on them. Anyhow, the impacts of brand aspects on services are fully observable and non-negligible and it is now highly discussable in service organizations particularly competitive arenas as a vital factor.

RECOMMENDATIONS: The positive impact on brand image and company's image on service conceived quality are too important due to the fact these two service brand aspects are highly impacted by external marketing as well as the importance of external marketing and throughout campaigns for insurance company via radio, TV and other mass media. In one hand, since most insurance companies are similar in terms of provided services, one can distinguish the special brand of LIFE INSURANC CORPORATION in terms of special discounts, discounts on simultaneous usage of several types of insurance, etc.

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THEME: RURAL MARKETING –THE MAGIC NUMBER OF CORPORATES

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ABSTRACT

Rural marketing will be successful only if the marketer designs proper marketing strategy that best suits the rural crowd. The products of rural marketing must suit the specific needs of these people. They must be attractive and of low cost. We have collected the primary data from our direct contact with the rural masses. We have conducted a **survey on –will rural marketing be the magic number of future Indian corporate** . We have also collected the data from various sources like internet and books. We have noticed that think " rural but act global" is strategy of many corporate. Godrej introduced three brands of Cinthol, Fair Glow and Godrej (soap) in 50-gram packs, priced at 10 cents; Adidas and Reebok increased their sales by 50% in rural markets by reducing prices. On one side are the fast-moving consumer goods (FMCG) and the consumer durables companies. On the other are consumers in rural India, potentially the largest segment of the market. Finally, the two are coming together. The fact that this has not happened in the past is not for want of trying. In Mumbai and New Delhi corner offices, executives have long recognized that to build real sales volumes they will have to reach outside the big cities. In several categories, rural India already accounts for the lion's share. According to MART, a New Delhi-based research organization that offers rural solutions to the corporate world,

OBJECTIVES OF THE STUDY:

- To study about the need for the rural marketing in India
- To study about the reason for the failure of rural marketers
- To study about the various criteria for the acceptance of products in rural areas

METHODOLOGY OF STUDY

We have collected the primary data from our direct contact with the rural masses. We have also collected the data from various sources like internet and books. We have noticed that thin rural but act global is strategy of many corporate.

ANALYSIS OF STUDY

- Need for rural marketing

S.No	Statement	Number of respondents
1.	High competition in urban	05
2.	High untapped market in rural	06
3.	Easy to convince rural customers	03
4.	All the above	86
	Total	100

Inference: there is a huge untapped market in the rural areas. The competition in the rural markets is also low when compared to the urban areas. It is also very easy to convince the rural customers. The reason is the knowledge of various brand preferences for rural customers is also low

❖ Criteria for acceptance of products in rural area

Inference: Most of the rural public will prefer the products only if their price is low. The is the

S.No	Statement	Number of respondents
1.	Price	77
2.	Quality	12
3.	Packaging	11
	Total	100

main deciding factor for the success or failure of products and rural retailers

❖ Type of advertising techniques

S.No	Statement	Number of respondents
1.	Word of mouth	55
2.	Television	22
3.	News paper	23
	Total	100

Inference : the most effective tool of promotion is viral that is through word of mouth advertising. They also prefer television and other broad casting media

❖ Reason for failure of rural marketers

S.No	Statement	Number of respondents
1.	Improper cultural blending	12
2.	Improper communication	12
3.	Lack of petty credit	11
4.	All of the above	65
	Total	100

Inference : the main reason for the failure of rural public lack of availability of petty credit and also lack of cultural blending

❖ Future opportunities of rural marketing

S.No	Statement	Number of respondents
1.	High	93
2.	low	07
	Total	100

Inference :The most attractive target segment is the untapped rural crowd .

REVIEW OF LITERATURE

Introduction

On one side are the fast-moving consumer goods (FMCG) and the consumer durables companies. On the other are consumers in rural India, potentially the largest segment of the market. Finally, the two are coming together. The fact that this has not happened in the past is not for want of trying. In Mumbai and New Delhi corner offices, executives have long recognized that to build real sales volumes they will have to reach outside the big cities. In several categories, rural India already accounts for the lion's share. According to MART, a New Delhi-based research organization that offers rural solutions to the corporate world, rural India buys 46% of all soft drinks sold, 49% of motorcycles and 59% of cigarettes. This trend is not limited just to utilitarian products: 11% of rural women use lipstick. Other numbers are equally revealing. According to the National Council of Applied Economic Research (NCAER), an independent, non-profit research institution, rural households form 71.7% of the total households in the country. Spending in this segment is growing rapidly and consumption patterns are closing in on those of urban India. Jagmohan Singh Raju, a professor of marketing at Wharton, says: "No consumer goods company today can afford to forget that the rural market is a very big part of the Indian consumer market. You can't build a presence for a brand in India unless you have a strategy for reaching the villages." Several European multinational firms -- and a few U.S. firms -- have been making inroads into rural India for years. Companies such as Unilever, Phillips and Nestle have long been known to India's rustic *dukaandaars*, or merchants. Among U.S. firms, companies such as Colgate and Gillette have made considerable headway. According to Raju, marketing to rural customers often involves building categories by persuading them to try and adopt products they may not have used before. "A company like Colgate has to build toothpaste as a category, which means convincing people to change to toothpaste instead of using *neem* twigs to clean their teeth, which was the traditional practice," he says. "This is difficult to do and requires patience and investment by companies. It's not like getting someone to switch brands."

Companies that have figured this out are doing better in the villages than in the cities. Soft drinks giant Coca-Cola is growing at 37% in rural markets, compared with 24% in urban areas. According to Hansa Research, a market research firm that has published a *Guide to Indian Markets 2006*, the penetration of consumer durables has risen sharply in India's villages between 2000 and 2005. In color TVs, sales are up 200%; in motorcycles, 77%. In absolute numbers, however, the penetration is still low. Coke, for instance, reaches barely 25% of the rural market. This means the upside potential is huge for companies that develop effective rural marketing strategies.

According to NCAER, the low penetration rates can be attributed to three major factors: low income levels, inadequate infrastructure facilities and different lifestyles. But income levels are going up, infrastructure is improving and lifestyles are changing. Almost a third of the rural population now uses shampoo compared with 13% in 2000, according to Hansa Research.

FMCG and consumer durables companies have in the past tried tinkering with all the four 'P's -- product, pricing, promotion and place-- of the marketing mix. Hindustan Lever -- which is in the process of changing its name to Hindustan Unilever to reflect the fact that it is the Indian subsidiary of the Dutch conglomerate -- is among India's largest FMCG companies. It has been highly successful in marketing in rural India and has been a pioneer in reaching out to the smallest of villages with innovative products such as single-use packets of shampoo that sell for a penny. (The rural consumer uses shampoo on rare occasions; she does not want to invest in a bottle.) Independent agencies run media vans that show movies in distant villages. They have live promotions and demonstrations during breaks.

The area where innovation has moved to center stage is in the fourth P -- place (or distribution). Infrastructure has always been the bugbear of the Indian marketer. Distribution channels can make or break a company's rural marketing efforts. To sell in villages, products must be priced low, profit margins must be kept to the minimum and the marketing message must be kept simple.

Empowering Women Consumers

Hindustan Lever, whose 2006 revenues were $2.8 billion, has been learning these lessons for nearly a decade. The company's Project Shakti (its name means "strength") was born out of this realization, and it has become a case study for business schools and evolved beyond its original goals. "The objectives of Project Shakti are to create income-generating capabilities for underprivileged rural women by providing a small-scale enterprise opportunity, and to improve rural living standards with greater awareness of health and hygiene," says Dalip Sehgal, executive director of the Shakti initiative.

Hindustan Lever's drive into rural India was prompted in part by growing competition. When the Indian economy opened up in early 1990s, multinationals such as Procter & Gamble stepped up their activities, forcing Hindustan Lever to seek higher revenues and growth by reaching into villages with 1,000 or fewer residents. Launched in 2001, Project Shakti was an important part of this strategy. It involved working with rural self-help groups (SHGs) to educate rural women, while also making them part of the company's marketing network. "Women from SHGs become Shakti entrepreneurs -- direct-to-home distributors [of Hindustan Lever products] in rural markets," says Sehgal. "This micro-enterprise offers low risks and high returns. The products distributed include a range of mass-market items especially relevant to rural consumers," such as soap, toothpaste, shampoo and detergent.

The Shakti website features a video profile of Rojamma, a young woman from the state of Andhra Pradesh in Southern India, as an example of a typical Shakti distributor. A mother of two who was left to fend for herself and two daughters after her husband abandoned the family, Rojamma initially made ends meet by working in her parents' fields. She then joined the Shakti project and became a distributor of Hindustan Lever products, speaking in village after village to impoverished and often illiterate women about the need to bathe their children and wash their clothes regularly and also selling them soap and detergent. The commission Rojamma earned on her sales helped provide for her family. "Today she is a proud entrepreneur and enjoys not only the money she earns from the project but also the respect of society," says Sehgal. "The lives of thousands of women have changed because of Shakti."

A typical Shakti distributor sells products worth Rs 10,000-15,000 (around $250) a month, which provides an income of Rs 700-1,000 (around $25) a month on a sustainable basis. While this may not seem to be a high income, it makes an enormous difference to women who live in remote villages in dire poverty. In many cases, earnings from Shakti help them double their household income. Much of the additional income goes to educating children, and also to purchasing consumer durables such as television sets, which further expands the rural market for such products. Some Shakti distributors -- whom the company calls "entrepreneurs" -- invest the extra money in buying vehicles such as motor scooters that allow them to go into more villages.

Indeed, with help from Shakti distributors, Hindustan Lever has been able to reach rural consumers in thousands of remote Indian villages. According to media reports, Shakti distributors now account for 15% of the company's sales in rural India. Meanwhile, the potential for growth is enormous, since studies have shown that just 15% of Indian consumers use products such as shampoo. According to Wharton's Raju, there are behavioural reasons why rural consumers represent a sound bet for companies that are willing to invest in reaching them. "Affluent consumers demonstrate that they have 'arrived' by buying bigger houses or cars. People at lower income levels do so by buying premium brands. This means brand loyalty is very high among less affluent consumers. That is why the rural market is critical for companies. The first-mover advantage is significant."

The Shakti model was piloted in 50 villages of the Nalgonda district in Andhra Pradesh. It has now spread to more than a dozen states, creating 26,000 women distributors covering 80,000 villages. By 2010, the goal is to recruit 100,000 Shakti distributors covering 500,000 of India's more than 600,000 villages. "This initiative has been extremely successful," says Ajay Gupta, CEO of www.ruralnaukri.com, a job site for the rural market.

In addition to the distribution network, the Shakti project includes Shakti Vani (or voice), a social awareness program, and iShakti, a community portal. "Desktop computers are set up in the homes of Shakti entrepreneurs," says a Hindustan Lever spokesperson. "These computers are equipped with software developed by Unilever through which users can access content in categories including education, employment, agriculture, health and entertainment. They can also ask questions on any of these subjects and have them answered by experts."

iShakti is in its early days; it was launched in November 2004. The Vani project, however, is operational in more than 20,000 villages in states like Madhya Pradesh, Karnataka, Chattisgarh and Andhra Pradesh. Hindustan Lever has also tied up with partners such as Tata Consultancy Services, India's largest software firm, which is actively involved with the iShakti portal, and ICICI, a financial services institution that is involved with providing micro-credit loans. With the network now in place, other companies want to hop on to the Shakti bandwagon. One service that is likely to be added soon is insurance.

ITC's eChoupal Initiative

Another innovator in rural distribution -- the $3.6 billion, Calcutta-based tobacco-to-hotels conglomerate ITC -- has also been trying to build a platform that others can use. At a recent seminar on rural marketing, ITC chairman Y.C. Deveshwar outlined plans to create a trust that could work as an agency through which companies -- both private and public -- could market goods and services to Indian farmers. The trust route would hopefully make other companies more willing to sign up with their offerings. ITC has the right credentials to launch this trust. Like Hindustan Lever's project Shakti, its eChoupal venture has been the subject of several case studies.

ITC's foray into an enhanced distribution network came from the recognition that the existing agri-produce distribution channels were inefficient. The company exports various agricultural products -- soybean, rice and wheat, to name a few. It needs to source them from farmers.

"In 2000, ITC embarked on an initiative to deploy technology to reengineer the procurement of soybeans from rural India," says S. Sivakumar, CEO of ITC's agri-business division. "Kiosks -- called eChoupals -- consisting of a personal computer with Internet access were set up at the villages." He explains that soybean farmers could access this kiosk for information on prices, but had the choice to sell their produce either at the local market or directly to ITC at their hub locations. A hub location services a cluster of eChoupals. By purchasing directly from the farmer, ITC significantly improved the efficiency of the channel and created value for both the farmer and itself.

"While the eChoupal network was initiated to facilitate more efficient and effective procurement, the connectivity -- both physical and informational -- between the farmer and the market that it facilitated has allowed ITC to use it for distribution of goods and services from the market to the farmer," says Sivakumar. It has thus evolved into a business platform.

The eChoupal infrastructure consists of:

- A kiosk with Internet access in the house of a trained farmer, called a *Sanchalak*. This kiosk is within walking distance of target farmers.
- A warehousing hub managed by the former middleman, called a *Samyojak*. This is within a tractor-driveable distance of target farmers. (The former middlemen were given a role to avoid resistance to the project. They joined because they could see that their traditional business was in jeopardy.)
- A collaborative network of companies orchestrated by ITC with a pan-India presence.

This is, of course, a simplified structure. And there has been a stream of new initiatives. For instance, in August 2004, ITC introduced the Choupal Sagar, a rural retail outlet at the hub. The first was set up at Sehore in Madhya Pradesh. "This 7,000 sq. ft. mall sells consumer goods as well as agri-products," says Sivakumar.

The benefits to the farmer are obvious. And ITC itself gains. Apart from the more efficient channel, there is money to be made from the reverse flow. In 2005-06, ITC generated $23 million selling chemicals and fertilisers. That may not sound like much, but it's early yet. In a recent move, ITC has set up its first urban outlet, the other end of the eChoupal chain, to retail fresh fruit and vegetables.

What about other companies? Does it make sense for them to climb on the bandwagon? Sivakumar gives the example of PI Industries, which has increased its market share in Madhya Pradesh from 12.3% in 2003 to 33% in 2005 after partnering with ITC to sell through the eChoupal. "The eChoupal project is already benefiting more than 3.5 million farmers," says Sivakumar. "Over the next decade, the eChoupal network will cover more than 100,000 villages, representing one-sixth of rural India, and create more than 10 million e-farmers."

Rural -massive market : View it as you may, few people dispute that the rural market is massive. According to Singh, 12.2% of the world's consumers live in India. "Rural households form 72% of the total households. This puts the rural market at roughly 720 million customers." Gupta of TSMG extrapolates the Census 2001 numbers and comes up with an estimate of 790 million. "Total income in rural India (about 43% of total national income) is expected to increase from around US$220 billion in 2004-2005 to US$425 billion by 2010-2011, a CAGR of 12%," he says. Bijoor explains that this is entirely disposable income unlike what it would be in urban India. "If a farmer in rural Holenarsipura earns US$1, all of it is his to dispose off as he pleases. The same income in the hands of an urban person, who is possibly a tech worker, is actually not US$1 of disposable income. It is most likely 67 cents; the rest goes as tax. The farm economy, with zero-tax on farm income, creates far more disposable income. Buying power in the hands of the rural rich is higher than the buying power of the urban rich."

Gupta of ruralnaukri.com provides some telling statistics. "The purchasing power of rural India is more than half for fast moving consumer goods [US$17 billion]," he says. "The durables and automobile sectors contribute US$2.5 billion each, and agri-inputs (including tractors) about US$1 billion. Some 42 million rural households [use] banking services against 27 million urban households. There are 41 million Kisan credit cardholders [credit cards issued to farmers for purchase of agricultural goods] against some 22 million card users in urban markets. Be it automobile, telecom, insurance, retail, real estate or banking, the future drivers of growth are rural. No marketer can afford to ignore the possibilities of rural India."

Corporates going global :

The State Bank of India (SBI) has started a zero-balance bank account program for villagers. Called the SBI Tiny account, there are no physical branches or officials, just a paid volunteer who is equipped with a small box and a cellphone. The box enables biometric measurements (fingerprints), at the time of opening the account to confirm the account holder's identity. The cellphone enables communication with the zonal office to check on available balance. Payments under programs such as the NREGS and pensions are made directly to these accounts. The advantage for the villagers is that they can withdraw money from their accounts at any time of the day or night. (Withdrawals are never more than a few dollars.) SBI hopes to cover 100,000 villages by 2012. The bank has tied up with India Post for some services.

India Post, the public sector postal network, has its own plans. It has been hard hit in urban areas because of the more efficient (though more expensive) private sector courier services. Now it is looking at consolidating its hold on the rural areas. Project Arrow has been launched to IT-enable post offices in the hinterland. A pilot project involving 500 post offices -- the country has more than 150,000 -- has been kicked off. It will focus on banking, money remittance, and transmission and delivery of information.

From Four P's to Four A's

Gupta of TSMG notes that the traditional four P's of marketing -- product, price, place and promotion, as outlined above -- have been replaced by a different framework for analysis. "A number of companies have worked on various elements of the marketing mix to improve the four A's -- affordability, awareness, availability and acceptability -- for rural markets," he says. "FMCG companies innovated on package sizes to introduce low price points. They have customized promotional strategies for rural markets using local language and talent. Some FMCG players continue to expand rural penetration [HUL's Project Shakti, Tata Tea's Gaon Chalo]. Coca-Cola's Parivartan program has trained more than 6,000 retailers to display and stock products. Dabur has created a training module ASTRA [advanced sales training for retail ascendance] in several regional languages. A number of auto companies have launched rural-specific campaigns."

Gupta of ruralnaukri.com offers more examples:

- Affordability -- Godrej introduced three brands of Cinthol, Fair Glow and Godrej (soap) in 50-gram packs, priced at 10 cents; Adidas and Reebok increased their sales by 50% in rural markets by reducing prices.
- Size and design changes -- Videocon introduced a washing machine without a drier for US$60; Philips launched a low-cost smokeless *chulha* (stove); DCM Shriram developed a low-cost water purifier especially for rural areas.
- Improving product acceptance -- LG Electronics developed a customized TV (cheap and capable of picking up low-intensity signals) for the rural markets and christened it Sampoorna. It sold 100,000 sets in the first year; Coca-Cola provided low-cost iceboxes as regular power outages meant families could not depend on refrigerators

FINDING:

- Rural marketing is the watch word of rural public
- It is easy to convince arural consumer as they are having low knowledge of various products and brands in the market
- The main constraint to a successful rural marketer is price. Rural crowd is price conscious
- There is a huge untapped market in case of rural areas
- People confuse with rural marketing and agricultural marketing.

CONCLUSION

Rural marketing will be successful only if the marketer designs proper marketing strategy that best suits the rural crowd. The products of rural marketing must suit the specific needs of these people. They must be attractive and of low cost.

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ROLE OF ELECTRONIC HUMAN RESOURCE MANAGEMENT IN BANKING AND INSURANCE SECTORS.

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Introduction :

E-HRM is the process of transforming digitalized HR information for the implementation of new policies, procedures and practices in an organisation through web based technology. This concept aims in creating link to the new developments in Banking and insurance field. The focus is on the innovative practices that are followed in banking and insurance sectors using E HRM concept. Basically E HRM concept is practiced in majority of the companies in India but many companies deviate since they have not accepted the latest technologies for their prospective growth with technology. Banking and insurance sectors has captured major share in today's competitive global market. The blooming of this industry facilitates for job opportunities to the most unemployed people. The E HRM concept is a boon to the banking and insurance industry where management of people and money is made simple.

Objective:

1. To investigate, analyse and evaluate attitudes towards electronic human resource management (e-HRM).
2. To find out the opportunities and impact of E HRM in banking and insurance sectors.
3. To find out the issues and challenges using E HRM in banking and insurance sector.
4. To create awareness and to focus on paperless work by reducing costs.
5. To progress in accuracy and to reduce human bias in HR activities.

Concept of E HRM

The concept of E HRM has modernised the banking and insurance sector to a greater extent focussing on the latest technological advancement.It has modulated the concept of having e- recruitment, e- selection, e-learning, e-compensation and e- performance management. The HR process has increased in an effective manner by technological developments and has facilitated to the availability of significant information and knowledge.

E HRM is used to support HR activity across the entire employment cycle for the stages from acquiring human resources (recruitment), till the process of retaining human resources. Today the banking and insurance industry face tough time to handle problems of both employees and their clients but the concept of E HRM facilitates to sort the problems of the employees and customers by using code numbers or e- mails to sort the grievance. Similarly the wide HR activities regarding recruitment, selection, training, placement, performance appraisal, compensation and other benefits etc in banking and insurance industry has been shortened by E HRM concept. The customers and employees are benefitted by easy access of online facility which in turn shrinks out their grievances by individual access or self service online solution which allows them to access their applications simply.

E HRM custom in Banking and Insurance Sector

Banking and Insurance sector is a customer oriented business sector and the basic essentiality is customer satisfaction. But as a part of HR activity, this industry should also focus on the employee oriented issues such as Recruitment, selection, placement, training and development, motivation, performance appraisal and compensation benefits. E HRM concept advocates to have more clients when employees of banking and Insurance are trained in online activities. The job satisfaction factor is at an elevated level since E HRM builds more trust and instigate high level of confidence to its employees and its customers.

The banking and Insurance sector is observed as a financial tool for any type of investment, but the role played by the E HRM helps in predicting future updated developments. The globalisation and commercialisation of these sectors have insisted on the hiring trend of manpower resources. Hence frequent changes are observed at all levels as there is no proper channel to mediate these changes. Thus E HRM is considered as a vibrant force that modifies traditional concepts of HRM into technically modernised resource in building good human relation.

The technological advancements have reduced work load of employees and has attracted more investments form customers through online transactions. Thus it has mottled the scope of employment and upturned unemployment problems. The day to day work related activates through online has reduced the stress level of employees and customers since both are comfortable to work in hazel free environment. The time consuming HR process is shrinked to easy access platform for all the people thereby finding an optimistic benchmark to endless paper work.

Merits of E HRM:

E HRM features to have high commitment of employees towards their work without closed supervision. It facilitates for less scope of ill feeling or conflicts arising in work place which favours employees to have satisfied tendency towards their work and bonds good rapport with colleagues and superiors. The proficiency of employees accomplished at fair / high level since employees update their knowledge and skills any time without much hesitation. Hence the altitude of thinking copes for career advancement as well as for organisational development. Hence E HRM focuses to have maximum efficiency.

The most desired need is the cost effectiveness which fetches for gaining more value by cost cuttings on physical meetings, conferences, etc . The paper works are minimised and relativistic support is empowered by online interaction more favourably. The scope to have higher congruence is observed in E HRM practices on HR activities since it targets to have more eco friendly environment. It creates trend to outsourcing concept.

Limitations of E HRM:

The major drawback is that new technologies are not updated by pessimistic employees and job hoppers. The latest updates are not periodically implemented by some companies that are with traditional concept. The recent advancements are dawdling down before it reaches its customers effectively.

Suggestions:

1. E HRM concept favours to have sophisticated development towards banking and insurance industry.
2. The E HRM focuses on paperless work by reducing costs and minimises work load
3. The E HRM implementation can create career opportunities with respect to globalisation.
4. The vibrant usage of web technology can facilitate for individual / organisational development.
5. The satisfaction level is more since all the informations are updated at short period. This reduces time spent on finding the relevant information whenever needed.
6. It creates job opportunities to all types of people and helps to eradicate unemployment problem in India which is a major cause to poverty.

Conclusion :

E HRM facilitates easy access of tools through online and helps to carry the routine job at flexible timings. It helps to provide integrated service to employees and its customers and thereby creates automation of work flow independently. The standardisation of work and technological upgrading through E HRM brings innovative developments to the banking and insurance sector. The knowledge and skills of energetic people are refreshed at very entry point to get used to new changes. Similarly the prospects are also resourced by the fluctuations faced by globalisation of this industry. Hence the implementation of E HRM provides vibrant solutions thereby giving chance for the ambitious entrants and focuses on web based informative banking and insurance world.

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

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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 (Surjadjaja et al., 2003). The number of bank women 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 tradionally 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.

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.

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 ATM service quality.
Hypothesis 6: ATM service quality has positive and significant relationship with customer satisfaction.

Methodology

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.

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.

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

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 respondence 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 respondence is comfortable wit 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

Options	Observation	Expected Value $\left(\frac{(O_i - \varepsilon_i)^2}{\varepsilon_i}\right)$
A	70	125
B	22	0.2
C	04	12.8

D	**02**	**16.2**
E	**02**	**16.2**

Table 2 The factors influencing the positive relationship with ATM's service quality.

Factors	**Very Likely**	**Somewhat Likely**	**Not sure**	**Somewhat Uncomfortable**	**Very much Uncomfortable**	**Weighted Average**
Convenience	70	24	6	0	0	1.74
Efficient Operation	70	22	4	2	2	1.56
Security	36	28	24	10	2	1.14
Reliability	32	38	18	2	10	0.8

8. Limitations of the Study

The study has some limitations. The study has used convenience sample. In Chennai environment, the banks are not willing to share the information about women customers' profile because of privacy policies. Efforts should be made to investigate the study using a random sample to enhance its generalizability. Survey design has been used in the study. A mix of interviews and qualitative data gathering techniques could be used to make the results more comprehensive and generalizeable. Future research could focus on diversifying the sample across different ethnic groups, income, and education.

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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Role of Technology in Insurance and Banking Sectors – Cyber Crimes in these services

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Technology is the making, usage, and knowledge of tools, machines, techniques, crafts, systems or methods of organization in order to solve a problem or perform a specific function. It can also refer to the collection of such tools, machinery, and procedures. The word "technology" can also be used to refer to a collection of techniques. In this context, it is the current state of humanity's knowledge of how to combine resources to produce desired products, to solve problems, fulfill needs, or satisfies wants; it includes technical methods, skills, processes, techniques, tools and raw materials. Technology can be most broadly defined as the entities, both material and immaterial, created by the application of mental and physical effort in order to achieve some value.

Entry of new banks resulted in a paradigm shift in the ways of banking in India. The growing competition, growing expectations led to increased awareness amongst banks on the role and importance of technology in banking. The arrival of foreign and private banks with their superior state-of-the-art technology-based services pushed Indian Banks also to follow suit by going in for the latest technologies so as to meet the needs and retain their customer base. Information technology enables sophisticated product development, better market infrastructure, implementation of reliable techniques for control of risks and helps the financial intermediaries to reach geographically distant and diversified markets.

In view of this, technology has changed the contours of three major functions performed by banks, i.e., access to liquidity, transformation of assets and monitoring of risks. Further, Information technology and the communication networking systems have a crucial bearing on the efficiency of money, capital and foreign exchange markets.

The Software Packages for Banking Applications in India had their beginnings in the middle of 80s, when the Banks started computerizing the branches in a limited manner. The early 90s saw the plummeting hardware prices and advent of cheap and inexpensive but high-powered PCs and servers and banks went in for what was called Total Branch Automation (TBA) Packages. The middle and late 90s witnessed the tornado of financial reforms, deregulation, globalization etc coupled with rapid revolution in communication technologies and evolution of novel concept of 'convergence' of computer and communication technologies, like Internet, mobile / cell phone etc.Internet has significantly influenced delivery channels of the banks. Internet has emerged as an important medium for delivery of banking products & services. Detailed guidelines of RBI for Internet Banking have prepared the necessary ground for growth of Internet Banking in India.

Insurance, whether life or non-life provides people with a reasonable degree of security and assurance that they will be protected in the event of a calamity or failure of any sort.The turnaround time for handling customer requests and complaints therefore should be based on the customer’s expectations and often this can be achieved by deploying innovative technology-led solutions. Web-based and SMS-based policy servicing can ensure a higher degree of satisfaction and reduce response time. Increasingly, customers benchmark their insurance companies not against other insurers but against the other world class service providers that touch their lives daily.The strictest definition of a crime is an act punishable by law.Cyber crime is a newer term in the justice system that refers to crimes that can be committed with the use of a computer and the Internet. Because cybercrime can often go undetected and unreported, it is difficult to measure the exact magnitude of the problem.

Frequently Used Cyber Crimes

Unauthorized access to computer systems or networks: This activity is commonly referred to as hacking. The Indian law has however given a different connotation to the term hacking, so we will not use the term "unauthorized access" interchangeably with the term "hacking".

Theft of information contained in electronic form: This includes information stored in computer hard disks, removable storage media etc.

Email bombing: Email bombing refers to sending a large number of emails to the victim resulting in the victim's email account (in case of an individual) or mail servers (in case of a company or an email service provider) crashing.

Data diddling: This kind of an attack involves altering raw data just before it is processed by a computer and then changing it back after the processing is completed. Electricity Boards in India have been victims to data diddling programs inserted when private parties were computerizing their systems.

Salami attacks: These attacks are used for the commission of financial crimes. The key here is to make the alteration so insignificant that in a single case it would go completely unnoticed. E.g. a bank employee inserts a program, into the bank's servers, that deducts a small amount of money (say Rs. 5 a month) from the account of every customer. No account holder will probably notice this unauthorized debit, but the bank employee will make a sizable amount of money every month.

Logic bombs are programmes, which are activated on the occurrence of a particular predefined event. The logic bomb was programmed to take ten cents from all the accounts in the bank and put them into the account of the person whose name was alphabetically the last in the bank's rosters.

Denial of Service attack

This involves flooding a computer resource with more requests than it can handle. This causes the resource (e.g. a web server) to crash thereby denying authorized users the service offered by the resource. Another variation to a typical denial of service attack is known as a Distributed Denial of Service (DDoS) attack wherein the perpetrators are many and are geographically widespread. It is very difficult to control such attacks. The attack is initiated by sending excessive demands to the victim's computer(s), exceeding the limit that the victim's servers can support and making the servers crash. Denial-of-service attacks have had an impressive history having, in the past, brought down websites like Amazon, CNN, Yahoo and eBay.

Virus / worm attacks

Viruses are programs that attach themselves to a computer or a file and then circulate themselves to other files and to other computers on a network. They usually affect the data on a computer, either by altering or deleting it. Worms, unlike viruses do not need the host to attach themselves to. They merely make functional copies of themselves and do this repeatedly till they eat up all the available space on a computer's memory.

Companies in India need to spruce up their security policies and buy insurance against cyber crime. With a vast number of transactions being conducted online, insurance would be integral to protection against cyber crime, say experts. With the advent of computers (and especially the Internet) businesses are subject to threat of malicious activities and cyber-crimes. Cyber criminals use computers and technology to carry out the destructive activities that have been around for decades. The banking sector consists of public sector, private sector and foreign banks apart from smaller regional and co-operative banks. In the market, various IT-based banking products, services and solutions are available. The most common of them are: Phone Banking; ATM facility; Credit, Debit and Smart Cards; Internet Banking & Mobile Banking.. The banking sector in India is on the verge of revolutionary changes in the way it functions and delivers its services to customers. Cyber-related crimes, therefore, present an especially high risk to certain industries and types of businesses, including banking industry. Some types of businesses, no doubt, are more susceptible to cyber-crimes. Vulnerable businesses include insurance, communications/media, health care, technology, high-profile businesses and financial institutions. In addition, governments are vulnerable too. The risks are probably as high or higher for the banking industry as for any other.

Cyber-Crimes Commonly Perpetrated Against Banks: The terms computer crime, high-tech crime, digital crime, e-crime and cyber-crime can be used interchangeably with electronic crime. E-crimes are essentially crimes where the computer is used either as a tool to commit the crime, as a storage device, or as a target of the crime. As a storage device, computers can either store information that will assist in the execution of the crime or information that is illegal for the owners to possess, such as stolen intellectual property. Computers are classified as a target if the information that they contain is altered or retrieved in an unlawful way, such crimes can range from amateur hacking to terrorism. For example, a perpetrator will create a fraudulent e-mail message that looks legitimate and arrives from an apparently trustworthy source. The legitimacy comes from copying the bank’s logo or graphics from its Web site and inserting it into the document, along with official-looking signature files and contact information. The trusted source is not only the spoofed e-mail but a spoofed Web site as well. The e-mail, accompanied by a high sense of urgency, usually directs or links the recipient to a purported website of the spoofed bank. In reality, the person is being directed to an illegitimate website.

ID theft is another major problem. The Federal Bureau of Investigation (FBI) has established a separate group, the Internet Crime Complaint Center (IC), to handle these types of crimes. One good definition of ID theft for financial institutions is: “ID theft involves manipulating or improperly accessing another person’s identifying information, such as social security number, mother’s maiden name, or PIN (rather than account number)in order to fraudulently establish credit or take over a deposit, credit or other financial account for benefit.

Worms and Trojan horses are a significant threat to banks in terms of resources lost. A worm is a program (or algorithm) that replicates itself over a computer network and usually performs a malicious action, such as using up the computer’s resources and possibly shutting the system down. It is similar to a virus. Unlike worms and viruses, Trojan horses do not replicate themselves but they can be just as destructive. One of the most insidious types of Trojan horse is a program that claims to rid your computer of viruses but instead introduces viruses onto your computer. Another typical malicious use of a Trojan horse is to have it “sit” on a system and capture keyboard strokes and send them back to the perpetrator. This process provides the perpetrator the potential ability to steal passwords and IDs, especially for online banking.

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BANCASSURANCE: CHALLENGES AND OPPORTUNITIES IN INDIA

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Introduction: Bancassurance symbolizes the convergence of banking and insurance. The term involves distribution of insurance products through a bank's branch network. While bancassurance has become a success story in Europe, it is relatively a new concept in Asia. Bancassurance in its simplest form in the distribution of insurance products through a bank's distribution channels. In converter term bancassurance, which is also known as Allfinanz-describes a package of financial services that can fulfill both banking and insurance needs at the same time. It takes various forms in different countries depending upon the demographic profile, economic situation and legislations prevailing in that country.

Demographic profile of the country decides the kind of products bancassurance has to deal with economic situation will determine the trend in terms of turnover, market share, etc., whereas legislative climate will set the periphery within which the bancassurance has to operate. Its players include.

- Banks selling life, pension and other collective investment products.
- Banks selling general insurance products.
- Insurance companies selling banking products (deposits, loan, etc)

Growing phenomena of Bancassurance:

Life insurance premium is one of the methods to increase deposits of banks. In non-life insurance business banks are looking to provide additional flow of revenues from the same customers through the same channel of distribution and with the same people. Insurers have been turning in ever-greater numbers to alternative modes of distribution because of the high costs they have paid for agent services. These costs became too much of a burden for many insurers compared to the returns they generated.

Insurers who operate through Bancassurance, own and control relationships with customers, insurers found that direct relationships with customers gave them greater control of their business at a lower cost. Insurers who operate through the agency relationship hardly have any control on their relationship with their clients. Expenses ration in insurance activities through Bancassurance is very low. Banks and the insurance companies benefit from the same distribution channels and people.

Indian scenario:

Bancassurance as a means of distribution of insurance products in already in force in India in some form or the other. banks are selling personal accident and baggage
Insurance directly to their credit card members as a value addito to their products. Bansk also participate in the distribution of mortgage-linked insurance products like fire, motor or cattle insurance to their customers. Banks can leverage their existing capabilities in terms of database and face-to face contact to market insurance products to generate some income for themselves.

IRDA Bill in India in 2000 has stimulated the growth of bancassurance by allowing the use of multiple distribution channels by banks and insurance companies. Many banks entered banassurace with a defensive strategy in their attempt to avoid market share erosion by insurance companies very soon, though they realized that they could gain market share if they expanded their product range, developed a sales culture within their organizations created a multi-channel distribution structure and exploited the potential of the customer information that can enable the identification of customer needs.

SBI life insurance Company a predominant player in bancassurance is positive about the channel bringing about a transformation in the way insurance has been sold so far. The company is banking heavily on bancassurance and plans to explore the potential of state bank of India's 9,000plus branches spread across the country and also its 4,000plus associate banks. Om kotak Mahindra life insurance has tied up with Dena bank and its own kotak bank for bancassrance the company is targeting around 1%of the business during its startup phase.

Distribution channels in bancassurance:

Distribution is the key issue in bancassurance and is closely linked to the regulatory climate of the country. Some bancassurers started out by selling simple products which could be sold I large volumes but which usually had low margins to cover expenses and profits the type of distribution channels that a company use affects the design and pricing of its products, as well as the way in which the products are promoted and perceived in the marketplace.

Bancassurers make use of various distribution channels:

- Career agents
- Special advisers
- Salaried agents
- Bank employees/platform bankers
- Corporate agencies and brokerage firms
- Direct response
- Internet
- Outside lead generating techniques.

Cultural issues in distribution

There may be differences in the way of thinking and business approaches of bankers and managers of insurance companies. These differences can create a communication and implementation problem in bancassurance operations. Banks are traditionally demand-driven organizations with a reactive selling philosophy. Insurance organizations are usually need-driven and have an aggressive selling philosophy.

Cultural differences between the banking and the insurance industries must be understood, respected and lived with in order for the bancassurance venture to succeed. The development of a single culture is another possible solution but this requires a very strong commitment from the top management. This commitment must be continuously conveyed to all bank employees and life insurance agents. One way of achieving this is to develop a "statement of mission" for the new organization and to get the staff to commit to fulfilling this statement. This can help to ensure that there is a common path for the bank and the life insurer.

Opportunities and challenges in India: There is a huge pool of skilled professionals whether it is banks or insurance companies who may be easily relocated for any bancassurance venture. By leveraging their strengths and finding ways to overcome their weaknesses, banks could change the face of insurance distribution. Sale of personal lines insurance products through banks meets and important set of consumer needs. Most large retail banks engender a great deal of trust in broad segments o consumers, which they can leverage in selling them personal line insurance products. In addition, a bank's branch network allows the face-to-face contact that is so important in the sale of personal insurance.

Another advantage banks have over traditional insurance distribution is the lower cost per sales lead made possible by their sizable and loyal customer base. Banks also enjoy significant brand awareness within their geographic regions, again providing for a lower per-lead cost when advertising though print, radio and /or television. banks that make the most of these advantages are able to penetrate their customer base an markets for above –average market share. Other strengths of the banks are their marketing and processing capabilities. Banks have extensive experience in marketing to both existing customers (for retention and cross-selling)and non-customers(for acquisition and awareness). They also have access to multiple communications channels, such as statement inserts, direct mail, ATMs, telemarketing, etc. banks proficiency I using technology has resulted in improvements in transaction processing and customer service.

By successfully mining their customer databases, leveraging their reputation and distribution systems (branch, phone, and mail) to make appointments, and utilizing sales techniques and products tailored to market, India's 27 public sector bank account for close to 92% of the total network. The network has, among other things, 33,000 rural branches and 14,000 semi-urban branches, where insurance penetration remains largely untapped.

Challenges for Bancassurance:Challenges for the bancassrance galore which include persuading customers to commit to regular savings plans providing advice and selling more complex products, especially pensions, and particularly to more affluent customers. Factors that appear to be critical to success include strategies consistent with the bank's vision, knowledge of target customers needs, defined sales process for introducing insurance services, simple yet complete product offerings, strong service delivery mechanism, quality administration, synchronized planning across all business lines and subsidiaries, complete integration of insurance with other bank products and services, extensive and high-quality training, sales management tracking system for reporting on agents time and results of bank referrals and relevant and flexible database systems. The most common obstacles to success are poor human resource management, lack of a sales culture within the bank, no involvement by the branch manager, insufficient product promotions failure to integrate marketing plans marginal database expertise poor sale channel linkages, inadequate incentives resistance to change negative attitudes toward insurance and unwieldy marketing strategy.

Conclusion: To move beyond product-oriented cross-selling to customer-focused cross-buying requires a holistic approach to bancassurance. "the sky is the limit". Bank has an immense ability to raise its non-interest income through the bancassurance delivery channel. Success of a bancassurance venture requires change in approach, thinking and work culture on the part of everybody involved. Our workforce at every level are so well entrenched in their classical way of working that there is a definite threat of resistance to any change that bancassurance may set in with banks core traditional lending activities becoming sluggish and increased competition paring spreads, banks have no option but to look at new avenues of making money.

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Self -help Groups and Banks in Tamilnadu and U .T. of Pondicherry- A Performance Review

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Introduction

The Self Help Group -Bank linkage programme being implemented since 1992 under the aegis of National Bank for Agriculture and Rural Development (NABARD). The main aim of the programme is to bring banking services to the door steps of poor , especially the women.

2.1 Research Objectives

The Specific objectives of this study are listed below:

1. To analyse the progress under micro finance through savings of SHGs with Banks.
2. To analyse the progress under micro finance through Bank loan disbursed to SHGs.
3. To understand the Bank loans outstanding against SHGs.
4. To study the comparison of financial performance of commercial Banks , Regional Rural Banks and Co-operative Banks in Tamilnadu and U.T. of Pondicherry.

3. Methodology:-

3.1 Nature and source of data

The present study is of analytical nature and makes use of secondary data. The relevant secondary data are collected from publications of NABARD.

3.2 Period of the study

The study covers a period of 3 years between 2007 and 2010, to analyse the progress of Micro Finance.

3.3 Tools used

The progress under micro finance is compared with commercial , Regional Rural and Co-operative Banks in Tamilnadu and U.T. of Pondicherry using Trend analysis. Mean is used to identify the growth of micro finance.

4 Review of literature:-

4.1 Micro finance

Micro finance in India has grown tremendously in recent years, achieving significant outreach amongst rural households across the country. Finally the micro finance sector in India has reached its peak .(VikasBatra and Sumanjeet) (2011)

4.2 Self Help Group- Bank Linkage

The micro finance is an important tool for poverty alleviation through empowering the micro and small entrepreneurs in rural areas. (Mustapha Muktar) (2009).

The SHG-Bank Linkage programme made impressive gains in coverage of rural population with financial services offers a ray of hope. The SHG-Bank linkage programme has greater impact on the millennium development goals. (Devaraja T.S) (2011)

4.3 Impact of Self Help Groups

The economic gains in the form of better nutrition and higher level of consumption as well as asset accumulation, for Self Help Group participants. The extent they participate in self helpgroups , the poorest seen to be benefitted both socially and economically. (Klaus Deininger&Yanyan Liu (2009)

4.4 Impact of Micro Finance

The Micro Finance has a substantial impact on social and economic developments. Micro Finance enables the borrowers to attain higher household incomes, increase income generation activity and increase savings. Access to financial services also helps to improve health and education and greater gender equality. Abdullah – Al- Mamun and Ridhwan Fontaine (2008)

5 Performance of Banks in Financing Self Help Groups

Table :1

Progress under Micro finance – Savings of SHGs with Banks In Tamil Nadu & U.T.of Pondicherry (Amount in Rs Lakhs)

Year	Commercial Banks			Regional Rural Banks			Co-Operative Banks		
	No. of SHGs	Savings amount	%	No. of SHGs	Savings amount	%	No. of SHGs	Savings amount	%
2007-08	451305	39838.69	25%	69025	3711.54	35%	98.111	8088.63	23%
2008-09	540006	44839.16	30%	73802	2369.75	23%	116284	10522.18	30%
2009-10	634413	70453.94	45%	76059	4404.34	42%	135961	16801.94	47%
Total	1625724	155131.79	100%	218886	10485.63	100%	350356	35412.75	100%
Mean		51710.60			3495.21			11804.25	

Source : NABARD - Status of Micro Finance

Table 1 shows the amount of savings of Self Help Groups with Banks. There has been a considerable increase in savings from 25% to 45% between 2007 and 2010 for Commercial Banks. With Regional Rural Banks the amount of savings during 2007-08 is 35% but there is 8% decrease in savings during 2008-09. There has been tremendous improvement in the year 2009-10.

As far as the co-operative Banks are concerned there has always been an improvement in the amount of savings. The year 2007-08 has 23% of savings , 8% increase is witnessed between 2008-09 and 17% increase during 2009-10.

Table : 2
Progress under Micro finance – Bank Loan disbursed to SHGs
In Tamil Nadu &U.T.of Pondicherry
(Amount in Rs Lakhs)

Year	Commercial Banks			Regional Rural Banks			Co-Operative Banks		
	No. of SHGs	Bank Loan	%	No. of SHGs	Bank Loan	%	No. of SHGs	Bank Loan	%
2007-08	135750	94194.70	21%	13466	14219.55	28%	32421	19091.00	21%
2008-09	164008	157349.02	34%	16145	20475.70	40%	56800	27768.22	30%
2009-10	184711	208:23.08	45%	22156	16061.53	32%	58553	45415.5	49%
Total	484469	45666.8	100 %		50756.78	100 %		92254.72	100 %
Mean		153222.26			16918.93			30751.57	

Source : NABARD - Status of Micro Finance

As per Table 2 Bank loan disbursed to Self Help Groups in Tamilnadu and U.T. of Pondicherry for Commercial Banks is 21% in the year 2007-08 and increased to 45% in the year 2009-10. In case of Regional Rural Banks is 28% in the year 2007-08 and increased by 12% in 2008-09 . It is decreased to 32% during 2009-10.

In case of Co-operative Banks there has been a continuous increase in disbursal of loans between 2007 and 2010 from 21% to 49%.

Table :3
Progress under Micro finance – Bank Loan outstanding against SHGs
In Tamil Nadu &U.T.of Pondicherry

(Amount in RsLaks)

Year	Commercial Banks			Regional Rural Banks			Co-Operative Banks		
	No. of SHGs	Bank Loan	%	No. of SHGs	Bank Loan	%	No. of SHGs	Bank Loan	%
2007-08	370325	221185.02	26%	41357	26869.63	33%	68625	23520.95	21%
2008-09	463170	278825.77	33%	43342	29971.50	36%	69838	35744.87	31%
2009-10	436549	342168.32	41%	29922	25252.03	31%	85859	53853.03	48%
Total	1270044	842179.11	100 %		82093.16	100 %		113118.85	100 %
Mean		280726			27364.3			37706.2	

		.37			8			8	

Source : NABARD - Status of Micro Finance

As per Table 3 – Loan outstanding against Self Help Groups for Commercial Banks increases every year from 26% to 41% between 2007 and 2010. With Co-operative Banks loan outstanding increases during 2007 to 2010 from 21% to 48% but for Regional Rural Banks loan outstanding increases from 33% to 36% between 2007 and 2009 but decreased to 31% in the year 2009-10.

6 Conclusion

Savings of Self Help Groups with Commercial Banks and Co-operative Banks is progressive in nature but for the Regional Rural in the year 2008-09 decreased and then increased in the year 2009-10. Loan disbursed to Self Help Groups also progressive in nature for both Commercial and Co-operative Banks. For Regional Rural Banks loan disbursed increases between 2007 and 2009 and decreases in the year 2009-10. Bank loan outstanding against Self Help Groups increases every year. For Reginal Rural Banks only there is a decrease in the year 2009-10. Mean is high for Commercial Banks when compared to Regional Rural and Co-operative Banks. The progess under Micro Finance through Self Help Groups by the Banks in Tamilnadu and U.T. of Pondicherry is excellent. The Self Help Group – Bank linkage process is appreciable.

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HUMAN RESOURCE MANAGEMENT ISSUES IN PUBLIC SECTOR BANKS

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HUMAN RESOURCE POINT OF VIEW:

Human Resource is one of the most complex and challenging fields of management, as it deals with the people dimension in business management. The biggest challenge now being faced by management is HR as it plays a strategic role in the growth of a service sector and thereby maximizing returns on investment. The HR management's role is required to be perceived as business strategic partner in the organization and it has to identify its key role with clarity in the context of organizational working as well as contributor to organisation's strategy. The strategic HR practices help the service sectors in achieving long-term and short-term goals through optimum utilization of human resources. In public sector, HR practices and its management have a long way to go in order to achieve professional and competitive HR standards. There is a lot to be done by HR in terms of identifying a talent; creating a performance driven culture; and bringing about changes in the mindsets of employees at all levels so that all of them aim at providing value to customers. Multiple roles are, thus, required to be played by HR professionals such as business strategies partners, the change agents, the consultants, the service providers, etc.,

SOME OF THE HUMAN RESOURCE ISSUES WITH SPECIAL REFERENCE TO PUBLIC SECTOR BANKS

TALENT ACQUISITION

Selecting a suitable candidate is difficult process. The human resource management is the right acquisition strategy for right people. This is vital as people are at the core of business delivery processes in a banking organisation. Unfortunately, public sector banks are seriously affected because of resistance of union on one side and existence of a mammoth organization like Banking Services Recruitment Board (BSRB) for so called common entrance process. There is very little flexibility and freedom for such banks to attract right talent from market place at market price. Although some freedom has been given of late, for all practical purposes, there is no concept of campus recruitment (direct recruitment of management trainees from the management institutes) in such banks. As a result, there is serious human resource scarcity in public sector banks at junior management level.

The other issue of concern has been that public sector banks have never resorted to concept of the employer branding from recruitment perspective and therefore, they are one of the least preferred career choices particularly of educated youth with talent. The banks are not to be blamed as they do not have the competitive advantage to attract right talent compared to their private / foreign compatriots or other players in the market place.

TALENT MANAGEMENT

This is the second stage of talent development in an organization. Talent management involves the following steps.

- Post the right person in the right time at the right place.
- Induction of human resource in the organizational culture.
- Talent recognition
- Talent appreciation and feedback mechanism
- Creation of congenial climate for talent nurturing.

Regrettably, many of the above issues lack serious consideration in public sector banks. HR in the public service banking is still considered as a support service and not integrated with its strategic vision, mission and goals / objectives. As a result, placement of personnel in a given place is primarily driven by the criteria of "vacancy fulfilment" and nothing beyond that. There are very few occasions where proper induction takes place from an HR perspective, CVs of the people are scanned and right people are placed at right places. The major problem with public sector bank management is that few options are available to them and all HR functions are driven by several considerations other than pure merit because of several interferences from different quarters.

TALENT DEVELOPMENT

Apart from having right climate, the other important issue that one looks into before giving a medium to long-term commitment for a career, is satisfaction arising from job enrichment / rotation, getting recognition for doing a good job, expectation of performance-based payment, flexibility in terms of job hours & other related aspects, both monetary and non-monetary incentives and a fast track promotion process though which one can look for prospects of a good career ahead. Many of these issues are not possible in public sector environment, not because of unwillingness of management to provide but because of outdated government and regulatory systems and procedures.

Retaining right talent in a competitive scenario thus becomes quite difficult, if not impossible. No doubt things, of late, are changing but quite at a slower pace compared to general deregulation in the corporate scenario. In the absence of proper talent development strategies, it has been very difficult for public sector banks to retain talent. This became obvious when many public sector banks came out with a scheme of voluntary retirement scheme which saw the exit of good talent quite contrary to the intention of the management while introducing such scheme.

PLACEMENT IN RIGHT POSITION AND PROMOTION

These concepts are virtually absent in public sector banks. Merit is often overlooked and other considerations outweigh for posting in positions that are always considered coveted and represent self-esteem, for example, foreign postings and posting in foreign exchange trading desks. Very often it has been observed that decisions to fill in some of these positions are not objective, are random and do not follow the principle of meritocracy. This is equally applicable for filling in the vacancies at top position like GM—Credit, etc. There are lots of grey areas in such policies that include lack of transparency and perceived objectivity.

ISSUES FORWARD

Does this mean that everything is lost in public sector banks as far as HR policies go? Does it imply that HRM has no relevance in public sector banking? What should be done to reverse the process and see emergence of good HR systems and policies in public sector banks? What makes good HR policies for the public sector banks within the given constraints/Many of the above issues lie in changes in some of the constraints of government rules and regulations. What this means is that all HR policies should be left to the management of banks both for evolution as well as implementation. Till that time it happens, many of the issues will remain unresolved. However, even within given constraints, many steps can be taken to make the HR systems make the workplace not only a place to work like machine but a place of fun and to work & enjoy. Some of the riders in this regards are given in the following paragraphs:

- Setting up of a strong HR department both at the corporate as well as administrative offices (zonal / regional offices) of the banks and manning them with qualified and experienced HR people who are not only mature in age and exposure but also acceptable to people at large as executives with positive and objective approach. The top-most HR position in the bank like GM-HR, etc. should be handled by a person who commands respect from a wide cross-section of employees and perceived as a positive person. HR top position should be considered as top-most coveted job in the bank at senior-most level.
- Every bank should have detailed policy guidelines regarding HR issues in the bank. This should be developed keeping in view the existing government guidelines and in consultations with the Unions. But the most important aspect is that these guidelines should be explicit, in line with strategic goals / objectives of the bank, transparent, and take into account complaint redressal mechanism of employees at large.
    - The specific roles of the HR department should focus on the following aspects of the employees at all levels:
    - Right placement of right people at right jobs
    - Detailed job description including accountability at each level
    - A comprehensive code of ethics policy
    - Specific rewards (both monetary as well as non-monetary) appreciating talent. For example, the best branch manager award for each zone, best employee award for each branch, etc.
    - Open two-way communication channel between the line managers and employees and top managers to ensure that communication channels are being used properly at all levels.
    - Mechanism to identify talent at each level of operation and ways to appreciate the achiever.
    - Specific means to design a well-structured succession planning at each level
    - Creation of an internal Ombudsman for taking care of complaints
    - Out of the box thinking and innovation to ensure employee engagement like internal competitions on new product / process improvement, scheme of taking select achievers to a place for trip, etc.

In 1970s who had joined as a Probationary Officer in a large public sector bank, things were different. We had to go through lots of bureaucratic and procedural practices; HR as a department was not existent: we had only IR and Personnel department. Ninety percent of time of both the departments was spent in resolving legal issues, union negotiations and yearly transfers on ritual basis. Promotions were, by and large, time bound and used to follow a structured approach without scope for much flexibility. The banking system had very few options as well as mechanism to identify talent, leave aside managing the talent.

During the tenure of the undersigned at the National institute of Bank Management in early 1990s, things had already undergone a change. In some of the bigger banks, HR departments had come into existence and processes and systems were much more employee friendly than the 70s. This period also saw the launch of the general economic reforms process and banks were also influenced by the same.

In today's scenario, the top management of many public sector banks has started implementing the right HR practices. Some of the latest instances have been performance-based promotion policies, objective methodologies for transfer to various positions, specific training policies for all categories of staff, introduction of appreciation scheme for bank employees at all levels, among many others. One of the unique cases has been launch of the Advanced Management program by Indian Institute of banking and Finance (IIBF) in collaboration with select management institutes. This one year long education program aims at professionalizing senior banking personnel. This novel experiment has found strong sponsorship from a few leading public sector banks. The initial indicators have been quite satisfying.

CONCLUSION

Nevertheless, till the time playing ground becomes even, it is a difficult game the public sector banks are in. The earlier the regulators and government understand this crucial issue, the better it will be for Indian banking system as a whole, as a substantial chunk of banking business in India is till today in public sector domain and will, hopefully, continue to be so at least in near future. Therefore, human resource management issues in public sector banks need to be given top priority both by the government / regulatory as well as the Top Management of these banks. This should be the key area of reforms if Indian banking system aspires to become globally competitive.

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ELECTRONIC HUMAN RESOURCE MANAGEMENT

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Introduction:

Electronic Human Resource Management is an essence the revolution of human resource functions to management and employees. These functions are typically used via intranet and web technology. This helps the organization to improve their standards where they can able to review and forward. All those documents can be viewed within a fraction of second with the help of client and server links. The phenomenon of E-HRM deserves closer and more fundamental roots to HR activity. The E-HRM develops and become more entrenched in business culture and they will become more apparent.

In this study E-HRM brings changes in the way they experienced in HRM functions in their company and in the HR tools and the instruments they offered. They acquire the opportunity to get updated in terms of organizational growth dynamics to take part in online chatting, career path choosing etc. However, not all employees are willing to accept full responsibility for the individual career development through web- based HR tools. The growth of E-HRM will develop once they practiced.

Growth of technology updates different types of methodology in Business Environment. Compare to past decades there are more number of advancement as grow towards the business sector and for the operation of the work. Now a day Human Resource Management plays a vital role in the development of organization and the growth of an individual. Each practice consists of different activities like Recruitment, Selection, Performance Appraisal, T&D etc. The E-HRM helps the organization to be well developed and to complete the work in time even though it's very difficult to implement for the mindset of the employees.

Objectives

1. To know the impact of E-HRM growth and their Practice in Banking and Insurance
2. To analyze the impact of implementing E-HRM in India and their difficulties

Role of E-HRM growth in an organization:

In this study the Organizations so not start with nothing when they step out onto the E-HRM road. For a start their will be certain implicit and explicit HRM policy assumptions and practices already in use. The set of HRM policy choice within an organization can be categorized into one the three types distinguished by

The Bureaucratic Policy
The Market Policy

The Clam Policy

From the existing state of the HRM organization, the individuals and groups involved make choice with regards to E-HRM with more number of practices with major experts.

E-HRM Goals:

E.HRM is offering the potential services to HR Department Clients (both Employees and Management) improve efficiency and cost effectiveness within the HR department and allow the HR to become a strategic partner achieving organizational goals. Turning to the employees, the introduction of E-HRM brings changes in the way they experience HRM in the company and in the HR tools and instruments they get offered. They acquire the opportunity to get updated in term of organizational dynamics, take part in online discussions, and choose their career path.

However, not all employees are willing to accept full responsibility for the personal career development through the available Web-based tools. The implementation of E-HRM in international and Global Companies seems to be difficult in the sense that it is hard to convince the local HRM department to contribute and to collaborate because it is difficult to make the advantages of E-HRM visible and tangible to them in the first place. To make local HRM Professionals change their way of working is difficult. When implementing E-HRM Globally it can difficult to get support of the relatively small components of the company.

Importance and Features of E-HRM

The **web based Electronic HRM** helps to do the work in a simple way. Any person can get and operate web based application like Recruitment, Selection Process, Training and Development etc. **Customizable Work Flexibility** where the employees are very flexible to work without holding out. This E-HRM can customize the work within the organization so the goals can be reached easily. **Access control and Multi site capability** the HR department can have the control and monitor all the activities in the department as well as it helps to gather more information about the employees from the interconnected intranet and Web technology.

Online leave application; auto routing and approval capability impact E-HRM helps the HR persons to reduce their work and paper handling. An employee can send the online leave application for their approval so as to get the immediate reply. **Integrated with time management system** helps the organization members to identify the employee in- timings and activities. Web reporting features can report their work report to the higher official without reporting manually.

E-Human Resource Tools:

In my analyses I have identified the following are tools for HR department can perform with the help of E-HRM

1. E-Recruitment
2. E-Appraisal
3. E-Leave

4. E-Claims
5. E-Profile
6. E-Learning
7. E-Attendance
8. E-Overtime

In E-**recruitment** where a HR manager can avoid the go down and drop down applicant format. This helps to reduce the burdance and can select the right person for the right job with the help of this system in our objectives of the study. The traditional **appraisal** methods are followed in many organization those methods may create controversy among employees so the E-HRM helps the employee to view their lacking area and to identify their improvement needs they required. Any person can get their leave sanction in any circumstances. This helps them to know the total **leave** available their remarks. One of the best methods towards the employee role where they can **claim** their requirements on time. More over insurance company can us these E-HRM methods to simplify their work towards customer satisfaction.

The E-HRM helps to update the **profile** information of all the employees in the organization e-**learning** is one kind of training where an employee can update himself with the help of web technology. To know about the status of the attendance this E-HRM Strategies helps with this facility.

Growth of E-HRM in India and their Difficulties:

India is the fastest growing country in technological development since more number of software like ERP and SAP has implemented in some concern it's very difficult to handle and maintain them. Some concern has implemented that advancement software to reduce their work burdance and paper work. This E-HRM have great impact toward Indian culture by take more time to implement with all over the country with intranet and web technology. Even European countries are very familiar in operating technology even though they feel difficult for applying this methodology to share or review information. Where E-HRM can help the persons to updated their career path and their growth towards society expectations.

More number of expertise members has to practice with current HR trends and slowly implement with all the concern where they have link to contact all the persons in the world. More over the mindset of the human being is very important for the capacity and the more number of training required before implementation.

Suggestions

1. Implementing E-HRM in India can develop some advanced growth.
2. The E-HRM information can helps to simplify the work in the organization.
3. Individual career can be improved with the help of web technology and intranet facilities since it is very difficult but the growth will be decade orientation.
4. The banking and insurance sector can do the possible work with a minimum time oriented. This helps the workers to know the renewal dates of their customers and easy to recruit people as they required.

Conclusion

The Indian Administration is totally different when compare to European standard since the update of technology towards Electronic HRM is very less. When implementing E-HRM it is not easy to make advantageous on a local scale that make it hard to get local HRM Professional to be enthusiastic. More over the mindset of the Employees and the Managers even for the E-HRM is implemented for the development of the organization it does not create much awareness towards the organization members. Even though the E-HRM have more simplification in the working activities it needs more practice and to implement in the organization. The insurance sector and banking sector may have a identical growth towards it.

If this E-HRM implemented in India where it helps a lot in all the organization where they can convey more information with one another with the link of intranet and Web Technology. It helps the standard improvements for all the organization and their objective oriented goals to minimize the work load of administrative purpose.

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CUSTOMER RELATIONSHIP MANAGEMENT IN BANKING SECTOR

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Introduction

Customer Relationship Management (CRM) is a business process with outcomes that optimize customer satisfaction, revenue and profitability by organizing around customer segmentation, fostering customer satisfying behaviors and implementing customer centric activities. Every time customers approach an office, they arrive with a set of expectations, which may be related to the existing services provided by the company or new needs. What happens next will determine their experience, which in turn will shape their future behavior. A good experience may increase their loyalty and tendency to deal with the banks again; while a poor experience may make them take their business to a competitor. The ability to recognize this phenomenon and actively manage it forms the basis of customer relationship management. The promise of customer relationship management is to build a customer-oriented strategy. CRM focuses on nurturing customer loyalty, thereby gaining market share, profitability and business growth.

Advantages of Retaining Customers

- Customer stays loyal for a longer time
- Buys more as the company introduces new services; talks favorably about the Banks
- Pays less attention to competing brands and competitors' advertising; and is less sensitive to price.
- Costs less to serve existing customers than acquiring new customers, due to repetitive nature of transactions (acquiring new customers can cost five times more than the cost involved in satisfying and retaining current customers).
- The average banks lose some of its customers each year. A reduction in custom defection rate can increase profits.

Significance of CRM in banks

Banks can no longer view the customer from the perspective of specific products or a snapshot one-time transaction. To maximize lifetime profitability from valued customers, banks must move out from the traditional storage overlook mindset. Technology, commoditization, deregulation and globalization have changed the face of banking business forever. The traditional model of the personalized neighborhood banking activity is outdated, and is now replaced by national and multinational service providers, backed by technology system and a proliferation of product choices.

Banks are realizing that they can no longer look at a customer from the perspective of a specific product or a limited time frame, but must visualize the entire long-term customer relationship to fully understand a client's profitability. From a strategic standpoint, banks need to reconsider their traditional focus on product lines. And so, it is time to adopt a comprehensive view of the customer as part of a continuum – not just individual transactions, but a lifetime relationship.

Customer preservation strategies in Banks

Financial Bonds

The first level of strategy to retain the customer is through a strong financial bond, tied to the firm primarily through financial incentives, such as lower charges for greater volume of business for customers who have been with the firm for a long time. This involves providing volume discounts and other price incentives to retain market share and build a loyal customer base.

Social Bonds

Banks bind customers with long-term relationship through social and interpersonal bonds as well. Social bonds are much more difficult for competitors to immediately replicate than price incentives.

Customization Bonds

Mass customization does not mean providing customers with endless choices of solutions that only make them work harder for what they want.

Structural Bonds

Structural bonds are built by providing a combination of services and going beyond the normal routine.

Strategies for implementing CRM in banking sector

Offer better service quality and value

Banks need to focus on their quality parameters in services in order to improve customers' purchase behavior of banks products (i.e., regency, frequency and monetary value).

These include:

Creditworthiness, performance ratings or credit scoring of customers.

Customer survey and data collection.

Effective Customer Segmentation

Market segmentation in the banking sector can be done effectively by applying analytics to determine which services are cross-selling and/or up-selling and to which type of customers. The following four-tier system is useful in categorizing the customers more specifically

The Platinum tier comprises of the banks most profitable customers, typically the heavy investors. They are not price sensitive, and are willing to try new offerings.

The Gold tier is not as profitable as the platinum tier, because these customers want price discounts that limit margins, or they are not as loyal.

The Iron tier contains customers who provide the volume needed to utilize the company's capacity. However, their spending levels, loyalty and profitability levels are not adequate enough to justify special treatment.

The Lead tier consists of customers who cost money to the firm, instead of being profitable. They demand more attention than the revenue that they bring in. They are sometimes problem customers, as they complain about the firm to others.

Understand correctly the lifetime value of customers

Banks face the problem of losing potential customers because of their non performance market fluctuations. This is because banks do not truly understand the customers' lifetime value.

Today, banks are offer good products to the customers. (For example Core banking services, internet banking and value add-on services. Loyal customers are thus neglected, risking the potential lifetime value that they provide.

Make each customer relationship more profitable

As competition today is very stiff and there is high customer mix rate in the banking industry, banks are looking more than ever towards increasing profitability from existing customers.

Naturally, that means banks are keenly interested in cross-selling a variety of financial products to each customer.

Know your customers better and retain them

In a multi-product environment, it is very difficult to measure customer attrition. But there are some qualitative and quantitative factors which bankers can study in-depth to know and retain their profitable customers. They need to understand why some customers leave the banks, why other customers stay, and what they expect most from specific banking services. Also, it is important to know how the banks can change the minds of customers so that they stay on for a longer time.

Customer profitability analysis

This involves measuring the profitability of each customer's business, and predicting the lifetime value. This enables the banks to move towards more profitable marketing, sales and service initiatives.

Predictive mix model techniques

These are techniques which predict the threshold levels when a customer would switch the banks. Techniques such as logistic regression, decision trees and `neural networks' forecast likely product purchases, and also identify customers most likely to stay and customers most likely to leave the company.

Conduct what-if analysis

This determines how certain marketing, sales and service initiatives will impact customer profitability; what schemes and offers can attract customers and when to use them.

Credit Scoring

In banking services, identifying the creditworthiness of customers is extremely necessary to help minimize risk.

Build numerous ways for customers to connect with the banking sector.

Banks need to build various channels, such as branches, call centers, online access of banks, Renewal premium intimation, in banks and kiosks to help customers contact the firm, thereby enhancing convenience. Technology provides convenience and also enhances productivity; while doorstep services banking business mainly offers better convenience for the customer.

Data warehouse and data mining

Data warehouse is an important part of any decision support system. The marketing team needs to decide the action plans, such as campaigns, promotions, special marketing initiatives, etc. These plans are then implemented by means of the several channels used by the companies to reach its customers.

Integration of front office and back office

Front office and back office should be well connected with each other, even though they differ in their functions like sales force automation, marketing automation and customer services and support. If banks are unable to integrate their front-office and the back-office systems, this would result in significant operational disadvantage in retaining customers.

Customer lifetime value

To exploit the future profit potential of customers, marketing practioners have realized that `Customer Lifetime Value' (CLV) is extremely important in implementing CRM. The concept of CLV treats each customer (or market segment) as an investment. The goal of marketing is not only to identify potential customers, but to increase business from existing customers through cross-selling. CLV is a forward-looking view of wealth creation. It is the net present value of the likely future profit stream from each individual customer or customer segment.

The key to create new value-added relationships is to gather more customer knowledge, which would enable retention of the most attractive customer segments. Cross-selling results from the banks understanding its customers better; their requirements, banks habits, likes, dislikes, etc. The most crucial aspect of cross-selling is that it forces banks to evaluate profitability at a per customer level instead of a product level; and at customer lifetime level, instead of the financial year level.

Conclusion

The banks have moved much further ahead as compared to many other industries in recognizing the value of customer relationship management and implementing decision support systems to implement it. An effective decision support system for CRM enables the banks to collect data about its customers from every touch point, consolidate this information into a single view of the customer, and use the same for customer profiling, segmentation, cross-selling, up-selling and customer retention.

Relationship marketing can work effectively if it delivers on the principles on which it was founded. It is amazing how some banks cultivate relationships with customers, and the relationships are destroyed through the wrong actions by the companies. It is not adequate to simply say that the banks are customer centric; but it has to actually act on building long-term relationships with customers.

PERFORMANCE APPRAISAL – AS AN ELEMENT OF STRESS

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Introduction

In an organization or work group members consciously or unconsciously make or give opinion about others. It can be about the quality, behavior etc. When this kind of rating is done in a formal way in the organization by the superior, peers or subordinate of any person, then it is called as Performance appraisal. Moorhead and Griffin (1992) describe it as "the process of evaluating work behaviors by measurement and comparison to previously established standards, recording the results, and communicating them back to the employee. It is an activity between a manager and an employee."

Concept of Performance Appraisal

Appraisal means the evaluation of the personnel in an organization by the superiors, peers or subordinates. It is also a continuous process of rating a person's performance in the organization. Performance appraisal is used not only for promotion but also for salary increase, transfer, discharge, dismissal, training and development etc.

It is based on observation and judgement and gives a feedback to the personnel being appraised. It also gives them an opportunity to assimilate the areas which require attention and cure. This process is done in all organizations. It was started in the First World War where it was conducted for US army personnel. Man- to man comparison was made by the higher rank employees on the subordinates. It was later adopted in other fields and it became necessary in the business organizations by the end of 1950s. Personnel were rated not only for the productivity but also behavior, skills, potentials etc.

Why Performance Appraisal

- To provide feedback on the performance
- To rate the employees performance
- To identify the productive and unproductive employees
- To find out areas which need attention and training
- To tailor suit the training requirements of each employee
- To justify the compensation package given to an employees
- To help employees in their self development and thereby organizational development

Methods of Performance Appraisal

1. Traditional Methods
    a. Ranking Method – Oldest form of appraisal where one person is ranked with others on the basis of certain traits and characteristics
    b. Paired Comparison method – Each person is compared with other persons taking one person at a time
    c. Grading Method –Depending on their traits and characteristics people are put in different category.
    d. Forced Distribution Method –The appraiser is forced to rate the appraisees according to the pattern of a curve which has indications from good to bad. A Percentage of people are forced under each category.
    e. Forced Choice Method –Under this method the appraiser describes about the person within the choice of statements given for appraisal. He is forced to choose the statement which best suits the person to be appraised.

f. Check-List Method – The appraiser answers a list of questions prepared by the HR department which are related to the behavior of the appraisee concerned.
g. Critical Incidents Method – Under this method only critical incidents and behavior associated with these incidents are taken for evaluation.
h. Graphic Scale Method – Also called as Linear Rating scale , it is the most common method where a printed appraisal form is used for each appraisee.It contains the employee characteristics and his job performance(both quantity and quality of work performance, responsibility assumed , specific targets achieved , etc
i. Essay Method – The rater access the appraisee on certain parameters in his own words rather than in structured forms.
j. Field Review method- In this method the rating is done not by the direct supervisor but by another person from the HR department. This gives a better objective appraisal as bias is not there from the side of the HR department.

2. Modern methods
   a. Management By Objectives – This is one of the most common modern method of performance appraisal. This is a joint process between the superior and the subordinate where certain objectives are set for the subordinate at the beginning of an year. At the end the subordinate is appraised on these objectives.
   b. Behaviourally Anchored Rating Scale – This method takes into account the critical behaviours expected from the personnel and they are rated based on scale of critical behavior.
   c. Assessment Centres – This is based on direct observation of the appraisee by multiple trained accessors in assessment centres. Multiple assessment techniques are used among which one is simulation technique.
   d. 360 Degree Appraisal – This is a technique which has been adopted by most of the top companies like GE, Reliance, Wipro, Infosys etc. Under this method a person is appraised by all levels like his superior, peers, subordinate, clients etc.

These are the various methods of performance appraisal. Every organization requires to adopt performance appraisal under any method. This system is good for many purposes like promotion, salary increase, incentives etc. Most of the organization uses performance appraisal at a specified interval of six months or one year. Performance appraisal is effective only when it is done on a regular basis and when it is accompanied by monetary or non- monetary benefits. If it is not for a cause it can lead to stress among the employees.

Stress

As life has more complex day by day stress has become a part of the lives of people working in organizations. Selye [1936] defines stress as “a dynamic activity wherein an individual is confronted with an opportunity, constraint or demand”. Stress is a kind of a strain on a person which affects the emotions, mental status and the physical well being. There are many kinds of stress out of which occupational stress has become a serious concern for the country since it affects the economic development. It is a major cause for the employee absenteeism, employee turnover, inefficiency etc. It also has psychological and physiological effects on a person.

A study conducted on the employees of a few sectors reveals the fact that performance appraisal without a cause effect leads to stress. A primary study was done on 20 employees of educational sector; banking sector and IT sector each by questionnaire method and direct personal interview method. A brief report of the study is given below.

IT Sector

The **Indian Information Technology industry** accounts for a 5.19% of the country's GDP and export earnings as of 2009, while providing employment to a significant number of its tertiary sector workforce. However, only 2.5 million people are employed in the sector either directly or indirectly. In 2010-11, annual revenues from IT-BPO sector is estimated to have grown over $54.33 billion compared to China with $35.76 billion and Philippines with $8.85 billion. It is expected to touch at US$225 billion by 2020.

When the revenue rate of this sector has grown over the past years the efforts of the personnel in the organization is of utmost importance. In order for the organization to keep up the revenue target frequent appraisals are done on the employees to keep up the pace of performance. This itself is acting as a pressure for the employees as per the survey conducted by the author. When these efforts are not substantiated with a reward then they can feel stress. Most of the IT and BPO organizations undertake Management by Objectives method of Appraisal where the employees are given a set of objectives and goals at the beginning of a financial year. At the end of the year these employees are appraised objectively based on the goals and objectives set for them. Even these employees feel pressurized as they near the time of appraisal. They are concerned about what the superiors expect from them. If they are able to achieve the target then a higher target is set for the next year which makes them stressed. Another aspect is the rewards linked to the appraisal. Absence of rewards will bring in negative results.

Banking Sector

In 1969, the Government arranged the nationalization of 14 scheduled commercial banks in order to expand the branch network, followed by six more in 1980. A merger reduced the number from 20 to 19. Nationalized banks are wholly owned by the Government, although some of them have made public issues.

Whether nationalized, commercial or scheduled banks, the employee’s performance is a must for the efficient running of the institution. In banks according to the survey the employees are appraised at the end of the year. This is done by the managers who will give a detailed report of the employee through essay method of appraisal. All the activities and job details are written down and forwarded to the zonal office for their reference. These details are filed for future reference. Unlike other institutions incentives are not followed by performance appraisal. The report filed is used at the time of promotions.

But in other areas of banking where insurance, etc is involved, appraisal is mostly accompanied by rewards which includes either monetary or non-monetary or both. Many bank employees had given a statement that appraisal in banks in not necessary as it is not accompanied by any kind of immediate benefits. Moreover many opined that it is at the prejudice of the bank manager that many reports are sent. The managers are mostly biased and it affects the overall rating of a person which they feel can be avoided if there is no such appraisal system. This itself is acting as a stress on them and many find themselves not able to balance their work and life . This has resulted in more number of employees taking medical leave and availing the health schemes.

Educational Sector

India is still a developing country in many aspects. In the field of education India has made tremendous progress over the past few years. In India percentage of people being educated is rising . As the literacy rate is increasing the economic status of the country is also improving. The number of educational institutions is also on the higher side. But a sad part of the education system is the diminishing quality of education. Many experts feel that the standard of delivery of education is not up to the mark. Quality education in many institutions is a hard thing to find. For imparting knowledge to the students highly motivated and talented teachers /lecturers are required. A dearth of talents is what is today's scenario with respect to education sector. Even the motivational level of educational employees has come down. A change in the attitude and aptitude of those imparting knowledge is possible only by way of having a regular check or analysis on their performance which is possible through performance appraisal methods .

Many colleges and schools do not have proper appraisal systems. The lack of this results in less productivity of employees. When this survey was extended to the educational sector the author found that many colleges do not have an appraisal system. Only when people are rated based on the performance and efforts will there be any change in the quality of education. Many organizations are on the threshold of making a change in this field and have started accepting the importance of performance appraisal.

Impact of Stress of performance appraisal

Performance appraisal can at times be stressful. The employees feel stressed when there are targets and when they are rated according to those targets. Even though from the organizational point of view this is an effective method of achieving goals and objectives, the employees can have a negative impact due to this. The stress that they undergo before, after or during the time of appraisal can have an adverse effect on the health of a person as well as the psychological well being of a person. The employees feel more stressed when these kind of appraisals are not followed by any monetary or non-monetary benefits.

This has been supported by many employees in the banking sector. Many banks conduct performance appraisal for the purpose of filing it for future reference. Here the appraisal is done by the managers and it can be biased as well. Performance appraisal in the IT sector is more organized and it brings in some kind of benefit. But this itself can act as an element of stress. In the article - Effects of Performance Appraisal on Employee Attitudes, Cudzie jazyky - Angličtina The author gives references to the study that mere individual recognition, that is to say appraising performance, can lead to higher job satisfaction and reduced absenteeism and turnover rates. “In fact, there is evidence that human beings will even prefer negative recognition in preference to no recognition at all.”

Effects of stress

- Health Disorders
  - backaches ,insomnia ,cancer and chronic fatigue syndrome
  - Heart disease, High blood pressure, heart attacks, heart palpitations, and stroke may be stress related cardiovascular conditions.
  - Emotional disorders such as anxiety, depression, and sleep disturbances, Gastrointestinal disorders such as ulcers, lower abdominal cramps, and irritable bowel syndrome.
- On Work
  - Feeling out of control,

- Feeling direction-less,
- Guilt over procrastination or failing to keep commitments,
- More commitments than time,
- Change, especially changes you didn't initiate or institute,
- Uncertainty, and
- High expectations of self.

The author has found that performance appraisal is a source of stress to the employees. The amount of stress can be reduced if there is reward system also. There are many strategies for coping stress like giving training and development , meditation classes, good interpersonal relationship , motivational techniques etc … Each organization should adopt aptly the method of performance appraisal and also the correct and effective coping strategy because no organization can do away with this system but only reduce or help the employees in handling stress .

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INFORMATION TECHNOLOGY IN FINANCIAL INCLUSION

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INTRODUCTION

Out of the1.2 million Indian populations only 240 million citizens have access to banking services. The unbanked citizens resort to very interest loans from informal sources for their financial needs. The unbanked citizens remain excluded mainly because of procedural hazards in the formal financial institutions or due to self exclusion. And they are technically termed as financially excluded. Financially excluded are those with limited or no access to appropriate financial services from the formal services from the formal financial institutions. Extending credit and banking services to the unbanked population will help to increase the productivity and thereby improve the self sufficiency among them. Here comes the role of financial inclusion .financial inclusion encompasses the ability to reach out to remote areas where traditional banking networks are still a dream and hence deliver the required products and services for their welfare. The extend of financial inclusion in India is staggering.

INITIATIVES TAKEN FOR FINANCIAL INCLUSION

The process of financial inclusion in India can be divided into three phases. First phase was from 1960-1990.During this phase nationalisation of banks took place in India. The main focus of this phase was on channelling of credit to the weaker section of the country and a special consideration was given to them. The second phase was from 1990-2005,in 1991, under the chairmanship of M.Narasimham, a committee was setup for by his name for liberalisation of banking practises. Further during this phase focus was given to mainly for strengthening the financial institutions as a part of financial sector reforms. Financial inclusion in this phase was encouraged mainly by the introduction of SHG-bank linkage programme. During the third phase, from 2005 onwards, the financial inclusion was explicitly made as a policy objective. The various Financial Inclusion policies, which were setup by RBI, included the following:

1. No-frill Account
2. Simple Know Your Customer norms
3. Use of Intermediaries
4. Use of Information Technology
5. Easier Credit Facilities
6. Financial Literacy
7. On Time Settlement

The above said financial inclusion policies were made to extend the inclusion or the banking services to the unbanked section of the country. The 11^{1th} 5year plan has adopted “faster and more inclusive growth” as the key development paradigm. Further ,RBI had advised all banks to draw a roadmap by march 2010,to provide banking services in every village having a population of over 2000 and that too not through brick and mortar branch, but through any of the various forms of information and communication technology based models. And this should include Business correspondent as part of their Financial Inclusion plan.

CHALLENGES OF FINANCIAL INCLUSION

Even though there are a lot of policies and efforts being put by the RBI and the Government of India for Financial inclusion, financial inclusion still remains a dream. The reason behind this is explained below:-

1. Geographically Spread:- When we consider the sheer size of unbanked population and its geographically scattered nature, neither the existing branch based infrastructure nor the standard financial product are optimal to meet the financial needs of the rural population. This is mainly because of its limited reach, inadequate technology and higher intermediation cost.
2. Limited Products and Limited Understanding of Client Needs: - The low income people or unbanked need more than a credit."Steward Kondowe is of the opinion that an industry that is not response to client needs is doomed to fail." The rural population does not demand financial products and services because they do not know about them. Those organizations who offer them do not know the real needs and wants of the rural population. This is mainly because; no market research is being conducted to know the full needs and demands of unbanked sector. And without knowing that they are unaware of what to offer and continue the same products what is being offered. Also who should provide the product is also another challenge.
3. Illiteracy: - The unbanked lacks both basic literacy as well as financial literacy. These people are not being to educational institutions for formal education because of various other circumstances. The unbanked or the excluded remain excluded mainly because they do not have any idea about the financial concepts. They are also not able to take better financial decisions. Those clients or excluded who do not have adequate financial literacy may go for indebtedness by approaching to informal sources of finance. They are not able to access financial services from formal financial institutions.
4. Affordability: - Affordability refers to the inability of the individuals to pay for existing financial services or products cue to its high cost offered by financial institutions (Burkett &Sheehan 2009, Connolly &Hajaj, 2001) those people with fewer financial resources are often charged more due to the high cost structure. The transaction costs are much higher irrespective of the nature of transaction. Many a times these excluded are low income earners or who earn wage on a daily basis. And these low income earning people need to pay higher fee for small transactions and also for over the counter transactions. (Corr 2006, kempson 2006).
5. Self Exclusion: –Self exclusion refers to the voluntary decision of individuals not to participate in the mainstream financial system. This exclusion may be mainly due to cultural reasons, a wrong or faulty impression in the mind of the excluded towards the bank or financial institutions, that they will be refused if they apply for a service, indirect access to services through friends and relatives etc..The individuals have a common belief that banks are not interested in the needs of these low income sections. Hence the services offered to them are not appropriate to their needs. Also many of them remain excluded because of their previous experience.
6. Technology: - The ability to use new technology to engage in financial service such as mobile banking, internet banking/e-banking, is subject to relatively high barrier of access.

The main factor that hinders in adopting advanced technology is mainly due to linguistic barrier, technical illiteracy and unreliable phone or unreliable internet access.

INFORMATION TECHNOLOGY FOR FINANCIAL INCLUSION

The banking industry has now integrated technology for higher financial inclusion. This is mainly because the unbanked sector is scattered vastly and hence it is unable to reach them. Based on the interim report of Dr.C.Rangarajan Committee on Financial Inclusion, the union budget for 2007-2008, proposed to establish a Financial Inclusion fund with NABARD for meeting the cost developmental and Promotional interventions. It is also proposed to establish a financial institutions technology. Fund to meet the cost of technology and adoption .each fund consists of an overall corpus of Rs500cr to be contributed by the government of India, RBI and NABARD in the ratio 40:40:20 in a phased manner over 5yrs depending upon utilization of Fund. The technological solutions for financial inclusion for financial inclusion comprises of core banking and Smart card system.

Advantages of Information Technology for Financial Inclusion

The main advantages of integration of information technology for financial inclusion are as follows:

1. It reduces the cost of transaction
2. It improves the allocation of financial resources
3. It helps in better data management
4. It increases competitiveness and efficiency of Financial Institution

Limitations of Information Technology for Financial Inclusion

The major limitations that are a major hurdle are as follows:

1. In the remote rural areas, supply of electricity is a major problem.
2. Imparting time to time training to the manpower relating to the advancement of technology is very difficult from organisation point of view.
3. The implementation of core banking solution involves a huge cost of setting up of infrastructure such as data centre, disaster recovery site, connectivity site and monthly recovering charges. Getting a competent service provider is also difficult as there are only few players and the demand is huge.
4. The access to technology is restricted only to a certain segments of the society.

- FINANCIAL LITERACY

Literacy plays a very important role in the financially including the excluded. Imparting financial literacy is also an important task .Normally the financial literacy
Is being imparted through the following Medias: business correspondent/business facilitation, SHG-BANK LNKAGE programme, educational institutions, and information centre in banks etc.

a) The bank usually appoints the BCs and BFs.They are given the training as to the details regarding the various products available in the bank. These BCs and BFs are to meet the unbanked and explain the need and importance of all the financial advice for the better management of the income they earn. Since the unbanked are mostly daily wage earners they don't go an institution when they need an advice regarding a loan application by losing the day income. And most of the times they do not bother to go to a bank and they approach the nearest money lender and take the loan. Here BCs and BFs can enter into play and help these unbanked from exploitation of higher interests.

b) Educational institutions are other organisations which can play an important role in imparting literacy which included both basic literacy and financial literacy. In the syllabus, some chapters or even a module will do on finance, how to manage money and how to save money etc. RBI has prepared certain cartoons which are related to money management as concepts which included how to manage money, how to save money etc. In a very simple and attractive manner. Children will be interested to read cartoon, and grasp the very valuable message from these cartoon. Hence they may share with their parents and even they too start with the habit of saving in a small manner. So while preparing the syllabus the competent authority can take care of these concepts for better inclusion of the unbanked.

c) The SHG – Bank Linkage Programme was started as an Action Research Project in 1989 which was the offshoot of a NABARD initiative during 1987. The SHG - Bank Linkage Programme is a major plank of the strategy for delivering financial services to the poor in a sustainable manner. This programme was mainly for creating a saving habit of the income of women house hold in rural areas. The objectives of the SHG program are to alleviate poverty, increase sustainability, reduce vulnerability, improve capacity building and help the weaker sections build assets. Increased education, better standard of living, reduced child mortality and child labour, emancipation cum empowerment of women, and communal cum religious harmony are value adding benefits to the country. The Self-Help Group (SHG)-Bank linkage model is the dominant channel where commercial banks lend directly to SHGs.This is possible mainly because of the financial literacy being provided by the competent authority to SHG .hence it is another way to include the excluded.

d) Through information centre within the bank- The financial literacy can be provided to the clients who are coming to a bank through an information centre working within the bank. A person can be appointed there to clarify the queries that is being asked by a normal man regarding various aspects related to banking transaction. As it is clear that most of transaction in a bank is highly complicated and confusing a common man may find it difficult to make any transaction with the bank. And this may lead to self exclusion of these people towards banking. Also the procedures for obtaining any service can be explained through these centres as the other banking employees will be too busy with their routine works.

- BETTER SERVICE

This is the next and most important part of the financial inclusion. The major hurdle of financial exclusion was the distance of the formal financial institution from the unbanked population. Only if the customers are satisfied with the service that is being provided they will avail more and more service, otherwise they may switch from one institution to another. The service can be availed through the following various sources:

a) Branch less banking/E-Banking- “Taking banking transactions out of bank branches and into retail store in every neighbourhood and in every village. This set up is called agent or branchless banking” -*Mas Ignacio, Melinda Bill Gates Foundation.*
E -banking is the banking through the internet. It is actually taking the conventional banking outside the normal institution and reaching the customers though electronic means. Here the client does not need to go to bank and make a transaction. Instead he/she can do the same with the help of internet from his/her home any time. Internet banking provides an affordable way to conduct many inquiries and transactions.
E-banking helps in the easy access of the bank without opening a bank branch in a remote area. Technology here helps to reduce the huge investment of opening a new branch in a remote area. It minimises the cost of each banking transaction as well as the easy accessibility of products.[i]

b) Mobile banking – Mobile banking may be explained as the banking with the help of a mobile phone. The mobile phone revolution is sweeping across India and has the potential to dramatically transform the lives of the nation’s rural poor. This also can help in the financial inclusion of the rural unbanked. M-banking is the cheapest way to reach the rural customers. The RBI reports that while the government typically incurs a transaction cost of 12–13 percent, mobile banking brings the cost down to a mere 2 percent. The strongest feature of mobile banking is that it marries the government’s aims of financial and digital inclusion. Transferring money via mobile phones can save days of travel for workers in cities who send money home to families in rural villages Challenges include little awareness about mobile banking, lack of support in vernacular languages, and, perhaps most crucially, security issues for both customers and regulators. the most renowned mobile banking system in the world today, M-PESA in Kenya, was modelled by the UK’s Vodafone.[ii]

c) Micro ATMs- Automated Teller Machines (ATMs) :- (John Shepherd-Barron) is an electronic cash dispenser dispensing cash at any time. The banks customers have stared experiencing the transition from being “a branch customer" to becoming “a customer of the bank". Advantages of ATMs to the customers include 24-7 access availability (any time) of over 32,34 ATMs in the country, anywhere, less time, acceptability of card across multiple bank ATMs. Banks have introduced branch on Wheels /Mobile ATMs/ Biometric ATMs to cater the needs of a large number of areas/villages and un- banked population in a cost effective manner at their doorsteps. It will provide an opportunity to bring banking to India thereby catering to social responsibilities of the country and at the same time getting profit out of it.[iii]

d) Smart cards- In the first delivery mechanism, customers are issued Smart card which is personalized with name, address and photograph of the customer. Biometrics (finger prints) of customers are stored in the Smart card. One Smart card can maintain many accounts depending on its capacity. It may be a contact or contactless card. Basically it works as an electronic pass book of the customers. The transactions process is similar to the one explained earlier.[iv]

e) Hand held device:-

It is a Combat and portable device, and is easy to carry in field and is useful for rural and semi urban scenario. It has a 2-4-line display, 16-key keypad, a thermal printer with eight hours of battery life and has a Capability to work uninterrupted in a completely offline environment.

Connectivity agnostic - can function on the field on any means of connectivity that is available in the country GSM/GPRS, CDMA and the telephone line. Device has backward compatibility to support magstripe cards. It helps in the Settlement among multiple banks using the same infrastructure.[v]

CONCLUSION

The development of the financial sector through the financial inclusion helps the economy in many ways. It includes alleviation of poverty, providing affordable services to the common man. Additionally it will help to inculcate the habit of mobilizing the savings of the poor and thereby lead to the growth of productive sectors in the country. Financial Inclusion, the dream of the whole world can be fulfilled with the help of Information and communication Technology both from an economy and localization perpespective with reduced cost and with greater accessibility.

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CYBER CRIMES IN INDIAN BANKING SECTOR

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Introduction

The Banking sector plays an important role in the economic growth of a country. The banking sector in India is adapting newer technologies and undergoing changes in the way it functions and delivers its services to customers. The traditional "brick-and mortar" bank branches are getting "networked" banking platform, called "core banking solutions". Banking sector has taken major steps to uplift the society through its banking network. Many technological as well as legal reforms have taken place so far. This has not only uplifted the society but has also paved the way for cyber crimes.

Cybercrimes are defined as: "Offences that are committed against individuals or groups of individuals with a criminal motive to intentionally harm the reputation of the victim or cause physical or mental harm to the victim directly or indirectly, using modern telecommunication networks such as Internet (Chat rooms, emails, notice boards and groups) and mobile phones (SMS/MMS)"

Major kinds of cyber crime

1. Phishing
2. Software virus/malicious software's in Banks computer system or a customer computer system
3. Data theft

The most common among the above is Phishing. The Anti-Phishing Work Group (APWG) and the Federal Deposit Insurance Corporation (FDIC), both report that the financial services industry is the most commonly victimized industry. In fact, APWG says banks are about four times more likely to be targeted than any other victimized industry.

Phishing relies on the ability of the perpetrator to fool a victim, and that usually involves 'spoofing'. Spoofing is the imitation (or mimicking) of a legitimate Web site, e-mail or entity communication in order to trick the recipient into believing the communication or website is trustworthy. Thus, phishing involves the use of seemingly legitimate communications (that is, spoofed) to deceive bank customers into disclosing sensitive information, such as bank account information, social security numbers, credit card data, passwords or financial personal identification numbers (PIN). Most often, the purpose of phishing is to gain sufficient information to perpetrate a fraud.

It is evident that, spywares and virus attacks on the computer systems are common in cyber attack cases. These spywares are used by criminals for gathering the financial and personal data. These data are later used for committing fraud by the perpetrators. These are the software's unknowingly crept into the computer systems and transmit the information like your keystrokes or important data in the system to the perpetrators.

Data theft, that is physical as well as computer data, is another source for cyber crimes in banking sector. There were incidents were the bank customer's data were stolen by employees or a vendor of the bank itself and then was used for committing the fraudulent transaction. For e.g. in 2007, there was an incident in US where the information of few million customers of a major bank credit card was on sale among Russian mafia groups.

Cyber crimes in India

Cyber-related crimes, therefore, present an especially high risk to certain industries and types of businesses, including banking industry. We are well aware of the fact that everything has good as well as bad effect on human lives. India is a very large country where one – sixth of the population are unemployed though educated. But this one is not the only reason for cyber crimes in India. However, Banks of India have not shown any willingness to incorporate cyber security measures into their day to day operations. Till now Indian banks have shown poor track record of cyber security usage.

Many good ideas are suggested by RBI, but in vain. The Indian banks rarely follow the direction with regard to Cyber crime connected to online banking. RBI suggests appointing a Chief Information Officer and a Steering Committee for each bank who can device the policies and planning against cyber threats. Cyber security policy is a very big issue that is not considered widely.Many people of higher cadre like RBI officials, lawyers and consultants have spoken about bringing big measures for eradication of cyber crime or computer crimes and also establishing of robust laws enforcement. But in reality the banks of India are not well monitored or reviewed by the higher authority. The majority of the cybercrimes cases are brushed under the carpet and most of the cases are not filed or reported to the police due to fear of loss of image, if the cases comes to light. India has to travel miles together to implement cyber security to overcome the biggest problem of online banking.

Today, more and more technologies like mobile access, net access etc. are changing the way traditional banking works and not surprisingly, the number of fraudsters eyeing others account have also multiplied. Globally, billions of dollars are stolen from the consumer accounts by attacks called phishing and the scale of such fraud in India is also not far behind. Recently there was a surge in financial scams which are organized from countries like Nigeria, Somalia and few African countries where lawlessness prevails.

Action points which can reduce or nullify cyber crime threats and it's impact

Below are few things which need to be taken care by the banks as well as the customers to stay away from the threats in the cyber-world.

- With the growing cyber-crime threat and increasing institutional liability, there is no other option for banks but to be 'proactive'. It is a given fact that more than 30 percent of successful hacks are committed by employees or related persons. A bank needs to deploy a comprehensive strategy to enable a reliable system of computer network security. No need to say that, the first line of defense is keeping the basic level of security features like any other form of corporate security—from sign-in sheets to identification badges to biometrics.
- With several transactions being conducted online, it would be important for banking sectors to purchase insurance. In India only few banks are taking cyber crime insurance because of the high cost. Thousands of cyber crimes plague the country every year. Yet, not a single Indian insurance company offers a comprehensive anti-cybercrime policy for the banking sector in India. Insurance companies should come forward to support the banking sector to minimize their burden of risk management. Companies in India need to spruce up their security policies and buy insurance against cyber crime. With a vast number of transactions being conducted online, insurance would be integral to protection against cyber crime.
- The Information Technology Act needed to be tightened. The Act should give legal authority to the insurance company to inspect the computer of the victim as well as the perpetrator in order to assess the claim. Currently insurance companies do not have the authority to examine evidence which in turn makes it difficult to assess losses. Besides,

there is little information about how cyber crimes are committed to design comprehensive policies and assess the premium. Steps should be taken to give legal authority to the insurance company to inspect the computer of the victim as well as the perpetrator in order to assess the claims.

- Banks of India must upgrade their cyber security infrastructure and establish a cyber security policy. So far RBI has directed many measures to minimize Cyber crime but is should also make sure that its directions regarding cyber security policies and practices are accepted and implemented by banks in India.
- RBI should enforce robust laws which will force the Indian banks to better use of the technology.
- The risk assessment needs to be done appropriately, which can help to device the strategy and action plans for reducing the cyber crime threats. The bank should analyze all possible threats and risk associated with cybercrimes and similar malicious activities.
  - Law enforcement must be aware that technology is continually advancing and that the criminal element will adopt new technology as it comes along.
  - Since phishing is prevalent, read up on the latest phishing scams and learn how to recognize a phishing attempt. Remember, phishing is when hackers attempt to lure you into revealing personal information by pretending to be a legitimate organization or person. These scams often play off major new stories, so keep informed on the latest news-related scams.
  - Use comprehensive security software and keep the system updated - Because hackers have a wide variety of ways to access computer system and information, comprehensive security software is needed to protect the computer system from all angles. There are security software's available in the market like Norton, McAfee etc. Security software's in the system needs to be kept up-to-date and need to perform regular scans.
  - Use strong passwords - Strong passwords can go a long way in helping secure your information, so choose a password that is at least 10 characters long and consists of a combination of letters, numbers and special characters. Also consider changing the password periodically to reduce the likelihood of it being compromised.
  - Use common sense - Despite the warnings, cybercrime is increasing, fueled by common mistakes people make such as responding to spam and downloading attachments from people they don't know. So, use common sense whenever you're on the Internet. Never post personal information online or share sensitive information such as your social security number and credit card number. Exercise caution when clicking on any links or downloading any programs

Conclusion

The total eradication of Cyber crime is not possible at present. But by educating the customers and providing awareness with the help of telecommunications industry and proper usage of effective security technologies and of course with the help of Insurance companies, a lot can happen.

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A STUDY OF USEABILITY OF MOBILE BANKING IN SBI

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Introduction

Finance is the life blood of trade, commerce and industry. Now-a-days, banking sector acts as the backbone of modern business. Development of any country mainly depends upon the banking system. In simple term, Banking deals with lending advances, receiving deposits and other related financial services. It receives money from those who want to save in the form of deposits and it lends money to those who need it.

Banking provides large number of services to their customers. It is divided into primary and secondary services. Primary services include lending money and receiving deposits from customers. Secondary services are agency and utility services. This Study focuses on effective utilisation of modern services provided by SBI. The researcher has taken the topic as “Mobile Banking in SBI”. Mobile banking provides large number of utility services. It is available for both the public and private sector banks. Public and Private sector banks provide multifarious facilities for the convenience of the customers, but the customers prefer a combination of convenience cum simplicity in operation and feasibility to access anywhere at any time. Hence to serve this purpose the SBI introduced the mobile banking as one of its technological advancement.

India has the second-largest mobile phone users with over 881 million in the world as of October 2011. It has the world's third-largest Internet users with over 121 million as of December 2011.India is now regarded as the world's most competitive and one of the fastest growing telecom markets. Even our village students have internet connection on their own mobile phones.

SOURCES OF THE DATA

The primary data was collected from the mobile users in Chennai. Websites, Journals, Research articles, Newspaper were used as sources of secondary data. Among the secondary data the SBI websites and RBI guidelines and prominent sources referred.

OBJECTIVES OF THE STUDY

In this study the author made an attempt to examine the benefits of mobile banking . Further, the author attempts to identify the factors that practical application of technology. Hence the major objectives of this study are listed below:

- To evaluate the concepts related to mobile banking
- To evaluate the possible advantages and disadvantages of mobile banking
- To analyse the different groups of users.
- To analyse the practical application of technology
- To provide suitable guidelines to improve the awareness among on using mobile banking

CONCEPTS RELATED TO MOBILE BANKING

Inter-bank Mobile Payment Service(IMPS):

It is a new facility added to Mobile Banking Service. It facilitates funds transfer to an account of the beneficiary with a participating bank, based on beneficiary’s Mobile Number and MMID

Mobile Money Identifier (*MMID*). MMID is a 7 digit number allotted by your Bank for receiving funds through IMPS. The bank will allot MMID when you register your mobile number and account number in which you wish to receive funds. If you have more than one account, you will get a separate MMID for each account.

The following information can registered on customer mobile.

- Enter the Mobile No of the payee
- Enter the MMID of the payee
- Enter the purpose
- Enter amount
- Enter the MPIN and complete the request

E-Commerce & M-Commerce:

M-commerce (mobile commerce) is the buying and selling of goods and services through wireless handheld devices such as cellular telephone and personal digital assistants (PDAs). Known as next-generation e-commerce, m-commerce enables users to access the Internet without needing to find a place to plug in. The emerging technology behind m-commerce, which is based on the Wireless Application Protocol (WAP), has made far greater strides in Europe, where mobile devices equipped with Web-ready micro-browsers are much more common than in the United States.

The m-commerce market potential, handset manufacturers such as Nokia, Ericsson, Motorola, and Qualcomm are working with carriers such as AT&T Wireless and Sprint to develop WAP-enabled smart phones, the industry's answer to the Swiss Army Knife, and ways to reach them. Using Bluetooth technology, smart phones offer fax, e-mail, and phone capabilities all in one, paving the way for m-commerce to be accepted by an increasingly mobile workforce.

As content delivery over wireless devices becomes faster, more secure, and scalable, there is wide speculation that m-commerce will surpass wireline e-commerce as the method of choice for digital commerce transactions. The industries affected by m-commerce include:

- Financial services, which includes mobile banking (when customers use their handheld devices to access their accounts and pay their bills) as well as brokerage services, in which stock quotes can be displayed and trading conducted from the same handheld device
- Telecommunications, in which service changes, bill payment and account reviews can all be conducted from the same handheld device
- Service/retail, as consumers are given the ability to place and pay for orders on-the-fly
- Information services, which include the delivery of financial news, sports figures and traffic updates to a single mobile device

Research findings related to mobile banking:

- Mobile commerce will increase at a rate of 65% annually to reach $24 billion in 2015mCommerce grew about 150% to 200% last year.
- Active mobile banking users in the US will grow from 10 million in 2009 to 53 million by 2013 mCommerce will be bigger that ecommerce within 5 years.
- In 2015, $119 billion worth of goods and services will be purchased via a mobile phone. The market for mobile payments is expected to quadruple by 2014, reaching $630 billion in value. 20% of all consumers and 32% of 18-34 year olds are researching purchases via mobile at least monthly. The mobile user should register their Merchant name, merchant

data, merchant amount and Debit form account. Later, this service is connected by SBI with the customer merchant.

BOOK AIRLINE/ RAILWAY/ BUS/ MOVIE TICKETS AND SHOP FROM YOUR MOBILE

The mobile bank user can book airline/ rail/ bus/ movie tickets and also shop online from his mobile phone using State Bank Freedom through NGPAY application. NGPAY application works on all java enabled phone having GPRS connectivity. NGPAY offers a wide range of services with its merchant partners. The facilities available are entertainment, travel, online shopping, etc.

The application is menu driven, user friendly and will guide the customer through the different screens. After completing the transaction the customer will be given a choice of Banks.

The customer has to Select the State Bank Account and enter the customer account number which has been enabled for Mobile Banking Service. This is a onetime exercise since the account number can be saved under a nickname and need not be entered every time you conduct a transaction.

DEMAT SERVICE

It is another important concept related to mobile banking. Traditionally, all the shareholder had their share certificate in the form of Physical format i.e. paper format. In the modern era, the shareholders have the facilities to convert the physical balance into electric balance. SBI offers Demat services that would ensure free transferability of securities with speed, accuracy and *security.*

SBI is Depository Participant both with - National Securities Depositories Limited (NSDL) and Central Depository Services Limited (CDSL) through more than 1000 branches.
The following procedures should be followed by the mobile customer for getting the benefit of Demat services in his mobile.

- Select the Demat account.
- Request the Cheque book facilities.
- Get the General OTP i.e. One Time Password.

MAGNETIC INK CHARACTER RECOGNITION (MICR)

In MICR technology the information is printed on the instrument with a special type of ink which is made up of magnetic material. On insertion of the instrument in the machine, the printed information is read by the machine. MICR system is beneficial as it minimizes chances of error, clearing of cheques becomes easy and transfer of funds becomes faster in order to facilitate operations. The customer gets a 9 digit number in 600006012 formats which denote information about customer branch name, transaction details, interest rate. The mobile banking user can use the code and get the information from anywhere and anytime around the world.

MOBILE TOP UP

This service was tested by the researcher with his respondent who is a mobile banking customer. The customer gets commercial benefits. He recharged for Rs.100 but he got a talk time of Rs.110. This facility is available in his mobile or internet banking. Before using this facility, the customer should register their service provider, mobile number, and amount in his mobile. The SBI connects the customer number and the service provider through its mobile top up services. The customer gets SMS with all details about the recharge immediately.

CONCLUSION

India is in the progressing towards the stage of financial inclusion. Finance is the life blood of not only trade and commerce but also need to satisfy the object of financial inclusion i.e. banking services to all. This Objective can be fulfilled through mobile banking. Mobile banking has the possibility to improve the accessibility of banking facilities in a convenient, simple and secure anytime and anywhere.

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Mobile Banking – The Future

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Mobile Banking- An Introduction

The spread of mobile phones across the developing world is one of the most remarkable technology stories of the past decade. Buoyed by prepay cards and inexpensive handsets, hundreds of millions of first-time telephone owners have made voice calls and text messages part of their daily lives. Mobile Banking is a term used for performing balance checks, account transactions, payments etc via, a mobile device such as a mobile phone. Mobile banking today is most often performed via SMS or the mobile internet but can also use special programs called clients downloaded to the mobile device. Mobile Banking is often performed by SMS, and hence it is also known as SMS Banking. It is also known as M-Banking. The growing number of mobile subscribers in the country forms the most valuable support base for the growth and success of mobile banking.

Mobile Banking Models

I. Business Models

A wide spectrum of Mobile/branchless banking models is evolving. These models differ primarily on the question that who will establish the relationship (account opening, deposit taking, lending etc.) with the end customer, the Bank or the Non-Bank/Telecommunication Company (Telco). Models of branchless banking can be classified into three broad categories - Bank Focused, Bank-Led and Non Bank-Led.

1. Bank-focused model

The bank-focused model emerges when a traditional bank uses non-traditional low cost delivery channels to provide banking services to its existing customers. Examples range from use of automatic teller machines (ATMs) to internet banking or mobile phone banking to provide certain limited banking services to banks' customers. This model is additive in nature and may be seen as a modest extension of conventional branch-based banking.

2. Bank-led model

The bank-led model offers a distinct alternative to conventional branch-based banking in that customer conducts financial transactions at a whole range of retail agents (or through mobile phone) instead of at bank branches or through bank employees. This model promises the potential to substantially increase the financial services outreach by using a different delivery channel (retailers/ mobile phones), a different trade partner (Telco / Chain Store) having experience and target market distinct from traditional banks, and may be significantly cheaper than the bank based alternatives. The bank-led model may be implemented by either using correspondent arrangements or by creating a JV between Bank and Telco/non-bank. In this model customer account relationship rests with the bank.

3. Non Bank-led model

The non-bank-led model is where a bank does not come into the picture (except possibly as a safe-keeper of surplus funds) and the non-bank (e.g. Telco) performs all the functions.

Mobile Banking Services

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

I. Account Information
• 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
II. Payments & Transfers
• Domestic and international fund transfers
• Micro-payment handling
• Mobile recharging
• Commercial payment processing
• Bill payment processing
III. Investments
• Portfolio management services
• Real-time stock quotes
• Personalized alerts and notifications on security prices
IV. Support
• Status of requests for credit, including mortgage approval, and insurance coverage
• Check (cheque) book and card requests
• Exchange of data messages and email, including complaint submission and tracking
V. Content Services
• General information such as weather updates, news
• Loyalty-related offers
• Location-based services

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 banks 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.

1. **IVR – Interactive Voice Response**

IVR or Interactive Voice Response service operates through pre-specified numbers that banks advertise to their customers. Customer's make a call at the IVR number and are usually greeted by a stored electronic message followed by a menu of different options. Customers can choose options by pressing the corresponding number in their keypads, and are then read out the corresponding information, mostly using a text to speech program. 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).

2. 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. For example, customers of the HDFC Bank in India can get their account balance details by sending the keyword 'HDFCBAL' and receive their balance information again by SMS. The main advantage of deploying mobile applications over SMS is that almost all mobile phones are SMS enabled.

3. 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. WAP sites offer the familiar form based interface and can also implement security quite effectively.Bank of America offers a WAP based service channel to its customers in Hong Kong. The banks customers can now have an anytime, anywhere access to a secure reliable service that allows them to access all enquiry and transaction based services and also more complex transaction like trade in securities through their phone.

4. 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. The major disadvantage of mobile application clients is that the applications needs to be customized to each mobile phone on which it might finally run.

Advantages of Mobile Banking

The biggest advantage that mobile banking offers to banks is that it drastically cuts down the costs of providing service to the customers. For example an average teller or phone transaction costs about $2.36 each, whereas an electronic transaction costs only about $0.10 each. Additionally, this new channel gives the bank ability to cross-sell up-sell their other complex banking products and services such as vehicle loans, credit cards etc.

Challenges

- The costs of developing and deploying mobile technologies are often onerous for organizations. While some players are willing to donate their services for smaller projects, there are questions as to whether scaled initiatives would receive the same level of support.
- The potential for scaling up 'mobile for good' initiatives may come with identifying commercial incentives, as is the case with Group Special Mobile (GSM), designed to protect human populations and elephants in Kenya. Hence, it holds promise for expanding and sustaining the impact of such initiatives in the future.

Future Scope of Mobile Banking

Mobile banking in India is set to explode - approximately 43 million urban Indians used their mobile phones to access banking services during quarter ending August, 2011, a reach of 15% among urban Indian mobile phone user. Apart from this, Mobile banking services can travel seemingly effortless across distance, and which constitutes the bridge that many donors now put their hope to. Mobile banking services are believed to have a real development impact, as it can bring financial services to previously unbanked people.

Conclusion

Mobile banking is poised to become the big killer mobile application arena. However, banks going mobile the first time need to tread the path cautiously. The biggest decision that banks need to make is the channel that they will support their services on. 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. Nevertheless, 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.

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MANAGING CHALLENGES IN BANKING INDUSTRY

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Introduction

Financial System is the most important institutional and functional vehicle for economic transformation of any country. Banking sector is reckoned as a hub and barometer of the financial system. As a pillar of the economy, this sector plays a predominant role in the economic development of the country. The geographical pervasiveness of the bank coupled with the range and depth of their services make the system an indispensable medium in every day transactions. The virtual monopoly of banks in `Payment Mechanism' touches the lives of millions of people every day and every where. Thus the banking sector has been playing a significant role as growth facilitator.

Challenges facing Indian banking

The main challenges facing by Indian banking are the role of financial instrumentation in different phases of the business cycle, the emerging compulsions of the new prudential norms and benchmarking the Indian financial system against international standards and best practices. The need for introduction of new technology in the banking and the importance of skill building and intellectual capital formation in the banking industry are also equal important.

Benchmarking - the need of the day:-

Indian organizations are becoming world class both in terms of size and performance. Therefore, there is a greater need to become superior in performance consistently. Quality is becoming the hallmark for both products and services. Indian and multinational organizations are increasingly becoming quality conscious and try to deliver high quality products and services to customers. Quality delivery which was the property of General Electric, Ford, General motors, Xerox and AT&T had become the buzzword in many corporate circles in India as well. From Software major Infosys to Automobile giant Mahindra are adopting best in class technologies, borrows and adopt best ideas, incubate and implement them as part of their corporate strategy.

Financial intermediation

Till recently the role of banks in the economy was perceived to be 'catalysts' of mobilizing resource requirement for growth. This view has undergone a change and banks are no longer viewed as passive mobilize of funds, Efficiency in the financial intermediation is the ability of the financial institution to intermediate between savers and investors, to set economic prices for capital and allocate resources among completing demands is now emphasized. In the wake of the recent emphasized in the economy the intermediation role assumes even greater relevance. By virtue of their experience and superior credit assessment of the investment proposals banks should play a significant role in identifying and nurturing growth impulse in the commodity and service producing sector in the economy.

Market discipline

Transparency and disclosure norms are assuming greater importance in the emerging environment. Banks are now required to be more responsive and accountable to the investors.

Banks move to disclose in their balance sheets information on maturity profiles of assets and liabilities, lending to sensitive sectors, movements in NPAs, besides providing information on capital, provisions, shareholdings of the government, value of investment in India and abroad, and other operating and profitability indicators. They also have to make a disclosure of total investments made in equity shares, units of mutual funds, bonds and debentures and aggregate advances against shares in their notes to balance sheet. Efforts are on to set up a credit information bureau to collect and share information on borrowers and improve the credit appraisal of banks and financial institutions.

Adopting International Standards

The fallout of Asian crisis and the impetus given to the strengthening of domestic financial systems has resulted in a more by the regulators to set up universally acceptable standards and codes for benchmarking financial systems. RBI has also set-up an advisory group to draw a road map for implementation of appropriate standards and codes in light of existing levels of compliance, cross country experience and the existing legal and institutional infrastructure. In view of the vast diversity in the size, an asset liability profiles of the banks it becomes very difficult for a few of them to meet the new benchmark of global standards. Each bank has to draw it own strategy to move towards this direction.

Technology Banking

Innovation in technology and world-wide revolution in information and communication technology are perceived to be the catalyst of productivity growth. The relationship between IT and Banking is fundamentally symbiotic. It is expected to reduce costs, increase volumes and facilitate customized products. Technology adoption is a dire necessity for the public sector banks to complete with new generation private sector and foreign banks. It is a `compulsion' rather than a `choice'. Retention of existing customer is the primary concern of majority of the banks today. The major challenge for banks is to fall in line with the emerging scenario and adopting the require technology to provide stake-of-the-art services to the customers. Introduction of on-line, inter-connected automatic teller machines (ATM), telephone banking, on-line bill payment and Internet banking are some of the high tech facilities. Banks have to provide in order to survive in the competitive scenario. Technology should ultimate results in better customer service, low cost and quick delivery.

Rural banking

Having committed 75% of their branches network to serving rural and semi-urban population, public sector banks have to adopt a financial emerging approach to rural banking.

Human resource development in banks

The core function of HRD in the banking industry is to facilitate performance improvement, measured not only in terms of certain financial indicators of operational efficiency but also in terms of quality of financial services provided. The skill level, attitude and knowledge of the personnel play an important role in determining the competitiveness of a bank. Banks have to understand that the capital and technology-considered to be the most important pillars of banking -are replicable, but not human capital, which needs to be viewed as a valuable resource for the achievement of competitive advantage. The primary concern of the bank should be to bring in proper integration of human resource management strategies with the business strategies. It should faster cohesive team work and create commitment to improve the efficiency of its human capital. More than operational skills today's banking call for these `soft skills' to attend the needs and requirement of the customers at the counter. The need to adopt global best practices to financial sector regulation and supervision and adopt them to the domestic environment, places a premium skills and expertise of the bank human resources.

Conclusion

The Indian banking industry is facing newer challenges in terms of narrowing spreads, new banking products and players and mergers and acquisitions. Adoption of risk management tools and new information technology is now no more a choice but a business compulsion. Technology product innovation, sophisticated risk management systems, generation of new income streams, Building business volumes and cost efficiency will be the key to success of the banks in the new era. In the present environment where change is invisible, it is not enough if bank change with the change, but they have to change before the change. They should perceive what customer want and accordingly structure their product and services.

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E-INSURANCE IN INDIA – ITS PROBLEMS AND PROSPECTS

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Introduction :

Insurance is a Co-operative device to spread the loss caused by a particular risk over a number of persons. Who are exposed to it and who agree to insure themselves against the risk. It is a social device to accumulate funds to meet the uncertain losses arising through a certain risk to a person injured against the risk.

E- Insurance : - An Introduction :

Now In India all types of Insurance business are carried on. Innovation of Insurance business has taken accelerated development in India since 2000. It has been observed by international agencies too. All the insurers are busy with New product Development, Underwritting simplification and Distribution strategies. The Government is cautious about fraud and mis appropriation by insurers as well as insureds. One of the new technique or application carried on in the insurance field is E-Insurance.

E-Insurance can be broadly defined as the application of Internet and related information technologies (IT) to the production and distribution of insurance services. In other words, It can be defined as the provision of an Insurance cover where by an insurance policy is solicited, offered, negotiated and contracted online. While payment, policy delivery and claims processing may all be done online as well, technical and regulatory constraints may not allow these elements to be subjected to full e-commerce application in certain countries.

All the Insurance companies are controlled and guided by IRDA.

For reducing transaction costs and ensure swift modifications in Insurance policies, the sectoral regulator IRDA unveiled guidelines for issuing them electronically on Apr, 30th 2011.

It also laid down the guidelines for repositories, which compile and store data about policy holders on behalf of insurance companies.

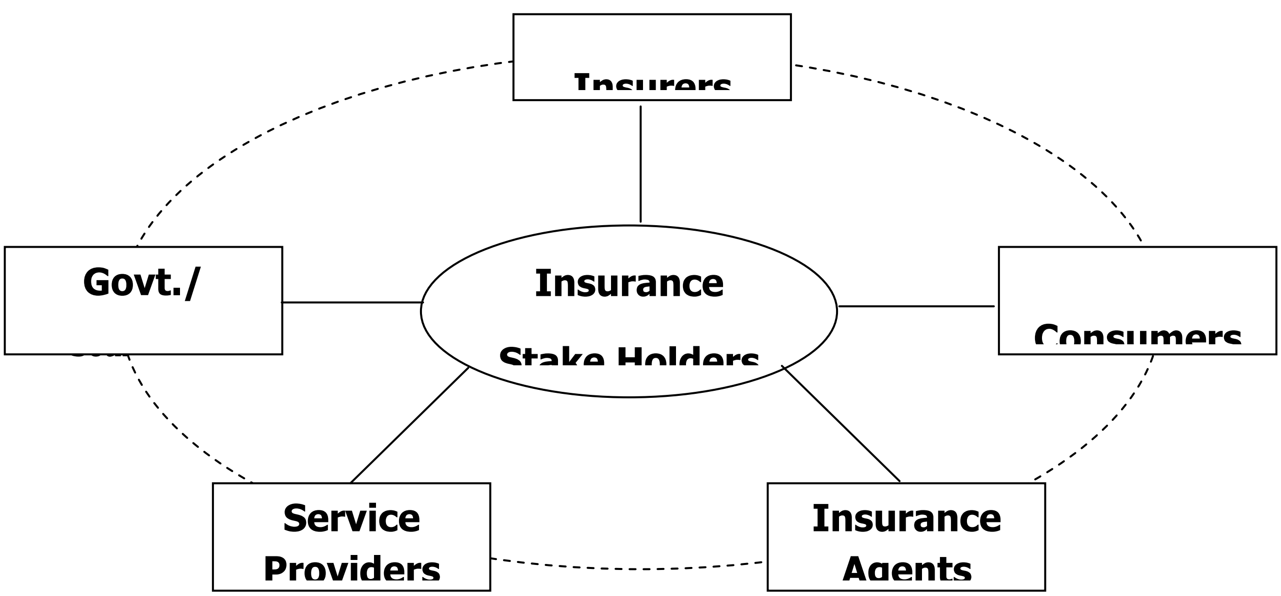
“The objective of creating an insurance repository is to provide policy holders a facility to keep insurance policies in electronic form and to undertake changes, modifications and revisions in the insurance policy with speed and accuracy.

No cost of e-insurance shall be collected from e-insurance account holders either by an insurance repository or an insurer.

Need for E-Insurance :-Modern world has become too technical. Every aspects in every sectors fully depend upon technology and computers. Insurance sector is one of these sectors in which all the operations are being modernised and computerised. Because,

- Role of Technology is inevitable one, in all the aspects of our life.
- Because of the improvement in Internet and world wide web, all are connected easily through web through E-mail and chating.
- Fast access through mails and chatting is possible. Most of us don't have time to meet the agent and they could not spare more time in choosing the policies. For that people E-Insurance will be more helpful. Then can easily go through the policy norms, and other attractive schemes through Internet.
- To reduce commission paid to "intermediaries E-insurance in needed, since, the policy can be sold directly to clients. Agents receive a commission of 10% to 15% for non-life policy sales & renewals and from 35% to 100% for life policy in the first policy year but must less on renewal.
- To reduce internal administration and management costs by automating business processes, permitting real time networking of company departments and improving Management information.

Role of E-Commerce on Insurance Industry : Insurance is the broader area of financial services in which electronic commerce will play a significant role. The following is the diagram showing the connectivity among the members in the insurance process.



The Insurance business is interconnected with Insurers, Govt., Service Providers, Insurance agents and consumers. In E-Insurance all the interconnections and communications are done through Internet. E-Commerce plays a vital role in E-Insurance. The following is the table showing growth of E-Commerce.

Year	Growth (in INR Crores)
2007	8,146
2008	14,030
2009	19,688
2010	31,598

Source : Mediaconnection.com

In E-Insurance both B2C and C2B model of E-commerce is adopted B2C is Business to Consumer. A company contacts the clients while proposing an Insurance Policy and after proposing a policy, premium payment and renewal and other services are done. In C2B model consumer or client contacts the insurance company in choosing the policy, on premium payment and other services.

IRDA Guidelines to E-Insurance :

IRDA who is the controlling and Regulatory Authority of all Insurance companies issues some guidelines regarding the E-Insurance.

1. All Insurance policies in Electronic form shall be treated as valid insurance contracts.
2. A certified insurance repository has to have a networth of at least Rs. 25 crore without any foreign investment and wherein no insurance company can hold over 10% or hold any Managerial position.
3. The Insurance repository before commencing the operations shall put in place measures to safeguard the privacy of the data maintained and adequate systems to prevent manipulation of records and transactions.
4. The Insurer can enter into an agreement with one or more insurance repositories for maintaining the electronic insurance policies.

Benefits of E-Insurance :

Since E-Insurance reduces transaction cost, Brokerage and Commission of Agents, It has many benefits to the companies who are adopting E-Insurance and the clients who purchase policies through E- Insurance. The Benefits are divided in to two parts (i) Company Points of view and (ii) Customer point of view.

(i) Company Point of view :-

a. E-Insurance enables faster communication and thereby reduces cost of companies.
b. In E-Insurance the online request for quotes and data gathering which improves efficiencies and customer satisfaction.
c. In reduces printing and postage expenses and time.

d. After servicing and guidance in payment of premiums and claims are made easily through internet.

e. Insurance Marketing is developed very much after the arrival of E-Insurance. Launching of new products and any other new information is conveyed to the customer successfully through Internet and can get immediate response for that.

(ii) From Consumer point of view :-

a. Faster Transaction is possible in E-Insurance, thereby time and cost are saved.

b. No Mediators are involved, and thereby true information about the policies are revealed to the clients. So, the premiums will be reduced. Since, the agents commission is also included in the premium.

c. Insurance Education is promoted and a customer who buys the policy can know full details about the policy at a stretch.

Problems in E-Insurance : -

Eventhough there are so many merits regarding E-Insurance, equally there are so many problems which has to be discussed clearly.

1. The main problem in adopting E-Insurance is lack of computer knowledge and lack of knowledge about Insurance among the policy holders.
   Most of the clients buy policies with the help of Agents and Mediators. Since they do not have adequate knowledge in calculating premiums according to their age family background etc.

2. There is a change of negligence of reading of the policy rules and regulations. They avoid reading lengthy documents which contains rules and regulations about the policy. Reading rules of policies is most important in E-Insurance, since the client directly purchase the policy in on-line.

3. At present, it covers only a particular group of people who use computers in their daily life and those people who are practised in online transactions.

4. E-Insurance does not give coverage to rural Insurance. Because most of the poor people in rural areas do not have Bank accounts. They do not know about Insurance and If they know, they depend completely on Agents and Intermediaries to buy a policy.

5. The Policy holders who buy policies through online do not get the service of agents who could provide some services after taking policies. For Eg :-
   (i) An agent remains and collects the premium amount from the client.
   (ii) In case claims, he will help to forward the claim and help in settlement of those claims.
   These are not possible in E-Insurance.

6. Too much of policy lists and Advertisements in online to attract the customers, could make the customer confused in choosing the right policy according to his background and there are chances for choosing a wrong policy.

7. Lack of Job opportunities to large number of agents & Mediators.

Prospects of E-Insurance :

E-Insurance come in to existence only on April 2011. So, its merits and problems are analysed to some extent.

1. For the growth of E-Insurance in future, Insurance Education and awareness is needed and to be developed among the people.

2. Growth in IT Industry and growth in GDP will promote growth in Insurance sector. And there by E-Insurance has bright future for development.

Conclusion :

E-Insurance come in to existence only on April 2011. So, its merits and problems are analysed to some extent. It has further prospects of growth depending upon the growth of Insurance and other allied industries. So, I conclude that E-Insurance will gain its own importance and development in future.

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FINANCIAL INCLUSION THROUGH MOBILE TECHNOLOGY

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I. Financial Inclusion

Financial inclusion denotes delivery of financial services at an affordable cost to the vast sections of the disadvantaged and low-income groups. The various financial services include credit, savings, insurance and payments and remittance facilities. The objective of financial inclusion is to extend the scope of activities of the organized financial system to include within its ambit people with low incomes. Through graduated credit, the attempt must be to lift the poor from one level to another so that they come out of poverty.

The scope of the financial inclusion can be expanded in two ways i.e. either through state- driven intervention by way of statutory enactments or through voluntary effort made by the banking community itself for evolving various strategies to bring large section of population within the ambit of the banking sector.

As banking services are in the nature of public good, it is essential that availability of banking and payment services to the entire population without discrimination is the prime objective of the public policy (Leeladhar,Deputy Governor, RBI). At present, many lower income peoples in remote areas and rural areas have not appropriate banking services in India. Therefore, the government of India and the Reserve Bank of India encouraging to commercial and cooperative banks to provide banking facilities to those peoples through Mobile Technology.

Table: 1- Present Status of Financial Inclusion
Total population and Number of Bank accounts in various regions of India

REGIONS	Total Population (In Numbers)	Percentage of population (%)	Total No. Of accounts (In Numbers)	Percentage of accounts (%)	*No. of acc. Per 100 of population*
NORTH	132676462	12.92 %	56631826	17.65%	*43*
NORTH-EAST	38495089	3.75 %	7367684	2.3%	*19*
EASTERN	227613073	22.16 %	49690359	15.48%	*22*
CENTRAL	255713495	24.9 %	66456406	20.71%	*26*
WESTERN	149071747	14.52 %	52703203	16.42%	*35*
SOUTHERN	223445381	21.76 %	88052912	27.44%	*39*
ALL-INDIA	1027015247	100 %	320902390	100%	*31*

Source: www.rbi.org.in

II MOBILE SERVICES AND ITS STATUS IN INDIA

India **as** a countrypresents great diversity in its geography, history, and culture, population demography. The diversity makes it extremely difficult to suitably categorize the country on economic, political, religious or demographical grounds post-independence growth has led to overall development of the country as a whole but it has also divided it into two distinct segments thus providing a suitable basis of categorization in the form of rural India and urban

India. India has more than 700 million mobile subscribers but only 240 million individual are having bank accounts.

Recent scenario shows that, wireless infrastructures have emerged as an effective option of connecting to an ever-evolving expansive information network such as the Internet and mobile phone service in India. In the 21st century, "mobile" does not only mean of communication it is now mean of banking and financial services. Even Various initiatives use mobile phones to provide financial services to „the unbanked and mobile banking provides the benefit of convenient financial transactions.

India has crossed the 600 Million mobile subscriber mark (Source:TRAI,November2010) for a population of 1.2 billion. Hats off to India’s telecom industry, including legacy and new telecoms. Naturally, this is the best technology channel for any company (especially in retail) to offer its products and services—especially Customer Services—in this market. Comparatively, the Internet has been a laggard with numbers of around one-eighth that of mobile penetration. India’s Internet base cannot and probably will not achieve the targets set by its promoters (including the government and the industry) because of various reasons including government policy, the size of the country, cost and ROI timeframe of such projects etc. The most challenging bit has been the last mile—connecting the consumer by a wire. This would have been eliminated if wireless Internet had been strong, but unfortunately, though prices for Wireless Broadband Internet Access have come down, they are still expensive and would still make a normal laptop user think twice about a wireless alternative. Besides which non-metro areas still have 1X wireless connectivity vs. full broadband wireless for approximately 20-30 Indian cities.

Table: 2

MOBILE SERVICES IN INDIA: SUSTAINABLE DEVELOPMENT

Year	**Number of Mobile Subscribers (In Millions)**	No of cellular groups in India
2001-2002	6.54	12
2002-2003	13.00	12
2003-2004	36.69	13
2004-2005	52.23	13
2005-2006	90.14	13
2006-2007	165.11	13
2007-2008	261.11	13
2008-2009	391.76	13
2009-2010	584.32	16

Source: annual report of TRAI, 2009-2010

III MOBILE BANKING

TERM ‘M-BNKING’ Mobile banking is simply application of mobile (Cell) phone dives as mean of banking via Wireless Application Protocol (WAP), GPRS and 3G technology and short message service (SMS) facilities. Mobile financial services is a term applied to a range of financial activities conducted using mobile devices, such as cellular phones or personal digital assistants (Cheney, 2008). The terms m-banking, m-payments, m-transfers, m-payments, and m-finance refer collectively to a set of applications that enable people to use their mobile telephones to manipulate their bank accounts, store value in an account linked to their handsets, transfer funds, or even access credit or insurance products (Donner, 2007; Donne and Telleze, 2008). Mobile banking allows bank customers to check balances, monitor transactions, obtain other account information, transfer funds, locate branches or ATMs, fund transfer, mobile phone recharge, pay bills, tax pay etc. All these service are performing via SMS, WAP, GPRS, 3G or mobile Internet. According to International Finance Corporation (World Bank), m-banking refers to financial transactions undertaken using a mobile device against a bank account accessible from that device i.e. M-Payment, Mobile-money Transfer, M-Walletsetcit is the broader set of payments and financial transactions that can be enabled across mobile networks**.**

The mobile banking service at their financial institution:

- ✓ Add or remove a bank account from a list of available accounts managed through mobile banking.
- ✓ Simulate transactions in order to try the system.
- ✓ Verify the balance of their bank accounts.
- ✓ View the most recent transactions on their bank accounts.
- ✓ Accounts managed through mobile banking.
- ✓ Apply for and pay off a credit line.
- ✓ Check the amount of credit available on their credit cards.
- ✓ Obtain cash advances on their credit cards.
- ✓ Check the balance of their credit card accounts.
- ✓ Pay their credit card account.
- ✓ Recharge their pre-paid mobile accounts.
- ✓ Pay utility bills, such as electricity, Internet and mobile subscriptions, or any other bill that can be registered with the financial institution
- ✓ Pay other services through reference numbers found on the bills.
- ✓ Add or remove a credit card account form the list of available Transfer funds between different accounts.
- ✓ Transfer funds between different accounts including to another customer's account, or an account in a different bank.
- ✓ Mobile Wallet (stored value account).

IV ORIGIN OF M-BANKING

According to Ogawara, Jason and Pete (2002) the concept of mobile payment originates in Finland. Sonera, a telecommunication company in Finland, released a mobile payment system named Sonera Mobile Pay (SMP) in 1999. Then cellular payment service named Pay Box started in 2000 to online shopping In Germany. In 2001, service like SMP service Protect was released as Mobile Money System (MMS) in Japan. Korean banks also developed mobile banking network to reduce transaction cost in banking operations and increase convenience since 2002 and launched post pay mobile payment system (Terri and Fumiko,2007). Bank of America offers mobile banking through a browser-based program In USA. Wells Fargo offers mobile banking through either a browser-based program or SMS text messaging service and Wachovia offers mobile banking either through a browser-based service or a downloadable mobile banking application in USA. Over 1.6 million users was using m-banking services in 2007, Bank of America, reported having 5,00,000 active users of its mobile banking service In USA. Mobile banking users are projected to reach almost 35 million by 2010. In order to demand of mobile divides to use in m-banking almost of cellular device developer companies alike Ericsson, Motorola, Nokia, LG, Siemens, Samsung, Sony etc. are developing their mobile handset according to m-banking requirements. Most recent handsets are enabled with CDMA, GSM, WAP, 3G, SMS, MMS, JAWA, GPRS, Bluetooth, Infrared, and windows also.

V ECONOMICS OF M-BANKING:M-banking is cost effective way to provide banking services to the unbanked because there is no need to set up physical branches to facilitate customers it called as it is „branchless banking. It is branchless bank model includes enhanced ability to carry out limited banking transactions via mobile phone. Only bank should develop their m-banking system and register their customers electronically for m-banking. It is note that, initial cost for establishment of mbanking system may be high but marginal cost for additions of new customers in m-banking wills declines continuously till full utilization of existing installed capacity. Connectivity for mobile device is not the part of banking service it is duty and part of business of telecommunication department and cellular service providers. Hence, bank should only lease the telecommunication lines provided by telecommunication department to provide access to the customers. From a consumer's point of view, m-banking is expensive to enter the m-banking world because they should have JAVA enable or windows based mobile handset with GPRS, WAP or 3G system. Almost all m-banking software are either JAVA based or windows based and works thorough GPRS, WAP or 3G system of the cellular service. However, recently it is noticed that mobile handsets having mentioned facilities are available in ` 1500 to onwards. Because of decreased price of mobile handset and service charges of mobile communication is becoming increasingly affordable for the poorer segment of the population (Bångensand öderberg, 2008). According to mobile handset market reports most of existing users were using at least JAVA based mobile handsets and having GPRS and WAP facilities. Recently, 3G enable handsets are also available in the Indian market.

Mobile Banking Service in India: Mobile banking is popular among the Rs.1 to 5 lakhs per year income group with almost 60% of mobile banking users falling in the income bracket, an indicator of adoption of this service by younger generation.

ICICI bank maintains its position as country biggest private lender on mobile screen as well with 17.75Mobile banking is popular among the Rs.1 to 5 lakhs per year income group with almost 60% of mobile banking users falling in the income bracket, an indicator of adoption of this service by younger generation.

Table: 4 Mobile users in India

Usage	Unique Users (In millions
Used mobile banking	43.70
Checking account balance	39.97
View last three transactions	28.15
Status of cheques	21.06
Payment reminders	20.92
Request a cheque book	19.11

Mobile Banking Transactions in India - Operative Guidelines for Banks:

A. The transaction limit. Essentially the RBI has now said that banks will be able to do transactions with a daily cap of Rs 50,000 per customer for both funds transfer as well as transactions involving purchases of goods and services. Presently the transactions are subject to caps of Rs 5,000 and 10,000 respectively.

B. The RBI has relaxed the technology and security standards and allowed banks to undertake transactions upto Rs 1,000 without end to end encryption. So, they have basically in some ways reducing the cost of transactions.

C. The remittance of funds for disbursements in cash. Essentially this particularly thing is directly related to facilitating the use of mobile phones for cash. In the prepaid mobile phones which accounts for about 90% of the entire user base across the country, the transaction is essentially a cash transaction where the user puts in money, gets the credit and uses it.

D. The maximum value of these transactions will be Rs 5,000 per transaction; the banks can place a cap on the velocity of such transactions subject to a maximum of Rs 25,000 per month per customer. The disbursal of these funds can be done through both, an agent or an ATM.

E. The reach and extent of ATMs in the country is limited. Large parts of the country especially the rural and suburban areas do not have access to ATMs. Therefore banks have been allowed to appoint agents to do such transfers.

VIII ADVANTAGES OF MOBILE BANKING

A. Huge subscriber base across India of approximately 400 Million: A Bank's mobile banking Sales & Marketing plan will certainly cover almost all of a bank's customers and it is certainly a large prospect base. Even a city or region-based Sales & Marketing plan will cover a huge number of prospects. Today banks and other retail industries are heavily using SMS for promos. Even your local insurance agent may be using some form of bulk SMS service for new schemes or promos!

B. Utility: Users are familiar with a cell phone and will probably adapt quickly to mobile apps and mobile banking apps. Note that there are so many people in India using a mobile and not the Internet (Mobile: 400 Million, Internet: 50 Million)

C. Rural Reach: Coming to last mile connectivity which is more difficult in rural areas (maybe due to technological limitations like wire length of not more than 2.5 kms from the Telephone exchange to a consumer) the Mobile channel may offer better reach

D. Bringing costs down for other channels: If one can access bank services on the mobile banking application, he or she would not call the Call Center or log on to Internet Banking

E. Business Channel: This is a completely untapped business channel for banks that have already launched Mobile Banking, probably due to a combination of reasons including lack of real estate (or screen space) on the Mobile Banking screen, the primary outlook of the bank of this being a Service Delivery Channel or user non-familiarity with mobile applications. There is also huge cross-sell leverage that may be obtained by integrating Mobile Banking with Mobile Commerce.

CONCLUSION:

In India, where the population has crossed 1 bn mark-the need for mobile money, as a financial solution, is ripe and bound to grow. We believe India is the perfect market for mobile payments where we can marry banking and rapid proliferation of mobile phones, and hence also be able to capitalize on the Indian government's dream of 'One Bank Account per Indian', established the fact that mobile banking is the need of the hour in India today.

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ROLE OF TECHNOLOGY IN INSURANCE AND BANKING SECTORS

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TECHNOLOGICAL CHALLENGES AND OPPORTUNITIES

Players in the insurance and banking sectors are dealing with ever-increasing competition in a context in which the behavior of clients and potential clients changes rapidly. The multi-channel approach developed by banks and insurance companies requires data and process consistency capable of rising to the real challenges faced by organizations where numerous existing and partitioned applications still remain. At the same time, the emergence of large groups that link banking and insurance activities requires the implementation of new services. These new services, group the different types of products and contracts together in a unique portal, while unifying the processes that are made available to clients.

In an economic climate where companies need to optimize performance and reduce costs, modernizing systems has become a turnkey strategy for the insurance and banking sectors. It must enhance the company's responsiveness and guarantee the performance and security of operations.

Banking Services made possible through Mobile Banking

- Account balance enquiries
- Account statement enquiries
- Cheque status enquiry
- Check book request
- Fund transfer between accounts
- Credit/debit alerts
- Minimum balance alerts
- Bill payment
- Bill payment alerts
- Recent transaction history requests
- Information requests like interest rates or exchange rates

CYBER CRIME IN THESE SERVICES

Cyber crime refers to a crime that involves a computer and a network. It also refers to the criminal exploitation of the Internet. Issues surrounding this type of crime have become high-profile, particularly those surrounding hacking, copyright infringement, etc. There are also problems of privacy when confidential information is lost or intercepted. With the advancement of technology, criminals who stole money from safe vaults have now turned to steal money through the Internet. Cyber criminals use a variety of techniques to steal confidential data. This can be prevented by adopting the following methodologies:

Techniques used by Cyber Criminals	Prevention Methodology

Installs keystroke loggers to collect sensitive data like login and password information for online bank accounts.	Usage of virtual keypad provided in the website instead of PC keyboard while using Internet Banking.
Sends an e-mail to a user falsely claiming to be the bank in an attempt to scam the user into surrendering personal information. There may be text like "if you don't respond within 48 hours, your account will be locked".	Password and other personal information should never be disclosed.
Redirects a user's web browser to a counterfeit website controlled by the cyber criminal. This enables to access user's information.	Netbanking should not be carried out though unauthorized links. Only authentic website of the bank should be used.
Steals passwords cached on a user's system.	Cookies and temporary Internet files should always be deleted while using personal information in browsing centres or net cafes.

Concerned over rising incidents of cyber crime, the Reserve Bank of India has suggested banks to put in place a strong whistle blowing system as well as reward employees who help prevent frauds. "Appropriate mechanisms need to be established in banks including transaction monitoring teams in banks and to investigate the disputes or suspicions raised by stakeholders thoroughly. Banks should have a well publicised whistle blowing mechanism" – RBI press release May 2011.

The following preventive, detective and control measures could be adopted for enhanced confidence in Internet banking:

- *Logical security* such as security code generators, smart cards, Personal Identification Number (PIN) and password.
- *Network security* such as Firewalls to protect corporate network users from outside attack.
- *Biometric security* such as signature recognition, fingerprint recognition, palmprint recognition, hand geometry recognition, voice recognition and eye retina pattern recognition.

EFT AND ONLINE PAYMENTS

With a view to enable the remittance of funds to their retail customers, the Reserve Bank of India started an Electronic Funds Transfer (EFT) system in February 1996. This system facilitates transfer of funds from one centre to another across banks. This system assures availability of funds on the day next to the day of transfer. At present an upper limit of Rs. 25000 has been set for individual transaction. Now this facility is available at about 1960 branches of 27 public sector banks at Mumbai and Chennai.

REAL TIME GROSS SETTLEMENT (RTGS)

The current payment system involves settlement of payments on a "settlement day" and interest is invariably computed to accrue on a daily basis. Even in the wholesale markets, clearing cheques presented to the clearing houses takes place at a particular time either same day or on the next day. But under RTGS system when one bank transfers money to another, the funds are immediately credited to the second bank and debited to the first. Therefore, the RTGS system is a fund transfer mechanism where transfer of money takes place from one bank to another on a "real time" and on "gross basis". This is the fastest possible money transfer system through the banking channel. The settlement in real time means that there is no waiting involved in the transactions. The gross settlement means transactions settled on one to one basis without bunching with any other transaction. One the money transfer takes place in the books of the Reserve Bank of India, the payment is taken as final and irrevocable.

The RTGS system is primarily for large value transactions. The minimum amount to be remitted through RTGS is Rs. 1 lakh. There is no upper ceiling for RTGS transactions.

The RTGS system is implemented by the Reserve Bank of India and has been in operation since 2005. The system has also stabilized over the years and has been witnessing increased coverage in terms of bank branches and transaction volume.

E-INSURANCE

There is an evolutionary change in the technology that has revolutionized the entire insurance sector. Insurance industry is a data-rich industry, and thus, there is a need to use the data for trend analysis and personalization. With increased competition among insurers, service has become a key issue. Moreover, customers are getting increasingly sophisticated and tech-savvy. People today don't want to accept the current value propositions, they want personalized interactions and they look for more and more features and add ones and better service.

Hence the insurance companies must meet the need of the hour for more personalized approach for handling the customer. Managing the customer intelligently is very critical for the insurer especially in the very competitive environment. Companies need to apply different set of rules and treatment strategies to different customer segments. Personalization helps organizations to reach their customers with more impact and to generate new revenue through cross selling and up selling activities. To ensure that the customers are receiving personalized information, many organizations are incorporating knowledge database-repositories of content that typically include a search engine and let the customers locate the all document and information related to their queries of request for services. Insurance companies are providing various online facilities to their clients. They can check the balance premium, maturity date, dues and outstanding of their policy. They are also provided information regarding new policy. The customer can pay the premium amount of their policy from the e-insurance option.

CONCLUSION

The adoption of technology in insurance and banking sectors in India has its own advantages to both, the organisation and the customers. The use of information technology will not only reduce the costs of operation but also would be effective, easy to maintain, speedier and highly competitive. There is a probability of huge increase in employment opportunities. A number of web-sites are coming up on insurance, financial magazines exclusively devoted to insurance and also training institutes being set up. Various new tools, such as E-CRM, E-insurance, are evolving in the insurance sector to facilitate business for the development of this sector. Technology has opened up new markets, new products, new services and efficient delivery channels for the banking industry. E-banking and mobile banking are examples to prove this fact. The IT revolution has set the stage for unprecedented increase in financial activity across the globe. The progress of technology and the development of worldwide networks have significantly reduced the cost of global funds transfer. It is information technology which enables banks in meeting such high expectations of the customers who are more demanding and are also more techno-savvy compared to their counterparts of the yester years. They demand instant, anytime and anywhere banking facilities.

The banks cannot remain standoffish from this concept of Internet banking, and they should bring apposite changes to meet the necessities and challenges of Internet banking. The challenges posed by the Internet banking are mostly of procedural nature, which can be easily counterbalanced by adopting suitable technological and security measures. The domestic standards of banking have to be in conformity with the well-known international standards. No system or institution can hope to benchmark it against international standards without making optimal use of technology. However, there are pre-requisites and preparations, which have to be made before the full benefits of the technology can be harvested. Thus there can be no doubt about the enormous potential and emancipated opportunities offered by advances in technology in the insurance and banking sectors.

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GREEN BANKING: A NEW SUSTAINABLE BUSINESS PRACTICES

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Introduction:

Sustainable business practices also known as “Green Initiative” is no longer consider to be the major agenda for most of corporate houses. Banking sectors also seen a paradigm shift from their so called traditional way of managing business towards managing the operations in an eco-friendly way. Environmental issues highlight both risks as well as opportunities. While on the risk side there is pollution, soil degradation, etc. on the opportunity side, there are investment possibilities through highly successful ‘sustainability funds’ or ‘green funds’ in which there is apparently no dearth of investors. “Green” technologies as well as “Green initiatives are finding their own way into the various functional areas including banking industry. Environmental impact of banks is not physically related to their banking activities but with the customer’s activities. Banking sector act as a catalyst in most of the major sources of financing investment for commercial projects which is one of the most important economic activities for economic growth. Hence, banking sector can play a crucial role in promoting environmentally sustainable and socially responsible investment.

Green Banking: managing risk in sustainable way

Environmental impact of bank is not physically related to their baking activities but with the customer activities. Therefore environmental impact of bank’s external activity is huge though difficult to estimate. Moreover environment management in the banking business is like risk management. It increases the enterprise value and lower loss ratio as higher quality loan portfolio results in higher earnings. Thus, encouraging environmentally responsible investment and prudent lending should be one of the responsibilities of the banking sector.

Further those industries which have already become green and those which are making serious attempt to go green should be given priority lending by the banks over others. This method of financing is called as “Green Banking”. It is an effort by the banks to, makes the industries go green and in the process restore the natural environment. Not only “Green Banking” will ensure the greening of the industries but it will also facilitate in improving the asset quality of the banks in the future.

Although the banking and financial institutions are not directly affected by the environmental degradation, there are indirect costs to banks. Industries would have to follow certain standards relating to environmental protection and sustainable ecological balance in order to run their business. In the case of failure, it would lead to closure of the industries leading to a likelihood of default to the bank. Thus banks are finding it essential for them to go green and play a pro-active role to take environmental and ecological aspects as part of their lending principle, which would force industries to use appropriate technologies and appropriate environmental management systems.

As we know that every credit extension and investment caries the risk of non-payment and may lead to reduction of value (in case of direct investment) due to environmental liabilities. Therefore, it is important for the banking sector to follow certain environmental evaluation of the projects before financing.

In general, banking institutions as part of society need to engage proactively with the stakeholders on environmental and societal policy and evaluate the impacts of their client's investment. In turn, that would force the customers to take care of their management of environmental and social policy issues relating to investment. The importance of Green Banking is enormous for both the banks and economy by avoiding the following risks involved in banking sector.

Credit Risk: It can arise indirectly where banks are lending to customers whose business are adversely affected by the pollution or create environmental damages in the society at large. Credit risks may be higher due to the probably of customer default as a result of uncalculated expenses for capital investments in such a production facilities which is hazardous. It is also associated with investment on the security of real estate whose value has diminished owing to environmental problems.Again, risk can associated with loan defaulter (who may be a debtor) due to environmental liabilities because of fines and legal liabilities.

Legal Risk: Most obviously banks like other companies are at a risk if they themselves do not comply with relevant environmental legislation. But more specifically they are at risk of direct lender liability for clean up costs or claims for damages if they have actually taken possession of pollution causing assets. An appropriate environmental management system helps a bank to reduce risks and costs, enhance its image and create more revenue opportunities.

Reputation Risk: Due to growing awareness about environment safety; banks are more prone to loose their reputations if they are involved in big projects, which are viewed as socially damagingly and environmentally damaging. Reputation Risks involve in the financing of ecologically and ethically objectionable projects.

The adoption of green banking strategies will help the bank to deal with these risks involved in their business operation. Green banking strategies involve two components

(1) Managing environment risk and
(2) Identifying opportunities for innovative environmentally oriented financial products.

To manage environmental risk, the banks have to design appropriate environmental management systems to evaluate the risks involved in the investment projects. The risks can be internalized by introducing differential interest rates. In some cases, bank can withdraw itself from financing high-risk projects.

Green banking entails creating financial products and services that support development of commercial projects with environmental benefits. These includes investment in renewable energy projects, biodiversity conservation, energy efficiency, investment in cleaner production process and technologies, bonds and mutual funds meant for environmental investments etc.

Outcomes of appropriate Green banking mechanism:

- Green banking saves costs, minimizes the risk,
- It enhances banks reputations and contributes to the common good of environmental sustainability.
- So it serves both the commercial objective of the bank as well as its social responsibility. Green

- Green banking solves the problem faced by the environmental regulation and enforcements authorities related to size and location of the polluting unit.
- It promotes eco-investment.
- Green Banking if implemented sincerely will act as an effective *ex ante* deterrent for the polluting industries that give a pass by to the other institutional regulatory mechanisms.

Green Banking in India

The concern for green banking in India is still in nascent stage. None of our banks or financial institutions has adopted equator principle to provide a true reflection of the environmental orientation. However, the effort made by YES Bank, SBI and ICICI are noteworthy. Other nationalized banks also taking a major drive to claim themselves as eco-driven.However, inspite of serious effort from all the corner, it seems that there was no systematic attempt to integrate the environmental concerns in to business operations by our nationalized banks. This shows the ignorance in the part of our banks industry.

Conclusion:

Liberalisation, globalisation & privatisation has intensified the competition in the new market based economy, it would affect the banks and the financial institutions to recover their return from their investment. Thus, bank should play a pro-active role to take environmental and ecological aspects as part of their leading principle which would force industries to go for mandated investment for environmental management, sue of appropriate technologies and management systems.

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7PS OF SERVICES MARKETING IN INSURANCE AND BANKING

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Introduction

There has been a sea change in the Banking and Insurance Industry, due to the growing Globalization needs. But In spite of this the fruits /credibility of Insurance has not percolated to the people whom e it should have reached . As regards Banking there has been a quantum leap and we need to understand the importance of its and its utility for the development of the Nation. The major impediment is the area of the understanding of the 7 Ps of the Services sector.

Which are as follows.

1.Product.

2.Place .

3.Price .

4.Promotion .

5People .

6.Process.

7.Physical Ambience .

Here the P which is denoting People actually talks about a lot of things looking from the Productivity and Performance point of view .Thus in any Services Sector the most important thing is the People element .From People emerges Productivity and Performance. .

If we look at the components of Performance which includes Technical Knowledge which is not easily transferable there are other factors which effect performance .

1.Pressure of work on the Employee.
2.Patience level
3.Perception of the Employee.
4.Practicality of applications .
5Personality Quotient .
6. Pay as Motivating factor .
7.Position .
8.Planning of the work .

9.Perfection in completion .
10. Punctuality .

Thus if we look at the Banking / Insurance sector there is vast requirement of people but with the knowledge about the sectors and above skill sets needs to be present . Today not finding the requirements the Industry has not flourished to the desired extent..

Aims of the Paper .

The important aim of the Paper is to focus on the identification of the most element among the 7 Ps and try focus and improve that aspect leading development of the Sector
which would in the due course of time be the major contributor of the GDP and initiate the development of society .Although all the Ps are important without People Services sector cannot function ,so we focus on People element which can change the face of services sector wholly .

An important aspect of Services Sector is

1. Energy.
2. Enthusiasm.
3. Exploring .
4. Experience .
5. Excellence .

The above requirements are easily inculcated by Encouragement. & Empowerment. But
In most cases inadequate knowledge ,Poor conduct from colleagues, Conflicts affects the mind set of people leading to poor performance of the Sectors .

Some observations

1. Inadequate training of people on products and Services.
 .
2. Resulting in impolite behavior.

3. Installation of IVRS but without notice to customers .

4. Use of machine ATMs for receiving cash at times without training.

5. Many times the customer is treated badly by the Security personnel .

6. In the case of banking and Insurance staff require Communication and etiquette training .
7. Programs for Life style improvement of the staff .
   Collective responsibility in case of mistakes.
8. Preparing a manual for effective learning .
9 Proper essence of time management .
10 Innovative products for all sections of the society .

Suggestions

In order to attain excellence in the Services Sector the following skills are essential.

1. visionary leader – promote the future .
2. Communicator-To preach the values and convert .
3. Educator-Share your knowledge .
4. Sales person- have to sell themselves.
5 Process Engineer – Know your paths .
6 Data Analysts – Use Intelligence.
7 Financial Analysts –Deliver Results .

Conclusion. .

In Services Sectors opportunities are multiplying and with increase in experience and as people move up the ladder the operational duties would reduce but people management skills , and strategic contribution has to be more .For the ultimate aim of the Customer services sector is to adopt innovative strategies in delivering quality services to customers .The major limitation in this area is the attitudes of people which is indicated by the Emotional Quotient (EQ). Hence we need to assess the Emotional Intelligence of the people to be employed and also improve the ones who already employed in order to obtain the desired results .We at Bani Communcations have developed tools for Measurement and Development of EQ. It would be our pleasure to extend the same for Banking and Insurance professional .(The Program is beyond the purview of this paper. For details see www.banicommunications.com)

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CRM STRATEGIES

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Introduction

Customer relationship management (CRM) is a widely implemented strategy for managing a company's interactions with customers, clients and sales prospects. It involves using technology to organize, automate, and synchronize business processes—principally sales activities, but also those for marketing, customer service, and technical support. The overall goals are to find, attract, and win new clients, nurture and retain those the company already has, entice former clients back into the fold, and reduce the costs of marketing and client service. Customer relationship management describes a company-wide business strategy including customer-interface departments as well as other departments. Measuring and valuing customer relationships is critical to implementing this strategy.

CRM (customer relationship management) is an information industry term for methodologies, software, and usually Internet capabilities that help an enterprise manage customer relationships in an organized way. For example, an enterprise might build a database about its customers that described relationships in sufficient detail so that management, salespeople, people providing service, and perhaps the customer directly could access information, match customer needs with product plans and offerings, remind customers of service requirements, know what other products a customer had purchased, and so forth.

Benefits of CRM

A CRM system may be chosen because it is thought to provide the following advantages:

1. Quality and efficiency
2. Decrease in overall costs
3. Decision support
4. Enterprise agility
5. Customer Attention
6. Increase profitability
7. reduced costs, because the right things are being done (ie., effective and efficient operation)
8. increased customer satisfaction, because they are getting exactly what they want (ie. meeting and exceeding expectations)
9. ensuring that the focus of the organisation is external
10. growth in numbers of customers
11. Maximisation of opportunities (eg. increased services, referrals, etc.)
12. increased access to a source of market and competitor information
13. highlighting poor operational processes
14. long term profitability and sustainability

The purpose of CRM

- The focus of CRM is on creating value for the customer and the company over the longer term.

- When customers value the customer service that they receive from suppliers, they are less likely to look to alternative suppliers for their needs.
- CRM enables organisations to gain 'competitive advantage' over competitors that supply similar products or services.

Why is CRM important?

"Today's businesses compete with multi-product offerings created and delivered by networks, alliances and partnerships of many kinds. Both retaining customers and building relationships with other value-adding allies is critical to corporate performance".

"The adoption of C.R.M. is being fuelled by a recognition that long-term relationships with customers are one of the most important assets of an organisation"

Why did CRM develop?

CRM developed for a number of reasons:

- The 1980's onwards saw rapid shifts in business that changed customer power
- Supply exceeded demands for most products
- Sellers had little pricing power
- The only protection available to suppliers of goods and services was in their relationships with customers

What does CRM involve?

CRM involves the following :

- ✓ Organisations must become customer focused
- ✓ Organisations must be prepared to adapt so that it take customer needs into account and delivers them
- ✓ Market research must be undertaken to assess customer needs and satisfaction

"Strategically significant customers"

- "Customer relationship management focuses on strategically significant markets. Not all customers are equally important".
- Therefore, relationships should be built with customers that are likely to provide value for services
- Building relationships with customers that will provide little value could result in a loss of time, staff and financial resources
- Markers of strategically significant customers
- Strategically significant customers need to satisfy at least one of three conditions :
- Customers with high life-time values (i.e. customers that will repeatedly use the service in the long-term e.g. Nurses in a hospital library)
- Customers who serve as benchmarks for other customers e.g. In a hospital library consultants who teach on academic courses
- Customers who inspire change in the supplier

Information Technology and CRM

- Technology plays a pivotal role in CRM .
- Technological approaches involving the use of databases, data mining and one-to-one marketing can assist organisations to increase customer value and their own profitability .
- This type of technology can be used to keep a record of customers names and contact details in addition to their history of buying products or using services .
- This information can be used to target customers in a personalised way and offer them services to meet their specific needs .

- This personalised communication provides value for the customer and increases customers loyalty to the provider.

Information Technology and CRM: Examples

Here are examples of how technology can be used to create personalised services to increase loyalty in customers:

- **Phone calls, emails, mobile phone text messages, or WAP services :**

Having access to customers contact details and their service or purchase preferences through databases etc can enable organisations to alert customers to new, similar or alternative services or products. Illustration: When tickets are purchased online via Lastminute.com, the website retains the customers details and their purchase history. The website regularly send emails to previous customers to inform them of similar upcoming events or special discounts. This helps to ensure that customers will continue to purchase tickets from Lastminute.com in the future

- ✓ **Cookies**

A "cookie" is a parcel of text sent by a server to a web browser and then sent back unchanged by the browser each time it accesses that server. HTTP cookies are used for authenticating, tracking, and maintaining specific information about users, such as site preferences and the contents of their electronic shopping carts".

- Illustration: The online store, Amazon, uses "cookies" to provide a personalised service for its customers. Amazon requires customers to register with the service when they purchase items. When registered customers log in to Amazon at a later time, they are 'greeted' with a welcome message which uses their name (for e.g. "Hello John"). In addition, their previous purchases are highlighted and a list of similar items that the customer may wish to purchase is also highlighted.

- ✓ **Loyalty cards**

"the primary role of a retailer loyalty card is to gather data about customers. This in turn leads to customer comprehension and cost insights (e.g. customer retention rates at different spending levels, response rates to offers, new customer conversion rates, and where money is being wasted on circulars), followed by appropriate marketing action and follow-up analysis"

- Illustration: The supermarket chain, Tescos, offers loyalty cards to its customers. When customers use the loyalty cards during pay transactions for goods, details of the purchases are stored in a database which enables Tescos to keep track of all the purchases that their customers make. At regular intervals, Tescos sends its customers money saving coupons by post for the products that the customers have bought in the past. The aim of this is to encourage customers to continually return to Tescos to do their shopping.

- ✓ **CRM software- "Front office" solutions**

- "Many call centres use CRM software to store all of their customer's details. When a customer calls, the system can be used to retrieve and store information relevant to the customer. By serving the customer quickly and efficiently, and also keeping all information on a customer in one place, a company aims to make cost savings, and also encourage new customers".

Face-to-face CRM

- CRM can also be carried out in face-to-face interactions without the use of technology
- Staff members often remember the names and favourite services/products of regular customers and use this information to create a personalised service for them.
- For example, in a hospital library you will know the name of nurses that come in often and probably remember the area that they work in.

- However, face-to-face CRM could prove less useful when organisations have a large number of customers as it would be more difficult to remember details about each of them.

Poor planning: Initiatives can easily fail when efforts are limited to choosing and deploying software, without an accompanying rationale, context, and support for the workforce.[23] In other instances, enterprises simply automate flawed client-facing processes rather than redesign them according to best practices.

Poor integration: For many companies, integrations are piecemeal initiatives that address a glaring need: improving a particular client-facing process or two or automating a favored sales or client support channel. Such "point solutions" offer little or no integration or alignment with a company's overall strategy. They offer a less than complete client view and often lead to unsatisfactory user experiences.

Towards a solution: overcoming siloed thinking. Experts advise organizations to recognize the immense value of integrating their client-facing operations. In this view, internally-focused, department-centric views should be discarded in favor of reorienting processes toward information-sharing across marketing, sales, and service. For example, sales representatives need to know about current issues and relevant marketing promotions before attempting to cross-sell to a specific client. Marketing staff should be able to leverage client information from sales and service to better target campaigns and offers. And support agents require quick and complete access to a client's sales and service history.

Adoption issues

Historically, the landscape is littered with instances of low adoption rates. Many of the challenges listed above offer a glimpse into some of the obstacles that corporations implementing a CRM suite face; in many cases time, resources and staffing do not allow for the troubleshooting necessary to tackle an issue and the system is shelved or sidestepped instead.

Why is it so difficult sometimes to get employees up to date on rapidly developing new technology? Essentially, your employees need to understand how the system works, as well as understand the clients and their needs. No doubt this process is time consuming, but it is well worth the time and effort, as you will be better able to understand and meet the needs of your clients. CRM training needs to cover two types of information: relational knowledge and technological knowledge.

Conclusion

A large challenge faced by developers and users is found in striking a balance between ease of use in the CRM interface and suitable and acceptable security measures and features. Corporations investing in CRM software do so expecting a relative ease of use while also requiring that customer and other sensitive data remain secure. This balance can be difficult, as many believe that improvements in security come at the expense of system usability.

One of the largest challenges that customer relationship management systems face is poor usability. With a difficult interface for a user to navigate, implementation can be fragmented or not entirely complete. In many cases, the growth of capabilities and complexities of systems has hampered the usability of a customer relationship management system. An overly complex computer system can result in an equally complex and non-friendly user interface, thus not allowing the system to work as fully intended. This bloated software can appear sluggish and/or overwhelming to the user, keeping the system from full use and potential.

PERCEPTION OF NRI'S (USA) TOWARDS E-BANKING SERVICES IN INDIA

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Introduction to E-Banking

The world is changing at a staggering rate and technology is considered to be the key driver for these changes around us. An analysis of technology and its uses show that it has permeated in almost every aspect of our life. Many activities are handled electronically due to the acceptance of information technology at home as well as at work place. Slowly but steadily, the Indian customer is moving towards the internet banking. But the customer is clear on one thing that he wants net-banking to be simple and the banking sector is matching its steps to the march of technology. E-banking or Online banking is a generic term for the delivery of banking services and products through the electronic channels such as the telephone, the internet, the cell phone etc. The concept and scope of e-banking is still evolving. It facilitates an effective payment and accounting system thereby enhancing the speed of delivery of banking services considerably. Several initiatives have been taken by the Government of India as well as the RBI (Reserve Bank of India); have facilitated the development of e-banking in India. The government of India enacted the IT Act, 2000, which provides legal recognition to electronic transactions and other means of electronic commerce. The RBI has been preparing to upgrade itself as regulator and supervisor of the technologically dominated financial system.

Quality of service offered by the banks through E-Banking

Service quality can be decomposed into two major dimensions (Gro¨nroos, 1984; Lehtinen and Lehtinen, 1982). The first is referred to by Zeithaml et al. (1985) as “outcome quality” and the second by Gro¨nroos (1984) as “technical quality.” Customer perceived service quality makes a distinction between functional and technical quality of services provided by the banks. The process of functional quality refers to “how” the service is delivered; the process that the customer went through to get to the outcome of the service, while the outcome or technical quality refers to “what” customers receive, the benefits of using the service provided by the banks..

NRI’s Perception towards E-Banking

NRIs

A **Non-Resident Indian** is an Indian citizen who has migrated to another country, a person of Indian origin who is born outside India, or a person of Indian origin who resides permanently outside India. In India, Public Sector, Private sector and Foreign Banks provide services to NRIs and the different types of accounts for them are

1) **NRO A/c (**Non-Resident Ordinary Account)
2) **NRE A/c(** Non-Resident External Rupee Account
3) **FCNR A/c(**Non-Resident Foreign Currency Account

For the purpose of opening an account, remittance in foreign exchange, in the same currency, should be received in India. As NRIs have a confident command of computer skill and familiarity with the Internet, they are more inclined to adopt Internet banking (Shih and Fang 2004)

NRIs have wide ranges of choices as they can compare among the competitive banks through gathering Internet information. NRI Customers' past experience with the service is one of the factors that influence them to use Electronic banking for transaction. According to Vohra (2002), electronic banking makes it easier for customers to compare banks' services and products. This can increase competition among banks and allow banks to enter into new markets by overcoming.

NRI's perception towards E-banking can be assessed through

1) The price and value of the services offered through E-Banking
2) The quality of the services offered through E-Banking
3) The risk that is present in the E-Banking services.

Price and value of E-Banking Services

The price which consumers pay for purchases is, technically, what they give up or sacrifice, measured in a monetary term, to get the desired goods and services (Ahtola, 1984; Monroe & Krishnan, 1985; Chapman, 1986; Mazumdar, 1986; Zeithaml, 1991). Consumers perceive the price of a product from two perspectives, as a monetary cost in terms of the dollar amount paid, and as an opportunity cost measured by the forgone alternative in terms of what that dollar amount could buy. It is noteworthy to say here that consumers may not always be knowledgeable or keen in their comparison when they encode prices in a day-to-day basis. They just do it in ways that are meaningful to them (Zeithaml, 1983, 1991; Dickson & Sawyer, 1985). Perceived price, therefore, becomes the consumer's own judgment of the magnitude of sacrifice and its worthiness in comparison to what would be gained (Jacoby & Olson, 1977; Zeithaml, 1991).

Banks are profit-making institutions and offer various types of service charges to the customers on different income earning options and loans such as NRI car loans, NRI education loans, NRI housing loans, NRI all purpose mortgage loans, mutual funds and other investment avenues and deposits, etc. Also Banks have to charge various amounts to the customers' account for their services, such as demand drafts, money transfer, cheque book issue, etc.

Saving transaction cost: Improving customer service, increasing market reach and reducing costs are now basic expectations of E-banking services. If consumers are to use new technologies, the technologies must be reasonably priced relative to alternatives. Otherwise, the acceptance of the new technology may not be viable from the standpoint of the consumer (Suganthi et. al, 2001). Internet banking model offers advantages for both banks and customers. The Internet provides the banks with the ability to deliver products and services to customers at a cost that is lower than any existing mode of delivery.

On-line bill payments: The most popular online transaction through internet banking is funds transfer/bill payment (Beer, 2006). Of the twenty-two million users in US, twenty percent or 4.6 million people regularly used online bill payment services offered by the top ten financial institutions. This report also highlighted that the usage of online bill payment services increased by thirty-seven percent at the end of the first quarter 2004 (Strasburg, 2005).Low transaction fees: Another factor that would stand in the way of consumer adoption of Internet banking is the cost factor. In Internet banking, two types of costs are involved. First, the normal costs associated with Internet access fees and connection charges and secondly the bank fees and charges (Suganthi et. al, 2001). These two types of costs shape the perception of the customers.

Changes in banks' external environment, including globalization and deregulation, have made the banking sector highly competitive. Banks find it hard to compete on price, and need to look at other ways to retain customers. As customers become more sophisticated, it becomes imperative for banks to consider the use of technology to respond to their continuously changing requirements.

Risk Factor in E-Banking

Perceived risk refers to commonly thought of as an uncertainty regarding possible negative consequences of using a product or service (Yousafzai et al., 2003). In E-banking, perceived risk is defined as a customer's belief about the potential uncertain negative outcomes from using Internet banking. Cunningham (1967) classifies perceived risk as having six dimensions, including performance, financial, opportunity/time, safety, social, and psychological loss, and argues that all risk facets originated from their performance risk.

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Online transactions are not only characterized by uncertainty, but they also have otherproperties such as lack of control and potential opportunism that increase the importance role of risk and trust on e-commerce (Esmaili, Desa, Moradi, &Hemmati, 2011). Researchers suggest that the result of trust is reducing perceived risk by customer (e.g., Kim et al., 2008; Pavlou, 2003; Teo& Liu, 2007), and that leads to a positive customer perception in acceptance of Internet banking (e.g. Luo et al., 2010; Yousafzai et al., 2003).Customers not preferring to use internet banking thought that they would be swindled when using this service, and therefore, are particularly careful about high risk expectation during money transfers from and between accounts.In addition, when Internet consumers are concerned about their privacy, they are much more likely to provide incomplete information to Websites and notify Internet Service Providers (Franzak et al., 2001; Kim and Hoy, 1999). Furthermore, privacy on the Web means risk perceptions towards exposing the consumer's own information. In other words, negative consequences may arise from distribution of private information, and Web site protection
would reduce the perception of such risk.

Conclusion

The information relating to E-Banking facilities were collected from the NRI's situated at Chicago, Illinois State, USA. NRI Customers evaluate the banks based on the convenience and comforts it provides to them. Bankers have developed various product features and services using internet applications.As prospect of E-banking depends on customers, specific understanding on customers' perceived requirements and meeting their demands and expectations is becoming an intricate challenge. (Shailey et al. 2003).

Banks operate websites through which customers are not only able to inquire about account balances, interest, and exchange rates but also conduct a range of transactions. Shailey et al. (2003) therefore notes that understanding customer' requirements and meeting their demands and expectations is becoming a challenge for the Banks.

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TECHNOLOGICAL CHALLENGES IN BANKING SECTOR

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Introduction

The growth of technology as revolutionized many sectors, one of which is banking industry. Moreover, customers requirements and expectations are also increasing and to satisfy the expectations , banks have to rely upon latest technology Zeithaml and bitner (1996) opined that in banking sector, There has been increased financial sophistication of both consumer and business market along with the increased availability of services and products from new competitors, such as insurance companies or the financial subsidiaries of manufacturing companies so, Improved technologies are resulting in customer service breakthroughs that significantly alter customer expectations. Thus, recent years have been distinguished by a number of commendable changes. Information technology has become the basic requirement of banking sector due to growing competition and globalization.

Overview of Banking and Financial Institutions

The Banking Sector

The banking system in India is significantly different from that of other Asian nations because of the country's unique geographic, social, and economic characteristics. India has a large population and land size, a diverse culture, and extreme disparities in income, which are marked among its regions. There are high levels of illiteracy among a large percentage of its population but, at the same time, the country has a large reservoir of managerial and technologically advanced talents. Between about 30 and 35 percent of the population resides in metro and urban cities and the rest is spread in several semi-urban and rural centers. The country's economic policy framework combines socialistic and capitalistic features with a heavy bias towards public sector investment.

India has followed the path of growth-led exports rather than the "exportled growth" of other Asian economies, with emphasis on self-reliance through import substitution. These features are reflected in the structure, size, and diversity of the country's banking and financial sector. The banking system has had to serve the goals of economic policies enunciated in successive five year development plans, particularly concerning equitable income distribution, balanced regional economic growth, and the reduction and elimination of private sector monopolies in trade and industry. In order for the banking industry to serve as an instrument of state policy, it was subjected to various nationalization schemes in different phases (1955, 1969, and 1980). As a result, banking remained internationally isolated (few Indian banks had presence abroad in international financial centers) because of preoccupations with domestic priorities, especially massive branch expansion and attracting more people to the system.

Moreover, the sector has been assigned the role of providing support to other economic sectors such as agriculture, small-scale industries, exports, and banking activities in the developed commercial centers (i.e., metro, urban, and a limited number of semi-urban centers).The banking system's international isolation was also due to strict branch licensing controls on foreign banks already operating in the country as well as entry restrictions facing new foreign banks. A criterion of reciprocity is required for any Indian bank to open an office abroad.

These features have left the Indian banking sector with weaknesses and strengths. A big challenge facing Indian banks is how, under the current ownership structure, to attain operational efficiency suitable for modern financial intermediation. On the other hand, it has been relatively easy for the public sector banks to recapitalize, given the increases in nonperforming assets (NPAs), as the Government dominated ownership structure has reduced the conflicts of interest that private banks would face.

Financial Structure

The Indian financial system comprises the following institutions:

1. Commercial banks
    a. Public sector
    b. Private sector
    c. Foreign banks
    d. Cooperative institutions
        (i) Urban cooperative banks
        (ii) State cooperative banks
        (iii) Central cooperative banks

2. Financial institutions
    a. All-India financial institutions (AIFIs)
    b. State financial corporations (SFCs)
    c. State industrial development corporations (SIDCs)
3. Nonbanking financial companies (NBFCs)
4. Capital market intermediaries

About 92 percent of the country's banking segment is under State control while the balance comprises private sector and foreign banks.

Some of the major reform initiatives in the last decade that have changed the face of the Indian banking and financial sector are:

• Interest rate deregulation. Interest rates on deposits and lending have been deregulated with banks enjoying greater freedom to determine their rates.

• Adoption of prudential norms in terms of capital adequacy, asset classification, income recognition, provisioning, exposure limits, investment fluctuation reserve, etc.

• Reduction in pre-emotions – lowering of reserve requirements (SLR and CRR), thus releasing more lendable resources which banks can deploy profitably.

• Government equity in banks has been reduced and strong banks have been allowed to access the capital market for raising additional capital.

• Banks now enjoy greater operational freedom in terms of opening and swapping of branches, and banks with a good track record of profitability have greater flexibility in recruitment.

• New private sector banks have been set up and foreign banks permitted to expand their operations in India including through subsidiaries. Banks have also been allowed to set up Offshore Banking Units in Special Economic Zones.

• New areas have been opened up for bank financing: insurance, credit cards, infrastructure financing, leasing, gold banking, besides of course investment banking, asset management, factoring, etc.

• New instruments have been introduced for greater flexibility and better risk management: e.g. interest rate swaps, forward rate agreements, cross currency forward contracts, forward cover to hedge inflows under foreign direct investment, liquidity adjustment facility for meeting day-to-day liquidity mismatch.

• Several new institutions have been set up including the National Securities Depositories Ltd., Central Depositories Services Ltd., Clearing Corporation of India Ltd., Credit Information Bureau India Ltd.

• Limits for investment in overseas markets by banks, mutual funds and corporates have been liberalised. The overseas investment limit for corporates has been raised to 100% of net worth and the ceiling of $100 million on prepayment of external commercial borrowings has been removed. MFs and corporates can now undertake FRAs with banks. Indians allowed to maintain resident foreign currency (domestic) accounts. Full convertibility for deposit schemes of NRIs introduced.

• Universal Banking has been introduced. With banks permitted to diversify into long-term finance and DFIs into working capital, guidelines have been put in place for the evolution of universal banks in an orderly fashion.

• Technology infrastructure for the payments and settlement system in the country has been strengthened with electronic funds transfer, Centralised Funds Management System, Structured Financial Messaging Solution, Negotiated Dealing System and move towards Real Time Gross Settlement.

• Adoption of global standards. Prudential norms for capital adequacy, asset classification, income recognition and provisioning are now close to global standards. RBI has introduced Risk Based Supervision of banks (against the traditional transaction based approach). Best international practices in accounting systems, corporate governance, payment and settlement systems, etc. are being adopted.

• Credit delivery mechanism has been reinforced to increase the flow of credit to priority sectors through focus on microcredit and Self Help Groups. The definition of priority sector has been widened to include food processing and cold storage, software upto Rs 1 crore, housing above Rs 10 lakhs, selected lending through NBFCs, etc.

• RBI guidelines have been issued for putting in place risk management system in banks. Risk management committees in banks address credit risk, market risk and operational risk. Banks have specialized committees to measure and monitor various risks and have been upgrading their risk management skills and systems.

• The limit for foreign direct investment in private banks has been increased from 49% to 74% and the 10% cap on voting rights has been removed. In addition, the limit for foreign institutional investment in private banks is 49%.

• Wide ranging reforms have been carried out in the area of capital markets. Fresh investment in CPs, CDs are allowed only in dematerialised form. SEBI has reduced the settlement cycle from T+3 to T+2 from April 1, 2003 i.e. settlement of stock deals will be completed in two trading days after the trade is executed, taking the Indian stock trading system ahead of some of the developed equity markets. Stock exchanges will set up trade guarantee funds. Retail trading in

Government securities has been introduced on NSE and BSE from January16, 2003. A Serious Frauds Office is proposed to be set up.

Technology Devolopments in banking sector of India

The monitory sector reforms in India have been prosperous in bringing considerable improvements in different sections. The age of 1980's was such when the technological developments were on the peak in every sector. In order to keep up with the technological advancements, The whole banking sector had to adopt newer techniques by relying upon information technology to provide better, Convenient and more service to their customers of all the changes , technology has dominated the evolution in the banking industry. Reserve Bank of India had also given emphasis on the development of the information technology infrastructure of Indian banking system. Information technology services are estimated $1.5 billion industry in india growing at a rate of 55% per annum and banking industry is one of its largest users.

Technology Challenges

According to data analysed by RBI, there has been a noticeable decline in the difference between real interest rates in India and international benchmark rates (LIBOR 1 year) since the mid-1990s,suggesting increased integration of the Indian banking sector with the rest of the world.

(i) **Improving profitability**: The most direct result of the above changes is increasing competition and narrowing of spreads and its impact on the profitability of banks. The challenge for banks is how to manage with thinning margins while at the same time working to improve productivity which remains low in relation to global standards. This is particularly important because with dilution in banks' equity, analysts and shareholders now closely track their performance. Thus, with falling spreads, rising provision for NPAs and falling interest rates, greater attention will need to be paid to reducing transaction costs. This will require tremendous efforts in the area of technology and for banks to build capabilities to handle much bigger volumes.

(ii) **Reinforcing technology**: Technology has thus become a strategic and integral part of banking, driving banks to acquire and implement world class systems that enable them to provide products and services in large volumes at a competitive cost with better risk management practices. The pressure to undertake extensive computerisation is very real as banks that adopt the latest in technology have an edge over others. Customers have become very demanding and banks have to deliver customised products through multiple channels, allowing customers access to the bank round the clock.

(iii**) Risk management**: The deregulated environment brings in its wake risks along with profitable opportunities, and technology plays a crucial role in managing these risks. In addition to being exposed to credit risk, market risk and operational risk, the business of banks would be susceptible to country risk, which will be heightened as controls on the movement of capital are eased. In this context, banks are upgrading their credit assessment and risk management skills and retraining staff, developing a cadre of specialists and introducing technology driven management information systems.

(iv) **Sharpening skills**: The far-reaching changes in the banking and financial sector entail a fundamental shift in the set of skills required in banking. To meet increased competition and manage risks, the demand for specialised banking functions, using IT as a competitive tool is set to go up. Special skills in retail banking, treasury, risk management, foreign exchange, development banking, etc., will need to be carefully nurtured and built. Thus, the twin pillars of the banking sector i.e. human resources and IT will have to be strengthened.

(v) **Greater customer orientation**: In today's competitive environment, banks will have to strive to attract and retain customers by introducing innovative products, enhancing the quality of customer service and marketing a variety of products through diverse channels targeted at specific customer groups.

(vi**) Corporate governance:** Besides using their strengths and strategic initiatives for creating shareholder value, banks have to be conscious of their responsibilities towards corporate governance. Following financial liberalization, as the ownership of banks gets broad based, the importance of institutional and individual shareholders will increase. In such a scenario, banks will need to put in place a code for corporate governance for benefiting all stakeholders of a corporate entity.

(**vii)International standards**: Introducing internationally followed best practices and observing universally acceptable standards and codes is necessary for strengthening the domestic financial architecture. This includes best practices in the area of corporate governance along with full transparency in disclosures. In today's globalised world, focusing on the observance of standards will help smooth integration with world financial markets.

Conclusion

The face of banking is changing rapidly. Competition is going to be tough and with financial liberalization under the WTO, banks in India will have to benchmark themselves against the best in the world. For a strong and resilient banking and financial system, therefore, banks need to go beyond peripheral issues and tackle significant issues like improvements in profitability, efficiency and technology, while achieving economies of scalet Financial sector reforms were initiated as part of overall economic reforms in the country and wide ranging reforms covering industry, trade, taxation, external sector, banking and financial markets have been carried out since mid1991. 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.

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AGENT BANKING MODEL – A NEW WAY TO FINANCIAL INCLUSION

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INTRODUCTION

With the growing concern of more and more people under the financial exclusion, emerging and developing economies world over are keenly designing an innovative delivery channel which could penetrate the banking services to the bottom of the pyramid. The present banking setup lacks the essential infrastructural, technological and attitudinal skill sets to service this target audience. This has necessitated the emergence of new delivery channel called “Agent Banking Model”.

To reach banking services to poor through traditional bank based delivery channel involves high cost and its economic viability is of great concern. To overcome this challenge and percolate the banking services to hitherto unbanked population, world over banks are turning to “Banking Agents” as a New Delivery Channel. Banking Agent will drastically change the economics of banking, with lower setup and running cost[vi].

The paper is organized into eight main parts. I) Role of banking agent II) Delivery models of Agent Banking III) Three key drivers of Agent Banking IV) Transactional process between the Banking Agent and customer V) Characteristics of a good Banking Agent VI) Agent Banking a new mode of Delivery Channel – SCOT analysis VII) Success stories of Agent Banking models VIII) Agent Banking Model – Indian Experience – Conclude the paper.

ROLE OF BANKING AGENT

Banking agent acts as the face of the bank to the unbanked population. The role of banking agents assumes greater importance, as they are the only connecting node between the bank and the customer. In this respect, they perform two important functions ‘A’ and ‘B’ as depicted in the figure 1.

A – Bank agent work on behalf of banks to provide financial services to the hither to unbanked population. The agent may be a banks’ employee or bank may use the existing infrastructure like post office, retail outlets (kirana stores, medical, fair price shop), telecom providers, petrol pumps, PCO operators, retired teachers, SHGs linked to banks etc., as an agent in compliance with the regulatory authorities. Retail outlets and post office are increasing used as distribution channel for delivery of banking products. E.g. In rural France, Bank Credit Agricole uses corner store to provide financial services. Equity Bank in Kenya adopted the agent banking model to achieve financial inclusion

B – Bank agent’s role is to offer the same services as a real bank starting from opening of accounts, cash deposit, withdraw and transfer of funds, issuance of mini bank statement, repayment of loan, payment of bills or insurance plan, receive pension & government benefits etc.

I. DELIVERY MODELS OF AGENT BANKING

Agent banking is predominantly using POS device and Mobile phone (Mobile wallet) to carry out its financial transactions.

1. POS - Enabled Bank Agent[vii]

The transactions are done using a PIN or Biometric based Card through Point of Sales (POS) device, where real time updates happen in the concerned base branch. E.g. SBI in India is using POS device to reach the unbanked population

2. Mobile Phone - Enabled Agent[viii]

The penetration of cell phones in deep pockets of people world over has made experts to uses mobile as an e-payment device in Agent banking model. Transactions of financial operation are done using a mobile phone. Real time updates of transaction happens via GPRS (General Packet Radio Service) or Internet which is connected to the concerned base branch. Once the transaction is executed the customer gets a SMS which acts as a receipt. E.g. HDFC and Vodafone tied up to start mobilebank account 'm-paisa' for providing banking services in Rajasthan from November 27, 2011[ix]. Telecom Company 'Vodafone' is appointed as an agent and its infrastructure will be used to deliver the financial products. This mode of agent is some time referred as ***'mobile wallet'***.

II. TRANSACTIONAL PROCESS BETWEEN BANKING AGENT AND CUSTOMER

Bank customer presents his card at the POS counter and request for a transaction. The transaction may be deposit, withdrawal or transfer. The desired transaction type is selected through POS device and the agent enters the amount, swipes the customers' card through the reader and satisfies the identification requirement via PIN or Biometric. The POS device is connected to the bank branch server through a dial-up, broadband, Mobile tower or satellite. The bank authorises the transaction based on initial inputs and prints the customer receipts.[x] The transaction process is depicted in a diagrammatic representation in Figure 3, followed by a step by step explanation of each process in the transaction.

1. An existing bank customer presents his card at the agent and request for some specific banking service. The CSP agent select the type of transaction on the POS device, enter the amount and swipe the card through the device and fulfils the basic customer ID authentication via PIN or Biometric.
2. Information from the POS device is linked to the nearest bank branch server via a Dial-up or Broadband or mobile tower or satellite for authorisation of the transaction.
3. CSP agent gets an authorisation of the transaction from the nearest bank branch server.
4. Based on the authorisation of the transaction, POS device prints the customers' receipts.

III. CHARACTERISTICS OF A GOOD BANKING AGENT

Banking agent is the sole linking node between the bank and its customers, so the selection of appropriate banking agent assumes greater importance. In this context government and Central bank world over has made in mandatory regulation as to who should be a banking agent. Apart from these regulations, a banking agent should have these prerequisites

1. Person with high integrity and a common face of the society will enhance the trust worthiness of the agent and the confidence of providing a guaranteed service.

2. Commanding communication skill especially in local dilate, helps in better comprehension of product portfolio and its functioning. This will facilitate cross selling of financial services.
3. Credit worthiness of the agent should be ensured.
4. Capacity training of agent on transactional process with technological aids should be provided – e.g. handling of POS device, Mobile hands for banking services etc.,

IV. AGENT BANKING (BA) AS A NEW MODE OF DELIVERY CHANNEL – SCOT ANALYSIS

STRENGTHS

The Banking Agent act as nearest financial service points to reach the unbanked population of the developing economies. The following are the merits which strengthens this mode of banking services.

- Banking as a whole will be more dynamic and proactive in delivering the right products to the right target audience i.e. generic product and service mix will replace more customerized product and services based on the target audience.
- The approach of need based and customer centric banking has replaced the traditional product centric banking activities.
- The new delivery channel facilitates in building bondage between the banking agent and customers, which was highly restricted to elite customer group in bank branches.
- Delivery channel proximity (popularly referred as doorstep banking) in reaching the target customer (unbanked customers) has increased customer convenience to access basic banking facilities on a daily basis.
- Flexible working hours by the point to sales service providers will increase the horizon of banking services to wider population base.
- Limited capital expenditure with low set-up and operational cost resulting in reduced delivery cost to the customers.
- Banking agents can be an attractive service channel because they may not be subject to the same stringent and costly regulations that apply to branch operations

CHALLENGES

The development of banking agents as a new delivery channel are filled with certain road block which are to handled tactically to make this channel a great success. Some of the hindrances associated with the channel are

- Financial literacy a key driving force for the success of the models[xi] should be taken care of. In this regard, Central banks of developing countries has asked its existing banking network to design exclusive programs to reach the nearby rural population and impart basic banking knowledge, emphasise the importance of banking and its impact on economic and social development of the families. Financial literacy should be provided in the vernacular language.
- Confidence building among the target audience is a key issue, where bank and the agent should jointly act in positioning the bank agent as ‘banks’ representative’ in the minds of the

target audience. Confidence building will indirectly increase the acceptability of agent providing banking services.

- Capacity building of agents by providing proper training on a continuous basis; by way of educating the basic function of the banking services, hands on training on technological aids in delivering these services and building a rapport between the bank and its agent & agent and customer is a herculean task. E.g. Institute of Banking and Finance (IIBF) has started offering a certification courses on Business Correspondent/ Business Facilitators in tie up with NABARD mainly for training agents in their domain knowledge[xii]. More such initiatives are required in technological training to make this channel achieve its full potential.
- Preservation and protection of the security and confidentiality of customer information in the custody or possession of the Agent is a great concern.

OPPORTUNITY

There are immense prospects of taking this channel to deep roots of our population. Some of the opportunities in this context are

- The scope of this channel in addition to banking services can be productively used in delivery channel of various central and state government schemes to unreached population of the country.
- Constructive identification of beneficiaries for the various government schemes can be done through a banking agent.
- Continuous research on state of art technology in banking can take this channel to great heights.
- An established, technology driven and time tested banking agent delivery model is yet to emerge.

THREATS

Any new delivery channel has its own set of shortcomings, which wane off as the channel gets into its maturity stage. For instance, Internet banking was seen with scepticism from all quarters, but as the channel matures, it has capability of replacing the traditional way of banking in many countries. Some of such present day threats of this channel include:

- Security will be paramount concerns for growth. This can be overcome by establishing a secured and robust infrastructure with necessary firewall and other security enhancing devices.
- Agent banking model is bound to various risk like credit risk, operational risk, reputational risk and legal risk. To mitigate the risk factor, world over government and central banks have formulated various regulatory measure both for the banks and the agent. E.g. In India, RBI has clearly formulated mandatory requirement for an agent and its functioning, which is revised frequently to adapt to the changing scenario and to make agent model risk free. Future more RBI has asked banks to adopt a technology based solutions for managing the risk[xiii].

V. AGENT BANKING MODEL – INDIAN EXPERIENCE

Indian experience with agency banking model (referred as Business correspondent model in India) can be traced back to 2006 when RBI permitted banks to appoint Business Correspondent (BC) with the aim of connecting people with the banking system. On this guideline, both public and private sector bank started adopting BC model. Based on RBI's "Report of the Working Group to Review The Business Correspondent Model" 2009, 85 BCs are appointed by Public Sector Banks with told account opening of 80,47,007 and 44 BCs are appointed by Private Sector Banks with told account opening of 8,13,259[xiv]. One such successful case from India is:

SBI Tiny project was the first project in the country to test the validity of the IT enabled Financial Inclusion utilising business correspondents. Under the project, smart cards were issued in Mizoram (Aizwal), Andhra Pradesh (Medak) and Uttaranchal (Pithoragarh) in the year 2006 with Zero Mass Foundation as the Business Correspondent. The areas were chosen in such a way that if the project is successful in such places it would easily be successfully replicated in other areas. Under the project, the photo of the applicant is personalized with address on the face of the card and two finger prints captured on the chip of the card for biometric verification at the time of cash disbursal transactions. This is simple, convenient and secured mode of extending financial services to the cardholders. The card is capable of containing 16 wallets (account details). Transactions in the accounts including cash deposits and withdrawals can be carried out by customers without having to go to the bank branch. The project started on a modest scale with 5000 accounts[xv].

Wide variations of Business Correspondence model is observed in India and most of the projects are limited to a district or a particular state. Pan-India BC model is yet to get established in India. As Business Correspondent Model in India is transcending from evolutionary to growth stage, lot of experimentation is happening, giving way to great scope of research, ranging from adopting the best global practices in India, replicating successful state practice to Pan- India level, etc.

CONCLUSION

Central banks of the developing economies have rightly adopted 'Agent banking' as a tool in achieving the magical concept of financial inclusion. The addition of new delivery channel in the arms of banking network will strengthen the banking sector and helps in realizing the long felt dream of inclusive economic growth and social transformation.

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MOBILE BANKING – THE FUTURE

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Mobile Banking- An Introduction

The spread of mobile phones across the developing world is one of the most remarkable technology stories of the past decade. Buoyed by prepay cards and inexpensive handsets, hundreds of millions of first-time telephone owners have made voice calls and text messages part of their daily lives. Mobile Banking is a term used for performing balance checks, account transactions, payments etc via, a mobile device such as a mobile phone. Mobile banking today is most often performed via SMS or the mobile internet but can also use special programs called clients downloaded to the mobile device. Mobile Banking is often performed by SMS, and hence it is also known as SMS Banking. It is also known as M-Banking. The growing number of mobile subscribers in the country forms the most valuable support base for the growth and success of mobile banking.

Mobile Banking Models

I. Business Models

A wide spectrum of Mobile/branchless banking models is evolving. These models differ primarily on the question that who will establish the relationship (account opening, deposit taking, lending etc.) with the end customer, the Bank or the Non-Bank/Telecommunication Company (Telco). Models of branchless banking can be classified into three broad categories - Bank Focused, Bank-Led and Non Bank-Led.

1. Bank-focused model

The bank-focused model emerges when a traditional bank uses non-traditional low cost delivery channels to provide banking services to its existing customers. Examples range from use of automatic teller machines (ATMs) to internet banking or mobile phone banking to provide certain limited banking services to banks' customers. This model is additive in nature and may be seen as a modest extension of conventional branch-based banking.

2. Bank-led model

The bank-led model offers a distinct alternative to conventional branch-based banking in that customer conducts financial transactions at a whole range of retail agents (or through mobile phone) instead of at bank branches or through bank employees. This model promises the potential to substantially increase the financial services outreach by using a different delivery channel (retailers/ mobile phones), a different trade partner (Telco / Chain Store) having experience and target market distinct from traditional banks, and may be significantly cheaper than the bank based alternatives. The bank-led model may be implemented by either using correspondent arrangements or by creating a JV between Bank and Telco/non-bank. In this model customer account relationship rests with the bank.

Mobile Banking Services

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

I. Account Information
• 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

II. Payments & Transfers
• Domestic and international fund transfers
• Micro-payment handling
• Mobile recharging
• Commercial payment processing
• Bill payment processing

III. Investments
• Portfolio management services
• Real-time stock quotes
• Personalized alerts and notifications on security prices

IV. Support
• Status of requests for credit, including mortgage approval, and insurance coverage
• Check (cheque) book and card requests
• Exchange of data messages and email, including complaint submission and tracking

V. Content Services
• General information such as weather updates, news
• Loyalty-related offers
• Location-based services

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 banks 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.Table I given below shows the following taxonomy of services.

TABLE I

	Push Based	Pull Based
Transaction Based		• Fund Transfer • Bill Payment • Other financial services like share trading
Enquiry Based	• Credit/Debit Alerts • Minimum Balance Alerts	• Account Balance Enquiry • Account Statement Enquiry

	• Bill Payment Alerts	• Cheque Status Enquiry • Cheque Book Requests • Recent Transaction History

1. **IVR – Interactive Voice Response**

IVR or Interactive Voice Response service operates through pre-specified numbers that banks advertise to their customers. Customer's make a call at the IVR number and are usually greeted by a stored electronic message followed by a menu of different options. Customers can choose options by pressing the corresponding number in their keypads, and are then read out the corresponding information, mostly using a text to speech program. 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).

2. 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. For example, customers of the HDFC Bank in India can get their account balance details by sending the keyword 'HDFCBAL' and receive their balance information again by SMS. The main advantage of deploying mobile applications over SMS is that almost all mobile phones are SMS enabled.

3. 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. WAP sites offer the familiar form based interface and can also implement security quite effectively.Bank of America offers a WAP based service channel to its customers in Hong Kong. The banks customers can now have an anytime, anywhere access to a secure reliable service that allows them to access all enquiry and transaction based services and also more complex transaction like trade in securities through their phone.

4. 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. The major disadvantage of mobile application clients is that the applications needs to be customized to each mobile phone on which it might finally run.

Future Scope of Mobile Banking

Mobile banking in India is set to explode - approximately 43 million urban Indians used their mobile phones to access banking services during quarter ending August, 2011, a reach of 15% among urban Indian mobile phone user. Apart from this, Mobile banking services can travel seemingly effortless across distance, and which constitutes the bridge that many donors now put their hope to. Mobile banking services are believed to have a real development impact, as it can bring financial services to previously unbanked people.

Conclusion

Mobile banking is poised to become the big killer mobile application arena. However, banks going mobile the first time need to tread the path cautiously. The biggest decision that banks need to make is the channel that they will support their services on. 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. Nevertheless, 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.

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SPILLOVER EFFECTS OF ECONOMIC VANDALISM

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From the beginning of summer 2008 there has been a slew of bad news in US that caused ripple effects across the globe. It all started with the housing sub-prime mortgage & now it trickled into the entire financial market. The b-schools churn out economic vandals who for their self-interest have caused havoc in the financial sector with the introduction of innovative financial instruments. The crisis which started in the US has engulfed the entire world. Had AIG gone bust, millions of policyholders might have lost their annuity. AIG & other insurers has got a lot of tie-ups in different parts of the globe. So, this paper examines the impact of the global financial crisis on the insurance sector of India.

The era of free market capitalism has come to a juddering halt and the crisis that destroyed LEHMAN in 2008 is now engulfing much of the rich world. The weakest countries such as GREECE have already been plunged into chaos. The epicentre of the crisis which initially was restricted to America's soil, soon spread to all parts of the globe.

TEST OF HYPOTHESIS

T-test has been used to compare the result of pre-crisis & post-crisis period. The value has been calculated at 5% level of significance.

LIFE INSURANCE SECTOR

New policies issued by the insurance companies for the period ranging from 2005-2011. This period is segregated into six financial years as shown in the table. The Indian insurance sector comprises LIC & PRIVATE SECTOR. The new policies underwritten by the sector for this period is 2847.89 lakhs where LIC has issued an enormous no. of policies (2192.47 lakhs) & the private sector's share is 655.42 lakhs. The share of LIC is 76.99% & 23.01% is held by the private sector. In 2006-07, LIC witnessed noticeable growth. After that, it has not witnessed any significant change. Private sector's landscape is little different. There has been growth in this sector from 2005-06 to 2000-10. Innovative products, smart marketing & aggressive distribution enabled fledgling private insurers to sign up Indian customers faster than anyone ever expected. Indians who have always seen life insurance as a tax saving device, have now suddenly turned to the private sector & snapped up the new innovative products on offer.

GROWTH RATE OF THE INSURANCE INDUSTRY.

The graph clearly shows that the growth rate of the sector is on a decline except for the year 2009-10. LIC experienced a decreasing growth rate till the year 2008-09. It even registered a negative growth rate for the 2 years 2007-08 & 2008-09. In the year 2009-10, it registered a positive growth rate of 8.21% but it had a dip in 2010-11 with a growth rate of -4.7%. In case of the private sector the growth rate has been declining since 2006-07 till 2009-10. In the year 2010-11 its growth rate had increased to enormous heights i.e., it reached 22.62%. The private sector witnessed a considerable decline from the year 2006-07 to 2009-10. Though the no. of new policies issued by the private sector has been increasing for the above mentioned period, the growth rate has been decreasing. But there has been a revival in the last year. In case of LIC, the growth rates are not consistent throughout. Changes in the private sector's growth rate are considerable in comparison to LIC. The growth of the overall sector has witnessed a decline throughout. On the whole, the sector has witnessed a decline.

MARKET SHARE OF THE INSURANCE INDUSTRY PLAYERS.

The above mentioned graph depicts the market share of LIC & the private sector. For the first 4 years of this study, it is evident that the market share of LIC has dropped and the private sector had grabbed the share of LIC in terms of no. of new policies underwritten. Post crisis, the landscape of the insurance sector seems to be somewhat changed, with LIC's market share increasing marginally for the last 2 years of this study.

INCOME FROM INVESTMENTS (Rs. lakhs).

INVESTMENT INCOME	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
1. INTEREST, DIVIDEND, RENT	15207	24183	35336	51052	50490	76334
2. PROFIT ON SALE/REDEMPTION OF INVESTMENTS	4605	5744	14726	8169	12275	11002
3. LOSS ON SALE/REDEMPTION OF INVESTMENTS	(522)	(1462)	(2438)	(6297)	(4634)	(1473)
4. TRANSFER/GAIN ON REVALUATION/CHANGE IN FAIR VALUE	(66)	(239)	(214)	519	1379	(74)
5. AMORTIZATION OF PREMIUM/DISCOUNT ON INVESTMENTS	(326)	19	480	1683	(5)	1915
OTHER INCOME	67	428	58	128	177	787
TOTAL	18178	28673	47948	55254	58682	88491

INVESTMENT INCOME (Rs.Crores)

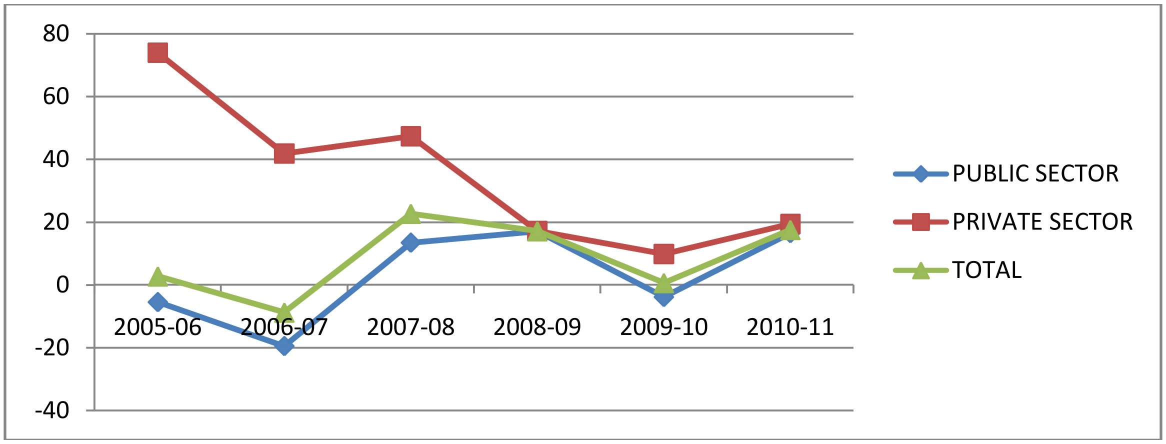
As the operations of the life insurers stabilise, their investment base gets strengthened, resulting in Investment Income forming a significant component of their total income. Interests, rents & dividend form a major part of investment income during all the years of our study. Interests, rent & dividends have showed consistent increase throughout the period of the study.Both LIC & PRIVATE SECTOR shows a similar pattern.

NON-LIFE INSURANCE SECTOR.

NUMBER OF NEW POLICIES UNDERWRITTEN.

No. of new policies issued by the insurance companies for the period ranging from 2005-2011. This period is segregated into six financial years as shown in the graph. The sector is divided into PUBLIC & PRIVATE sector. The no. of policies issued by the Public sector for the six years is 2538.29 lakhs whereas the no. of policies issued in the Private sector is 1151.132 lakhs. The market share of Public sector for the six years is 68.80% & the private sector is 31.20%. With respect to the private sector, it has clearly shown an increasing trend. In case of public sector, what trend we witness is more or less the same since 2006-07.

GROWTH RATE OF NO.OF NEW POLICIES ISSUED



The growth rate of the public sector experienced negative growth rates for the first two years. The growth rate had experienced an increase for the next 2 years, with the public sector having 13.47% in 2007-08 & 17.09% in 2008-09. There was again a dip in the sector with growth rates reaching negative levels. What happened in the last year was the sector registered 16.52% positive growth rate. In case of the private sector, the trend is somewhat different i.e., it had a positive growth rate throughout the period. The growth is erratic in this sector. The alternative years starting from 2005-06 has an increasing trend. The same trend can also be observed in the industry as a whole. However, analysis of the growth rate in the sector does not show any consistency. There is enormous increase in the growth rate in 2008-09. The growth rate in 2005-06 & 2006-07 is direct opposite to the growth in 2009-10 & 2010-11.The investment income of Public Sector has shown an increase over the period of study except for the year 2008-09. The Private Sector, on the other hand, has represented a rising graph throughout the period of study. It is because of their innovative products.Both the sectors have shown a completely different trend. The Public sector starts with an increasing growth rate but then starts declining after 2007-08. The Private sector has behaved in a straight opposite manner.

ANALYSIS OF TEST

The calculated value is less than the table value in case of First Year Premium of the LIC & PRIVATE SECTOR & even the industry as a whole for the LIFE INSURANCE BUSINESS. The same result is also found in non-life insurance business (Public as well as Private sector). So, it can be concluded that Global financial crisis had no impact on India, specifically in the insurance sector. The demand for the insurance products in the developed world has reached the saturation point, so the insurance multinationals have to depend on emerging countries for growth & prosperity.

CONCLUSION

Despite the financial turmoil, insurance companies are still forging ahead. Millions have lost their homes & jobs, insurance is one product many people can’t survive without it. For the purpose of law or necessity, people still have life, car, health, & other types of insurance in effect. Furthermore, with more people owning vehicles, homes & more people earning greater amounts worldwide, the need to have them insured has emerged, creating an entirely new segment for the top insurance companies of the world. This is particularly true in emerging countries like INDIA & CHINA where this phenomenal growth has occurred. The multinational leviathans found green pastures in India & China & they want to utilise these opportunities to avoid stagnation. The absolute values show an increasing trend throughout the period of study, even in the post crisis period. However, growth in India in the insurance sector has gone down. The regulations in India put a stranglehold on the development of the economy. The entry of foreign players is restricted in some sectors & this becomes a bottleneck for introducing innovative products in accordance with customers' needs. Innovative products could avoid to mis-selling. The laws should be regulatory rather than draconian. The insurance sector has taken some strides in this aspect as it the IRDA which regulates the industry. A right combination of product innovation, enchanting customer service, quick claims settlement & investments in customer education will open up new frontiers for the insurance industry. All these factors act as a catalyst for promoting growth.

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RURAL CONSUMER BEHAVIOUR IN PONDICHERRY REGION – AN EXPLORATORY ANALYSIS

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INTRODUCTION

The father of the Nation Mahatma Gandhi rightly stated that India lives in villages and villages constitute the very heart of India. This has been aptly put by a Hindi poet "Bharat Mata Gram Vasini" which means 'Mother India lives in her villages'. In India 75% of the total population lives in rural area. The Indian rural market is much larger when compared to the urban market in terms of population and number of households. The rural market consists of about 100 million households with a population of about 620 million. But the rural areas are characterized by low per capita income, low literacy, average agricultural productivity and low level of industrialisation. These characteristics of rural India limit its capacity for consumption of goods and services compared to any advanced and developed country. So far, these factors have inhibited the enthusiasm of marketing people to perform in rural areas. In recent years the scene has changed considerable due to the rapid progress achieved in agricultural development and allied activities like animal husbandry, sericulture, horticulture, Pisiculture and due to the encouragement of rural and cottage industries. The potential for marketing of goods and services depends heavily on agriculture. Since, it is the main occupation in rural areas. The market for agricultural inputs - fertilisers, pesticides and insecticides, tractors, lift irrigation equipments, hybrid and high yielding seeds has been expanding over the years in rural areas as the Indian farming is fast becoming market-oriented as opposed to subsistence farming earlier.

STATEMENT OF THE PROBLEM

To successfully exploit the potential offered by rural market, there is a need to first understand the consumer behaviour in rural market. It has been proved in a number of cases that the better the firm understands its consumers, the more likely it becomes successful in market place. The management of Proctor and Gamble stated, "Our business is based on understanding the consumer and providing the kind of products that the consumer wants. We place enormous emphasis on our product development area and our marketing area, and on our people knowing the consumer. To study the consumer behaviour would render immense help for planning and implementing marketing strategies. For example, buyer's reactions to a firm marketing strategy have great impact on the firm's success. Secondly, the proof of establishing consumer orientation in the marketing concept of the firm depends on how marketing mix adopted satisfied the consumers. Thirdly, by gaining a better understanding of the factors that affect buyer behaviour, markets are in a better position to predict how consumers will respond to marketing strategies. In addition the study of consumer behaviour helps in developing the strategies under-noted. These are, selection and segmentation of target markets devising appropriate marketing strategies most relevant market segment, evaluation of marketing programmes, strategies and tactics, and assessing the trends of change and preparing marketing plans to suit the future changes. It is essential for the business community to see the preference and fulfil their obligation in a meaningful and responsive manner.

OBJECTIVES OF THE STUDY

- To reveal the socio-economic profile of the respondents.

- To examine the association between Family status and Family expenditure
- To analyse the underlying factors of purchase decision.

METHODOLOGY

The Source of data is used for the present study are both primary and secondary in nature. For the purpose of collecting primary data, the researcher had visited all selected sample villages with a carefully designed interview schedule. The secondary data are collected from the journals, books etc. Statistical tools and used for the study such as Mean, SD, X^2, ANOVA etc.,

AREA OF THE STUDY

The study has been conducted in Pondicherry Region, the main region of he Union Territory of Pondicherry is located on the Coromandal coast and it lies between north latitudes 11^0 46' and 12^0 03' and east latitudes 79^0 36' and 79^0 52'. On three sides Pondicherry region is surrounded by land with boundaries of Cuddalore District of Tamil Nadu, while the eastern side is bounded by the Bay of Bengal. Pondicherry is south of Madras (162 Kms away by road). This region is inter spread with the enclaves of Cuddalore of Cuddalore District and Villupuram and Tindivanam Taluks of Villupuram District. This region has two munipalities (Pondicherry and Oulgaret) and five communes (Ariankuppam, Nettapakkam, Mannadipet, Bahour and Villianur). According to 2001 census, the region has a population of 7.35 lakhs spread over 162 villages and 1,22,706 households. Pondicherry region is spread over an area of 293 sq. kms. In Pondicherry, there are 7 Communes. The following table shows the commune-wise population:

TABLE I

COMMUNES AND ITS POPULATION IN PONDICHERRY REGION

S.No	Communes/ Municipalities	Males	Females	Total
1.	Pondicherry	109386	111363	220,749
2.	Ariankuppam	27634	27120	54,754
3.	Ozhukarai	110038	107585	217,623
4.	Mannadipet	30927	30525	61,452
5.	Villianur	44929	43883	88,182
6.	Bahour	27852	26807	54,389
7.	Nettapakkam	18822	18403	37,225
	Total	369318	365686	735,004

Source: Census report 2001

SAMPLE DESIGN

For the purpose of selecting villages convenience sampling method is applied. For the research, five communes from Pondicherry region are selected for sample, which have large number of villages in it. The size of the sample was 40 from each Commune Panchayats constitute 40 households in 5 communes. The following table shows the gender wise population of five Pommune Panchayats.

TABLE II

GENDERWISE POPULATION OF SAMPLE COMMUNE PANCHAYATS

S.No	Communes/ Municipalities	Males	Females	Total
1.	Ariankuppam	27634	27120	54,754
2.	Mannadipet	30927	30525	61,452
3.	Villianur	44929	43883	88,182
4.	Bahour	27852	26807	54,389
5.	Nettapakkam	18822	18403	37,225

RESULT AND DISCUSSION

Rural market base for many products is attracting many consumer durable companies and also Multi National Companies (MNCs). To tap the rising potential among rural people, companies are exploring new means of distribution channels and promotional means. In the rural distribution strategy, with most of the target audience being first time purchasers, they need to be supplemented with better distribution tools. In this scenario, here an attempt has been made to exploit the behaviour of the rural consumers towards essential products for livelihood, namely, food, cloth, medicine and cosmetics.

It is seen from Table III that participation of respondents from large families (more than 7 members) are very low with 6.5 per cent while participants from small (< 4) and medium (4-7) families are 45.0 per cent and 48.5 per cent respectively. As far as the number of earning members is concerned, there are only one earning members among 46.5 per cent of the rural respondents' family and in the remaining families more than one members are earning. Government employees participation is higher with 37.0 per cent followed by Agriculturists with 29.0 per cent, private employees with 26.0 per cent and self-employed with just 8 per cent. It is seen from the table that 43.5 per cent of the respondents have income of Rs.5000 and below, 40 per cent have income in between Rs.5000 and 10000 and remaining 16.5 per cent have been earning above Rs. 10000.

ASSOCIATION BETWEEN FAMILY STATUS AND FAMILY EXPENDITURE

Family expenditure on essential items like food, cloth, medicines and toiletries & cosmetics may differ according to the type of family, family size, number of earning members in a family and the occupation of the family head. Here, an attempt has been to ascertain whether it is true in the case of rural consumer or not. For the above purpose, a statistical technique called chi-square analysis of cross tabulation between two categorical variables has been used for eliciting the above association. The results of the analysis are presented in Table IV and the same has been discussed in detail.

TABLE IV

RESULTS OF CHI-SQUARE ANALYSIS SHOWING THE ASSOCIATION BETWEEN FAMILY STATUS VARIABLES AND FAMILY EXPENDITURE (N = 200)

Social Status of the Respondents		Family Expenditure (in Rupees)				X^2 Value
		<= 5000	5000-10000	> 10000	All	
Family Type	Joint Family	62 (64)	35 (33)	4 (4)	101	0.44 (df = 2)
	Nuclear Family	65 (63)	30 (32)	4 (4)	99	
	Total	127	65	8	200	
Family Size	< 4 Members	64 (57)	21 (29)	5 (4)	90	7.04 (df = 4)
	4-7 Members	55 (62)	39 (32)	3 (4)	97	
	> 7 Members	8 (8)	5 (4)	0 (1)	13	
	Total	127	65	8	200	
g Me	One Member	79 (59)	8 (30)	6 (4)	93	45.75*** (df = 2)

	More than one member	48 (68)	57 (35)	2 (4)	107	
	Total	127	65	8	200	
Occupation	Agriculturists	49 (37)	9 (19)	0 (2)	58	48.58*** (df = 6)
	Govt. Employed	25 (47)	42 (24)	7 (3)	74	
	Pvt. Employed	42 (33)	10 (17)	0 (2)	52	
	Self-Employed	11 (10)	4 (5)	1 (1)	16	
	Total	127	65	8	200	

Source: Primary Data. ***Significant at 1 per cent level.
Figures in brackets are expected frequencies
Chi-square table value for df 2 @ 10% = 4.61, @5% = 5.99 and @ 1% = 9.21
Chi-square table value for df 4 @ 10% = 7.77, @5% = 9.49 and @ 1% = 13.28
Chi-square table value for df 6 @ 10% = 10.64, @5% = 12.59 and @ 1% = 16.81

From the Table IV, it can be observed that family expenditure among low-expense joint family (observed / expected - O/E = 62/64 for joint family with expense Rs.5000 and below) but it more than expected in the case nuclear family for same expense category (O/E = 65/63). It has been reverse in the case of joint and nuclear families with medium expense (O/E = 35/33 for joint and 30/32 for nuclear family type with expense between Rs.5000-1000) while observed number of joint and nuclear families is same as that of expected in the case of higher expense groups. The above picture reveals the relationship between family type and family expenditure on essential items. But the calculated chi-square value, 0.44, is much lower and less than 4.61, the table value for 2 degrees of freedom at 10 per cent level, which in turn divulge the fact that the above relationship is not statistically significant. Regarding family size, the expenditure pattern seems to have been varying with certain level. It is seen from the table that there are more small families than expected (O/E = 64/57) who spend Rs.5000 and below while number of medium families spending in between Rs.5000 and 10000 are more than expected (O/E = 39/32). However, the above relationship is not statistically significant because the calculated chi-square value of 7.04 is just below 7.77, the table value for 4 degrees of freedom at 10% level. The insignificant may be due distribution of families of all size with respect of higher range of expenditure pattern. On the other hand, the results show that the number of members earning in a family and occupation of respondents has significant association with family expenditure. This is because the calculated chi-square value, 45.75 (> 9.21, the table value for 2 degrees of freedom at 1% level) for 'earning members' and 48.58 (> 16.81, the table value for 6 degrees of freedom at 1% level) for occupation is highly significant. In depth perusal of the frequencies are also revealing the above relationship apparently. That is, it can be seen that the observed cases of one earning member families are more than expected under low-expense category (O/E = 79/59) and much less than expected under middle-expense category (O/E=8/ 30). Similarly, number of observed cases of 'more than one earning member families' than expected is less among low-expense category (O/E = 48/68) and more than expected among middle-expense category (O/E=57/35). In the same way, for occupational groups other than employed in government, the observed cases are more than expected under low-expense category and less than expected under middle-expense category. The scenario is in reverse in the case of respondent group with employment in government. Hence the above association is significant for both social variables -earning members and occupation. In sum, from the above results, the conclusion is that (1) family expenditure is independent of the family type, (2) there is association between family size and family expenditure but not statistically significant, which may be due to small sample size, (3) family expenditure is associated with number of earning members in a family and occupational status of the rural consumers.

UNDERLYING FACTORS OF PURCHASE DECISION

Underlying factors of purchase decision have been analysed with a statistical approach called Factor analysis. The surveyed data relating to various components of purchase decision, such as price, quality, availability, family members, reference group, brand name, company name, advertisement, family income and display on shops have been subjected to the factory analysis. The results of the factor analysis are presented in Table V and Table VI.

TABLE V

EIGENVALUES AND PROPORTION OF TOTAL VARIANCE OF UNDERLYING STRUCTURES (DIMENSIONS) OF VARIABLES INFLUENCING THE PURCHASEDECISION

Factor No	Eigen value	% of Total Variance	Cumulative Eigenvalues	Cumulative % of Total Variance
1	3.52	35.20	3.52	35.20
2	1.96	19.58	5.48	54.79
3	1.09	10.94	6.57	65.73
4	0.99	9.90	7.56	75.63
5	0.66	6.60	8.22	82.23
6	0.51	5.10	8.73	87.33
7	0.41	4.14	9.15	91.48
8	0.38	3.76	9.52	95.24
9	0.28	2.78	9.80	98.01
10	0.20	1.99	10.00	100.00

TABLE VI

FACTOR LOADINGS OF VARIABLES INFLUENCING THE PURCHASE DECISION

Item No	Factor 1 (Family Income)	Factor 2 (Brand Name)	Factor 3 (Advertisement)
Price	0.70		
Availability	0.74		
Family Members	0.63		
Family Income	0.87		
Brand Name		-0.90	
Company Name		-0.85	
Quality			0.61
Friends & Relatives			0.64
Advertisement			-0.74
Display on Shops			0.49

Source: Primary Data

From the table VI, in which eigenvalues of each extracted factors and percentage of explained variance of the these factors in the original data set have been reported, it could be seen that the eigenvalues for first three factors is above 1. The eigenvalue of 1 and above is the norm required for extracting factors. Thus, from the results of eigenvalues, it is certain that first three factors are extractable and considered as underlying factors purchase decision. Among the three extractable factors, first factor explains 35.20 per cent of the variance in the original data set. That is, first factor account for 35.20 per cent of the characteristics of the original data set. Similarly, second and third factors account for 19.58 per cent and 10.94 per cent of the variance in the original data set. All three factors together has 65.73 per cent of the characteristics of the original data set. Hence, the original 10 components can be broadly categorised into three major factors representing the purchase decision of the rural consumers. To give meaningful name to each of the three factors extracted, the results of the factor loadings portrayed in Table IV gives helping hand. From the factor loadings, it is seen that products' price, products' availability, influence by family members and family income have high loadings with factor 1, which indicates that factor 1 possess the characteristics of these items. Further, among the four components, family income has highest loading followed by availability with factor 1. Thus, based on the above, factor 1 is name as 'family condition and product status'. Similarly factor 2 is named as 'brand name' and factor 3 is named as 'awareness through advertisement'. Hence, from the above results it is concluded that there are three major underlying factors influence the purchase decision of rural consumers. They are: (1) family condition and product status, (2) brand name and (3) awareness through advertisement.

MAJOR FINDINGS

- Around 50% has been spent on food by rural people and expenditure by rural consumers belonging to joint family and belonging to nuclear family with more than one earning members is significantly more than their counterparts.
- More than 50 per cent of the rural consumers of all social groups except the group belonging to families with one earnings members have nature of bargaining at the time of purchase of food items.
- More than 50 per cent of rural consumers belonging to female group have bargained during the purchase of cloth.
- More than 50 per cent of the rural consumers irrespective of their social status have bargained while purchasing toiletries and cosmetic items.

- Rural consumers have bought the most of the food items from the same village, cloths and toiletries & cosmetics either from other village or from town and medicines only from town.
- Many rural consumers irrespective of their social status have preferred both branded and unbranded food, cloth and toiletries & cosmetic (T & C) items. For medicinal items, most of the rural consumers prefer branded one.
- Family expenditure is independent of the family type.
- There is an association between family size and family expenditure but not statistically significant, which may be due to small sample size.
- Family expenditure is associated with number of earning members in a family and occupational status of the rural consumers.

CONCLUSION

In the era of Globalisation competition is high among the companies to capture the market. Rural market in India is still not fully used by the companies in India as well as abroad. To get up to the rural market, a study of consumer behaviour in rural area in a paramount importance. This study highlights that awareness about availability of goods, sources of awareness, brand preference, association between family status and family expenditure and underlying factors of purchase decision of the rural consumers.

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AN ANALYTICAL STUDY ON THE SERVICE QUALITY ASSESSMENT (SQA) OF COMMERCIAL BANKS WITH SPECIAL REFERENCE TO CHENNAI CITY

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INTRODUCTION

Business firms realize that marketing is a core element of management philosophy and the key to its success lies in focusing more and more on the customer's orientation. It is the customer who decides where the firm is heading. Thus, the main challenge before the marketers is to identify what would appeal and convince the customer and ensure that the customer's need, desire & demands are satisfied. Now a day's customers expect out value for money, therefore Marketers are trying to enhance the concept or value through unique delivery methods. They realize that product services, characteristics, customer's aspirations & perceptions and the availability of competing alternatives can be used to check the customer satisfaction.

OBJECTIVE OF THE STUDY

- To examine the role of customers in the assessment of service quality in banking industry, Chennai.
- The study also attempts to know the customer satisfaction/dissatisfaction which is directly related to the expected and actual service quality experienced at the bank.
- To analyze the overall service provided by the banks to the customers

RESEARCH APPROACH

To collect primary data, 'Survey research approach' was adopted for the project and for this communication approach; personal interview of the respondent was conducted.

RESEARCH INSTRUMENT

For the collection of primary data, a properly structured questionnaire was used. The questionnaire comprises both close ended and open ended questions; in case of close ended questions. Likert scales have been used

Likert scales

A Likert scales is simply a statement which the respondent is asked to evaluate according to any kind of subjective or objective criteria, generally the level of agreement or disagreement is measured

SAMPLING PROCESS

It is not feasible to go for a population surveys due to numerous customers and scattered location. Hence researchers had gone for intelligent sampling. In this research, the researcher surveyed 150 respondents who were having their account with Commercial banks in Chennai city. In this research stratified and convenience sampling method has been used for sampling procedures.

LIMITATION OF THE STUDY

- Due to time factor and cost factor only 150 customers were surveyed.
- The study is limited to Chennai city.
- All the information furnished by the respondent was treated as correct

ANALYSIS & INTERPRETATION OF DATA

Table no 1 presents the overall satisfaction/dissatisfaction of the customers towards Commercial banks, Chennai

S.No.	Satisfaction/dissatisfaction	Respondents	%
1.	Satisfied with the transacting banks	**85**	**56.67**
2.	Dissatisfied with the transacting bank	**65**	**43.33**
	Total	**150**	**100**

*based on primary data

The above table clearly indicates that most of the respondents (56.67 %) were satisfied with the services offered by their transacting banks and a few (43.33 %) respondents only were dissatisfied with the said banks services.

Table: 2: Service Quality assessment of satisfied customer

S.No.	Services quality dimension	Expected %	Actual %
1.	Physical facility	77.71	**46.75**
2.	Reliability	80.72	**77.25**
3.	Responsiveness	80.24	**52.00**
4.	Respect	77.34	**51.32**
5.	Assurance	77.34	**72.40**

*based on primary and secondary data

The above table depicted that most of the respondents (80.72%) were satisfied with the services offered by the banks viewed their expected service quality from an ‘Excellent’ banks based on reliability of banks staffs. However, perception of actual service in the transacting bank was very low (46.75%).Similarly, the percentage of satisfied respondents who assessed other dimensions of expected and actual service qualities were 80.24% and 52% towards responsiveness, 77.71 and 46.75% towards physical facilities, 77.34% and 51.32% towards respect, 77.34% and 72.40% towards assurance, respectively. It is clearly observed that the factor reliability and assurance has less deviation rather than the remaining service quality about 3% and 5%.

Table: 3: Services Quality assessment of dissatisfied customers

S.No.	Services quality dimension	Expected %	Actual %
1.	Physical facility	80.06	54.5
2.	Reliability	84.23	63.66
3.	Responsiveness	88.37	61.8
4.	Respect	85.40	64.05
5.	Assurance	84.05	59.81

*based on primary and secondary data

While most of the dissatisfied customers, 88.37% attributed responsiveness as the main dimension of services quality expected from banks, the corresponding response in the same dimension as perceived by the customers through this actual experience in the transacting banks were much lower 61.80%. Similarly, the expected and actual services qualities assessed by the above dissatisfied customers on other dimension were 85.40% and 64.05% towards respect, 84.23%and 63.66% towards reliability, 84.05% and 59.81% towards assurance, 80.06% and 54.50% towards physical facilities respectively.

INFERENCE

The interpretation was based on the services quality assessment made by both dissatisfied and satisfied customers. The assessment of customer's response with regards to overall satisfaction or dissatisfaction with the transacting banks services, it was found that most of the customers 56.67% were satisfied, while only 43.33 % customers were dissatisfied

FINDINGS & CONCLUSION

The overall satisfaction or dissatisfaction of customers with regards to expected and actual services quality have been analyzed in this research paper and expressed satisfaction with the services offered by the banks. The dissatisfied customers attributed responsiveness dimension of services quality as the major gap with the transacting banks. Among the satisfied customers too there existed a disparity between the expected and actual service quality experienced at the transacting banks. the paper is concluded that the poor service qualities such as physical facility, responsiveness and respect. It is suggested that the banks should increase the more service accurately and efficiently in future.

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EMPLOYEE'S ATTITUDES AND JOB SATISFACTION

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Introduction:

Workplace is a location where most people spend a major part of their life, after their student life. What makes a workplace suitable for an individual is the job he/she does. Job satisfaction is the driving force which derives maximum productivity and efficiency out of an individual. In the modern world, industrialization has resulted in a mammoth workforce. Job satisfaction inspires this workforce to work honestly and efficiently. Job satisfaction means how contented an individual feels at his workplace. Job satisfaction is presently a concern which is taken care by Industrial psychologists in an industry. It is the duty of an industrial psychologist to look after the mental health of the workers and to solve their dissatisfaction.

Job satisfaction is subjected to many factors which play a part in an individual's performance. First and foremost, requirements and needs of an individual is an important factor. According to Abraham Maslow's hierarchical needs, an individual has five main needs during his life- Food and shelter, social acceptance, recognition, finances and self actualization. Second very important factor is financial security. A person can have peace of mind only if he has finances to meet his needs.

Thirdly, job security is very important. No employee can work efficiently and be contented, if he has the fear of being kicked out any time. Fourth most important factor is recognition and social acceptance. When an individual is encouraged for his good work, he/she will try to work harder next time and would feel satisfied with the job. Fifth, job suitability is a prerequisite to job satisfaction. For instance, if an engineer is given the work of an accountant, errors are bound to occur. The field of interest of an individual should be kept in mind. The above mentioned factors are few most important factors contributing to job satisfaction.

However, how suitable an individual is to expect anything, whether materialistic or abstract, can only be measured by an expert in this field. Industrial psychologists and industrial sociologists are hired by many companies to look after such problems, arising due to job dissatisfaction.

Thus, job satisfaction is a quintessential requirement for an employee to work efficiently in an organisation. An individual who is not satisfied will surely commit errors and it might even harm the organisation.

The Causes of Employee Attitudes:

The first major practitioner knowledge gap we will address is the causes of employee attitudes and job satisfaction. In general, HR practitioners understand the importance of the work situation as a cause of employee attitudes, and it is an area HR can help influence through organizational programs and management practices. However, in the past two decades, there have been significant research gains in understanding dispositional and cultural influences on job satisfaction as well, which is not yet well understood by practitioners. In addition, one of the most important areas of the work situation to influence job satisfaction—the work itself—is often overlooked by practitioners when addressing job satisfaction.

Dispositional Influences

Several innovative studies have shown the influences of a person's disposition on job satisfaction. One of the first studies in this area (Staw & Ross, 1985) demonstrated that a person's job satisfaction scores have stability over time, even when he or she changes jobs or companies. In a related study, childhood temperament was found to be statistically related to adult job satisfaction up to 40 years later (Staw, Bell, & Clausen, 1986). Evidence even indicates that the job satisfaction of identical twins reared apart is statistically similar (see Arvey, Bouchard, Segal, & Abraham, 1989). Although this literature has had its critics (e.g., Davis-Blake & Pfeffer, 1989), an accumulating body of evidence indicates that differences in job satisfaction across employees can be traced, in part, to differences in their disposition or temperament (House, Shane, & Herold, 1996). Despite its contributions to our understanding of the causes of job satisfaction, one of the limitations in this literature is that it is not yet informative as to how exactly dispositions affect job satisfaction (Erez, 1994). Therefore, researchers have begun to explore the psychological processes that underlie dispositional causes of job satisfaction. For example, Weiss and Cropanzano (1996) suggest that disposition may influence the experience of emotionally significant events at work, which in turn influences job satisfaction. Similarly, Brief (1998) and Motowidlo (1996) have developed theoretical models in an attempt to better understand the relationship between dispositions and job satisfaction. They also found that one of the primary causes of the relationship was through the perception of the job itself. Thus, it appears that the most important situational effect on job satisfaction—the job itself—is linked to what may be the most important personality trait to predict job satisfaction—core self-evaluation. Evidence also indicates that some other personality traits, such as extraversion and conscientiousness, can also influence job satisfaction (Judge, Heller, & Mount, 2002). These various research findings indicate that there is in fact a relationship between disposition or personality and job satisfaction. Even though organizations cannot directly impact employee personality, the use of sound selection methods and a good match between employees and jobs will ensure people are selected and placed into jobs most appropriate for them, which, in turn, will help enhance their job satisfaction.

Cultural Influences:

In terms of other influences on employee attitudes, there is also a small, but growing body of research on the influences of culture or country on employee attitudes and job satisfaction. The continued globalization of organizations poses new challenges for HR practitioners, and the available research on cross-cultural organizational and human resources issues can help them better understand and guide practice (Erez, 1994; House, 1995; Triandis, 1994). The most cited cross-cultural work on employee attitudes. The four cross-cultural dimensions are: (1) individualism-collectivism; (2) uncertainty avoidance versus risk taking; (3) power distance, or the extent to which power is unequally distributed; and (4) masculinity/femininity, more recently called achievement orientation. For example, the United States was found to be high on individualism, low on power distance, and low on uncertainty avoidance (thus high on risk taking), whereas Mexico was high on collectivism, high on power distance, and high on uncertainty avoidance. The four dimensions have been a useful framework for understanding cross-cultural differences in employee attitudes, the importance of culture has also been found in how employees are viewed and valued across countries/cultures (Jackson, 2002)—countries systematically vary on the extent to which they view employees in instrumental versus humanistic ways. In terms of practical recommendations, an awareness of, and, whenever possible, adjustments to, cultural factors that influence employee attitudes and measurement are important for HR practitioners as employee attitude surveys increasingly cross national boundaries.

Work Situation Influences:

The work situation also matters in terms of job satisfaction and organization impact. Contrary to some commonly held practitioner beliefs, the most notable situational influence on job satisfaction is the nature of the work itself—often called "intrinsic job characteristics." Research studies across many years, organizations, and types of jobs show that when employees are asked to evaluate different facets of their job such as supervision, pay, promotion opportunities, coworkers, and so forth, the nature of the work itself generally emerges as the most important job facet (Judge & Church, 2000; Jurgensen, 1978). For example, in a study examining the importance of job attributes, employees ranked interesting work as the most important job attribute and good wages ranked fifth, whereas when it came to what managers thought employees wanted, good wages ranked first while interesting work ranked fifth (Kovach, 1995). Of all the major job satisfaction areas, satisfaction with the nature of the work itself—which includes job challenge, autonomy, variety, and scope—best predicts overall job satisfaction, as well as other important outcomes like employee retention

The Results of Positive or Negative Job Satisfaction:

A second major practitioner knowledge gap is in the area of understanding the consequences of job satisfaction. We hear debates and confusion about whether satisfied employees are productive employees, and HR practitioners rightfully struggle as they must reduce costs and are concerned about the effects on job satisfaction and, in turn, the impact on performance and other outcomes. The focus of our discussion in this section is on job satisfaction, because this is the employee attitude that is most often related to organizational outcomes. Other employee attitudes, such as organizational commitment, have been studied as well, although they have similar relationships to outcomes as job satisfaction.

Job Satisfaction and Job Performance

The study of the relationship between job satisfaction and job performance has a controversial history. The Hawthorne studies, conducted in the 1930s, are often credited with making researchers aware of the effects of employee attitudes on performance. Shortly after the Hawthorne studies, researchers began taking a critical look at the notion that a "happy worker is a productive worker." Most of the earlier reviews of the literature suggested a weak and somewhat inconsistent relationship between job satisfaction and performance. In addition, the relationship between job satisfaction and performance was found to be even higher for complex (e.g., professional) jobs than for less complex jobs. Thus, contrary to earlier reviews, it does appear that job satisfaction is, in fact, predictive of performance, and the relationship is even stronger for professional jobs.

Job Satisfaction and Life Satisfaction: An emerging area of study is the interplay between job and life satisfaction. Researchers have speculated that there are three possible forms of the relationship between job satisfaction and life satisfaction: (1) spillover, where job experiences spill over into nonworking life and vice versa; (2) segmentation, where job and life experiences are separated and have little to do with one another; and (3) compensation, where an individual seeks to compensate for a dissatisfying job by seeking fulfillment and happiness in his or her nonworking life and vice versa. Judge and Watanabe (1994) argued that these different models may exist for different individuals and were able to classify individuals into the three groups. On the basis of a national sample of U.S. workers, they found 68% were the spillover group, 20% in the segmentation group, and 12% in the compensation group. Thus, the spillover model, whereby job satisfaction spills into life satisfaction and vice versa, appears to characterize most U.S. employees. Satisfaction is reciprocal—job satisfaction does affect life satisfaction, but life satisfaction also affects job satisfaction (Judge & Watanabe, 1994).

How to Measure and Influence Employee Attitudes: The third major practitioner knowledge gap is in the area of how to measure and influence employee attitudes. There are a number of possible methods for measuring employee attitudes, such as conducting focus groups, interviewing employees, or carrying out employee surveys. Of these methods, the most accurate measure is a well-constructed employee attitude survey. Thus, we first provide an overview of the major research on employee attitude surveys. To positively influence employee attitudes, understanding of some of the research already discussed is important. In addition, knowledge of important considerations for analyzing employee survey results is essential for taking appropriate steps to improve attitudes. Finally, practitioners often use survey feedback discussion meetings as a means for acting on employee attitude surveys—the final part of this section addresses research related to this topic and the most important ways to support action.

Employee Attitude Surveys: Two major research areas on employee attitude surveys are discussed below: employee attitude measures used in research and facet versus global measures. The areas discussed are not meant to provide knowledge of all relevant considerations for designing employee surveys, but rather provide background on the research and an overview of some major areas of study. In the research literature, the two most extensively validated employee attitude survey measures are the Job Descriptive Index (JDI; Smith, Kendall, & Hulin, 1969) and the Minnesota Satisfaction Questionnaire (MSQ; Weiss, Dawis, England, & Lofquist, 1967). The JDI assesses satisfaction with five different job areas: pay, promotion, coworkers, supervision, and the work itself. The JDI is reliable and has an impressive array of validation evidence.

Conclusions and Future Directions: The field of industrial/organizational psychology has a long, rich, and, at times, controversial history related to the study and understanding of employee attitudes and job satisfaction. Some of this research is very specific and aimed primarily at other researchers, while other publications provide practical guidance on understanding, measuring, and improving employee attitudes (e.g., Edwards & Fisher, 2004; Kraut, 1996).In particular, a better understanding of the role of emotion, as well as roader environmental impacts, is needed and has been largely overlooked in past research. In addition, ongoing research will provide more in-depth understanding of the effects of employee attitudes and job satisfaction on organizational measures, such as customer satisfaction and financial measures.

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TECHNOLOGICAL ADVANCEMENTS IN BANKING AND INSURANCE SECTOR E-BANKING AND E INSURANCE

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INTRODUCTION

An industry that's tightly protected by regulations has finally opened up. But this has introduced many new challenges. Here's a look at how technology can help overcome these challenges and address the new set of issues associated with modern day banking. by Anil Patrick R. The Banking sector in India has experienced a rapid transformation. Just about a decade back this sector was limited to the sarkari (read nationalized) and co-operative banks. Then came the multi-national banks, but these were confined to serving an elite few.One could regard the past as the 'medieval ages' in the banking industry, wherein every branch of the same bank acted as an independent information silo, and multi-channel banking (ATMs, Net banking, tele-banking, etc) was almost non-existent.

THE TIPPING POINT

The opening up of the Indian banking sector to private players acted as 'the tipping point' for this transformation. The deregulatory efforts prompted many financial institutions (like HDFC and ICICI) and non-financial institutions enter the banking arena.

With the entry of private players into retail banking and with multi-nationals focusing on the individual consumer in a big way, the banking system underwent a phenomenal change. Multi-channel banking gained prominence. For the first time consumers got the choice of conducting transactions either the traditional way (through the bank branch), through ATMs, the telephone or through the Net. Technology played a key role in providing this multi-service platform.

The entry of private players combined with new RBI guidelines forced nationalized banks to redefine their core banking strategy. And technology was central to this change.

FEATURES OF E-INSURANCE

In this section, we look at the different ways in which the Internet has changed the traditional model of commerce and insurance.

Search costs and hidden charges: Hotelling's model of spatial competition assumes that the buyer's valuation of a good is determined both by the good's price and the search cost expended by the buyer to locate the good. Hotelling's model applies to the traditional business model in which the goods were dispersed among different sellers and the buyer locates the best deal by visiting each seller physically. Recently, sites like Dealtime and My Simon provide value-added services like comparison-shopping and multi attribute product differentiation. The buyer is just required to select and click on the good that best suits her needs and authorize payment.

Whereas e-commerce has reduced search costs it has increased the net price the buyer pays by including packaging and delivery charges that were absent while purchasing from brick and mortar stores. In fact, some of the comparison shopping sites mentioned above compare prices with and without delivery for every item. However, buyer surveys have revealed that these sites can only profit temporarily from bargain-hunting buyers.

As soon as the promotion is withdrawn, the number of customers on these sites reduces rapidly. Such promotions are thus detrimental to online businesses in the long run.

Price competition: In the last section we discussed the effect of online purchasing on reducing search costs. This allows buyers to access several seller sites and compare the price that each seller charges. Different sellers charge differently at different locations based on customer needs and preferences. For example, a local grocer charges more than the supermarket since he caters to the local and dedicated clientele. The clients remain with the local provider due to loyalty, service and perhaps out to ignorance too.

However, with online trading, each seller can observe the price being charged by its competitors and is also aware that all these prices are available to the buyers. If the price of the good that is being sold is not sufficient to attract customers, the seller will lose customers to its competitors offering a better price. Price wars tend to drive down the price of a good till it reaches the base or production cost. However, this does not mean that insurance companies will not earn enough to sustain their running costs. Rapid price wars are a characteristic of the Internet based model but insurance firms can still survive since, in the real world, prices are rarely driven down to the base cost.

NICHE CREATION: Price competition between sellers tends to drive down the price of a good towards its base cost. However, very rarely do sellers operate at the base cost of a good. This is because every seller creates a particular service niche for itself and services customers who prefer that niche. Customers find these value-added services worth the extra cost that they are paying with Crutchfield. Crutchfield therefore specializes in their niche of specialized services that other competitors fail to deliver.

price charged by the competitors for a particular book did not have any effect on the price charged by Amazon for the same book. A large and dedicated clientele for Amazon refused to opt for the cheaper but unknown merchants. Once a strong customer base with brand loyalty is established, the seller is guaranteed a steady source of revenue. As long as the value added to the good through the services provided by this niche exceeds the price offered by the seller's competitors, the buyers remain dedicated to the seller.Customers find these value-added services worth the extra cost that they are paying with Crutchfield. Crutchfield therefore specializes in their niche of specialized services that other competitors fail to deliver. Niche creation ultimately results in strong brand loyalty. Niche creation is evidently one of the most important factors in the insurance industry. Insurance providers in India like General Insurance Corporation and Life Insurance Corporation already have a solid customer base and years of reputation. These companies thus have established niches. To ensure that these niches continue to exist in the online insurance industry, value added services like recommendations of policies to possible buyers, easy and fast policy purchase and prompt and hassle-free claim settlement should be provided to customers. With an established niche and valued-added online services it will be difficult for smaller players and new entrants to compete.

FIRST MOVER ADVANTAGE: Consumers are very sensitive to the introduction of new products in the market. The enthusiasm to try out a new product results in the initial sales of the good. When the initial or trial phase of the product is over, the product survives if the consumer finds the utility from the good to be worth paying its price. If the product survives, it serves as an incentive for competitors to enter the market with the same or very similar products. As a consequence, the supply of the product increases. If the demand for the product remains fixed, the price begins to fall, and as more and more sellers enter the market, the price of the good reduces. All these sellers can be assumed to have an equal share of the total revenue from selling the particular type of good since they sell very closely related products. However, the seller that had introduced the product to the market obtains the maximum revenue since it enjoyed the advantage of the initial sales of the good. This seller is known as the first mover..

First mover's advantage is relatively safe for established sellers that introduce a new product in the market. Since the insurance industry is yet to shift to the online perspective, especially in India, there is a large scope of obtaining the first mover advantage to established insurance providers like General Insurance Corporation. Einsurance offers a large untapped market and the first mover advantage is likely to be quite large. Even after insurance sales have gone online, the first mover advantage can still be obtained by introducing new policies, new incentives for policy buyers and new schemes for insurance purchase from time to time.

Online promotions: Closely following on the heels of first mover advantage is another phenomenon that has been popularized by e-commerce. New entrants to an e-market try to attract buyers by giving large discounts on purchases, additional gifts on purchase and most commonly free delivery of goods. This undoubtedly succeeds in attracting quite a large number of buyers. However, online promotions should not be completely abhorred. Instead, they should be replaced by a suitable service niche when the period of the promotion is over. In this way, the new entrant can be guaranteed the allegiance of buyers who purchase for
the service niche that the seller provides.

The e-insurance scenario in India: Inspite of the rapid growth of information technology over the last ten years, e-commerce in India is still in a nascent stage of development. The reason for this can be attributed to the lack of infrastructure, both at technical and commercial levels and to the certain hurdles posed by Indian economic policies. Consequently, e-insurance was also in a formative stage about a year ago. However, rapid growth in Internet infrastructure and radical reforms in economic policies pertaining mainly to the insurance sector have forged a rapid growth in e-insurance over the past year.

Major Factors Affecting E-insurance

- Growth of net: it is estimated that India would have about 150 million net users by 2010. These figures represent a huge buying potential.
- Competition pressures: insurance companies because of competitive pressures would be driven into Internet rather than a clear ROT justification.
- Customer: the availability of net-based services will be a huge factor for customer retention.
- Cross sells: when linked with other financial products, a portfolio approacht o investment, savings and risk coverage will increase cross sells andcustomer loyalty and retention.
- Costs: in the beginning c-insurance will be a cost factor rather than a profit driver, but in the long run it will be a cost reducing factor.

CONCLUSION

The role of technology lead to the emergence of e banking and e insurance ,its again proved that the sophistication which can only be provided by the growth of technology, since then the very drawbacks of conventional banking are ruled out by e banking. The choice of insurance and the thorough knowledge on the insurance policies can be learned by the customer with the help of e insurance, which acts as an effective representative for the concern. Finally in this competitive world this invention leads ultimately to the save in time with the internet a tool for the support.

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BENCHMARKING IN INDIAN BANKING SECTOR FOR JOB SATISFACTION AMONG THE EMPLOYEES

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Globalization, liberalization and financial sector reforms have made an all-round paradigm shift. Business has no boundaries now and it requires creating and developing leadership qualities among the educationalists to produce talented people. To inculcate these leadership qualities in the professionals, there is a need for a breed of professionals who have clear vision and leadership qualities and are change agents of the society and organization to which they belong.

Financial Sector Reforms set in motion in 1991 have greatly changed the face of Indian Banking**.** The banking industry has moved gradually from a regulated environment to a deregulated market economy. The market developments kindled by liberalization and globalization have resulted in changes in the intermediation role of banks. The pace of transformation has been more significant in recent times with technology acting as a catalyst. While the banking system has done fairly well in adjusting to the new market dynamics, greater challenges lie ahead. Financial sector would be opened up for greater international competition under WTO. Banks will have to gear up to meet stringent prudential capital adequacy norms under Basel II. In addition to WTO and Basel II, the Free Trade Agreements (FTAs) such as with Singapore, may have an impact on the shape of the banking industry.

Need for Benchmarking in Banking Sector

Benchmarking is a measurement of the quality of an organization's policies, products, programmes, strategies etc. and their comparison with standard measurements, or similar measurements of its peers. The objectives of benchmarking are

(1) to determine what and where improvements are called for,

(2) to analyze how other organizations achieve their high performance levels, and

(3)to use this information to improve performance.

Benchmarking is a widely cited management accounting tool to identify and adopt best-practices as a means to improve performance. It is particularly valuable for services and other activities where it is difficult to develop engineered or objective cost standards. Best-practices derived from benchmarking serve as performance targets in reward systems, performance scorecards, and control systems. Consequently, methods that can generate more comprehensive and accurate best-practice targets can enhance the effectiveness of the performance-reward systems in which they are used.

In an increasingly integrated and complex world market it is necessary that the Indian Banking System should compare its performance against the world benchmarks. Some important ratios are given below for an understanding as to what is the position of the health of Indian Scheduled Commercial Banks vis-a vis the global banks.

Benchmarking in Indian Banks Vis-à-vis Global Standards

Item	Global average	Indian average	International Norm if any RBI	RBI norm if any
CRAR	7.1% - 34.	9% 12.3%	8%	9%
ROA	0.2% – 4.3%	0.9%	-	-
NII	1.2% - 6.2%	2.9%	-	-
CIR	0.46% -0.68%	0.5%	-	-
GROSS NPA	0.2% - 24.7%	2.8%	-	-
PROV. TO NPA	23.15 -229.1%	56.1%	-	-
CAP/ASSET	4%-22%	6.30%	-	-
VOLATILE				
LIAB./ASSETS	0.71% -0.11%	-17%	-	-

The Indian economy is fairly insulated from the global financial crisis at present since institutions or their stressed assets in any significant way. The same is not the case with the liquidity since the overseas borrowing markets has shrunk. However, looking to the increasing depressed performance of the corporates in general banks are required to take care of their performance by imbibing more effective risk management tools and taking effective measures.

JOB SATISFACTION

Job satisfaction describes how content an individual is with his /her job. The happier people are within their job, the more satisfied they are said to be. Job satisfaction is not the same as motivation or aptitude, although it is clearly linked. Job design aims to enhance job satisfaction and performance, methods include job rotation, job enlargement, job enrichment and job re-engineering. Other influences on satisfaction include the management style and culture, employee involvement, empowerment and autonomous work position. Job satisfaction is a very important attribute which is frequently measured by organizations.

Models of Job Satisfaction

Most of the professionals are aware of Maslow's Need Hierarchy Theory which happens to be the first attempt to view the satisfaction of various types of human needs and their priorities.

There are some other theories which aim at measuring the job satisfaction among the personnel at all levels in an organization, which are given below :

Affect Theory

Edwin A. Locke's Range of Affect Theory (1976) is arguably the most famous job satisfaction model. The main premise of this theory is that satisfaction is determined by a discrepancy between what one wants in a job and what one has in a job. Further, the theory states that how much one values a given facet of work (e.g. the degree of autonomy in a position) moderates how satisfied/dissatisfied one becomes when expectations are/aren't met. When a person values a particular facet of a job, his satisfaction is more greatly impacted both positively (when expectations are met) and negatively (when expectations are not met), compared to one who doesn't value that facet. To illustrate, if Employee A values autonomy in the workplace and Employee B is indifferent about autonomy, then Employee A would be more satisfied in a position that offers a high degree of autonomy and less satisfied in a position with little or no autonomy compared to Employee B. This theory also states that too much of a particular facet will produce stronger feelings of dissatisfaction the more a worker values that facet.

Dispositional Theory

Another well-known job satisfaction theory is the Dispositional Theory .It is a very general theory that suggests that people have innate dispositions that cause them to have tendencies toward a certain level of satisfaction, regardless of one's job. This approach became a notable explanation of job satisfaction in light of evidence that job satisfaction tends to be stable over time and across careers and jobs. Research also indicates that identical twins have similar levels of job satisfaction.

A significant model that narrowed the scope of the Dispositional Theory was the Core Self-evaluations Model, proposed by Timothy A. Judge, Edwin A. Locke, and Cathy C. Durham in 1997 Judge et al. argued that there are four Core Self-evaluations that determine one's disposition towardsjob satisfaction: self-esteem, general self-efficacy, locus of control, and neuroticism. This model states that higher levels of self-esteem (the value one places on his/her self) and general self-efficacy (the belief in one's own competence) lead to higher work satisfaction. Having an internal locus of control (believing one has control over her\his own life, as opposed to outside forces having control) leads to higher job satisfaction. Finally, lower levels of neuroticism lead to higher job satisfaction.

1. Little Hassles: Actually people's job satisfaction is surprisingly sensitive to daily hassles. It might not seem like much but when it happens almost every day and it's beyond our control, it hits job satisfaction hard. This category is one of the easiest wins for boosting employee satisfaction. Managers should find out about those little daily hassles and address them—your employees will love you for it.

2. Perception of fair pay: Whatever the job may be, one has to be satisfied the pay should be fair. The bigger the difference between expectation and the reality, the lesser satisfied one will be. The important point here is it's all about perception. If one perceives that other people doing a similar job get paid about the same as one gets then he is more likely to be satisfied with his job than if he thinks they are getting more than him.

3. Achievement: People feel more satisfied with their job if they have achieved something. In some jobs achievements are obvious, but for others they are not. As smaller cogs in larger machines it may be difficult to tell what one is contributing. That's why the next factor can be so important...

4. Feedback: There is nothing worse than not knowing whether or not someone is doing a good job. When it comes to job satisfaction, no news is bad news. Getting negative feedback can be painful but at least it tells where improvements can be made. On the other hand positive feedback can make all the difference to how satisfied people feel.

5. Complexity and variety: People generally find jobs more satisfying if they are more complex and offer more variety. People seem to like complex (but not impossible) jobs, perhaps because it pushes them more. Too easy and people get bored.

To be satisfied people need to be challenged a little and they need some variety in the tasks they carry out. It sounds easy when put like that but many jobs offer neither complexity nor variety.

6. Control: One may have certain tasks he has to do, but how he does them should be up to him. The more control people perceive in how they carry out their job, the more satisfaction they experience. If people are not given some control, they will attempt to retake it by cutting corners, stealing small amounts or finding other ways to undermine the system. Psychologists have found that people who work in jobs where they have little latitude—at every level—find their work very stressful and consequently unsatisfying.

7. Organizational support: Workers want to know their organization cares about them: that they are getting something back for what they are putting in. This is primarily communicated through things like how bosses treat, the kinds of fringe benefits one gets and other subtle messages. If people perceive more organizational support, they experience higher job satisfaction. It is not just whether the organization is actually being supportive, it is whether it appears that way. The point being that appearances are really important here. If people don't perceive it, then for them it might as well not exist. That's why great managers need a politician's touch.

8. Work-home overflow: Low job satisfaction isn't only the boss' or organization's fault, sometimes it's down to home-life. Trouble at home breeds trouble at the office. Some research, though, suggests that trouble at the office is more likely to spill over into the family domain compared with the other way around. Either way finding ways of distancing yourself from work while at home are likely to protect you against job stressors.

9. Honeymoons and hangovers: Job honeymoons and hangovers are often forgotten by psychologists but well-known to employees. People experience honeymoon periods after a month or two in a new job when their satisfaction shoots up. But then it normally begins to tail off after six months or so. The honeymoon period at the start of a new job tends to be stronger when people were particularly dissatisfied with their previous job. So hangovers from the last job tend to produce more intense honeymoons in the next job.

10. Easily pleased: Some people are more easily satisfied (or dissatisfied) than others, no matter how good (or bad) the job is. To misquote a famous cliché : One can't satisfy all the people all the time. Still, some jobs do seem better suited to certain types of people. A lot of work has been done on person-environment fit but because jobs vary so much it is difficult to summarize. One generalization we can make, though, is that people get more satisfied with their jobs as they get older. Perhaps this is because the older people are, the more likely they are to have found the right work for them. There is little evidence for this but I'd certainly like to think it was true.

CONCLUSION: There is a great need for the committed personnel in the banking sector as the globalization, liberalization and financial sector reforms worldwide made this sector challenge-prone. The organizational commitment amongst the personnel at all levels in the banking sector has to be created. They have to be made aware of the Vision and Mission statement and make all out efforts to serve the clientele under all the segment as there has been increase in customer expectations. These committed personnel have to cope up with the rising customer satisfaction through active job involvement. The personnel having full job involvement can only survive in the organization. They will derive full job satisfaction when they find that they have been able to satisfy their customers. It has been observed that whatsoever salary, perks and facilities the personnel are having in their organization, they will not be having the desired level of job satisfaction unless feel that they have been able to satisfy their customers. Therefore, it would not be fallacious to construe that the **Job Satisfaction is directly proportional to the Customer Satisfaction.** Therefore, the employers must aim at assigning the roles of the personnel in such a way that the employees get adequate opportunities to serve the customers so that they may achieve the job satisfaction through customer satisfaction.

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