

IMPACT OF GLOBALISATION ON BANKING SERVICES IN INDIA

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Abstract : In India the Banking scenario has undergone tremendous changes and they are facing tough competition in the post liberalization environment. The Banking today is something innovative which could not be imagined before two decades. In the competitive regime the Information Technology is the backbone of the banking activities. Information is at the heart of today's business, and the all-pervasive impact of Information Technology in harnessing, collating and processing huge volumes of information is definitive. It is important to note that presently almost 98 per cent of the branches of public sector banks are fully computerized, and within which almost 90 per cent of the branches are on core banking platform. In this context, the author tries to bring out the growth of IT enabled services of Indian banking industry by taking computerization of banks, reach of ATMs area wise, bank wise and location wise and the usage of Debit and Credit Cards. The author applied the statistical tools like Trend analysis, percentage analysis, correlation analysis, coefficient of determination and exponential growth rates beside the use of charts and tables. The conclusion derived from the paper is that there is a tremendous growth of technological applications in the banking sector except in the usage of credit cards.

KEYWORDS: ATMs, Banking, Computerization, Credit Cards, Debit Cards, Technology, Trend.

INTRODUCTION

The concept of Globalization infers that the globe is a single unit which functions as one when it comes to decision-making. In other words, Globalization implies the free movement of goods, services and capital throughout the world. Globalization involves the opening up of national economies to global markets. This naturally and simultaneously results in the simultaneous reduction in the role of the State to shape national policies. Many Socialists define Globalization as a primarily economic phenomenon, which involves increasing interaction and integration of national economic systems. This leads in turn to growth in international trade, investment and capital flows. Moreover, there is a rapid increase in cross-border social, cultural and technological exchanges because of the phenomenon of globalization.

The sociologist defines globalisation as a decoupling of space and time. With the advent of instantaneous communications, knowledge, trade and culture can be shared around the world simultaneously. This will ultimately result in an increase in international trade, investment and capital flows.

On the other hand, some critics define Globalisation as "the worldwide drive towards a globalised economic system, dominated by supranational corporate trade and banking institutions that are not accountable to the democratic processes or national governments. Due to Globalization, all important institutions like the nation, state, family, work, services, trade, leisure, culture, knowledge etc. are changing. As a result of this, life styles of people throughout the world are also changing, making the world a single unit when it comes to decision making.

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The middle and late 90s witnessed great innovations in financial reforms, restructuring, convergence globalization etc. These were accompanied by a rapid revolution in communication technologies. Moreover, a major development was the evolution of the "convergence" of computer and communication technologies, such as the Internet, mobile / cell phones etc. The arrival of foreign and private banks with their superior, sophisticated technology-based services forced Indian Banks also to follow the same by going in for the latest technologies so as to meet the threat of competition and retain their customer base. This also brought in revolutionary products and services which have been orchestrated by the Indian Software Industry.

Software Packages for Banking Applications in India had their beginnings in the mid 80's. This move was spurred on by RBI and the Rangarajan Committee Report which decided to computerize the Indian Banking branches in a limited manner. This move was aimed at promoting competition and allows an easy assessment of relative vendor capabilities. Gradually, even those who opposed computerization in government and banks changed their perspective and within a few years our country became a superpower in Information technology. The early 90s saw a fall in hardware prices and the advent of cheap and inexpensive but high-powered PCs and servers. Banks went in for what was called Total Branch Automation (TBA) Packages.

We are now at the point when we have accepted the use of computers in every sphere of our activity today.

2. CATEGORIES OF PACKAGES:

The IT Packages and services available in India can be broadly classified into the following 6 types:

- ★ Stand-alone branch-level packages;
- ★ Multi-branch solutions;
- ★ Foreign packages;
- ★ Packages for specialized niche areas;
- ★ Service Branch / high-volume transaction processing packages;
- ★ IT Services;

Thus, we have a wide spectrum of Banking Software available in the market to fulfill the various needs of the banking Industry. There are number of software companies, which are developing software for the banking industry.

3. REVIEW OF LITERATURE:

Mahapatra & Mohanty,(2011), stated that the Indian Public Sector Banks occupy the pivotal position in the country's banking topography but its market share has declined to some extent in recent years due to the emergence of private sector and foreign banks.

Uppal R K, (2010), the key task of the bank is not only to create and win more and more customers but also to retain them through effective customer service. Customers are attracted through promises and are retained through satisfaction of expectations, needs and wants.

Jain, A. (2007) described that marketer has to know that each and every country is having various marketing environment. Comparatively, it has to be very clear that the international marketer is bound to hold on the reorganization that every marketing environment differs from place to place as well as nation to nation than that of the same country state. It is also evident from the study that the global business transactions have to be sound planned and objectives oriented in nature.

Dwivedi, R. (2007) explained that finance functions are important but not as important as the marketing functions. Friction between the marketing and finance functions would be detrimental to the smooth development and functioning of any business organization. Finance objectives like value maximization to shareholders are integral parts of any new strategy adopted by the organization.

4. OBJECTIVES:

1. To examine the globalised practices of products and services in various bank groups.
2. To suggest some strategies for the enhancement of bank in globalisation

3. IN TODAY:

The entire banking sector has undergone a restructuring during recent years as a result of recent developments. New technologies have added to the competition. The I-T revolution has made it possible to provide ease and flexibility in operations to customers thus making life simpler and easier. Rapid strides in

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information technology have, in fact, redefined the role and structure of banking in India. Further, due to exposure to global trends after Information explosion led by Internet, customers - both Individuals and Corporates - are now demanding better services with more products from their banks. The financial market has turned into a buyer's market. Banks are also coping and adapting with time and are trying to become one-stop financial supermarkets. The market focus is shifting from mass banking products to class banking with the introduction of value added and customised products.

Public Sector Banks like SBI have also started focusing on this area. SBI plans to open 100 new branches called Personal Banking Branches (PBB) this year. The PBBs will also market SBI's entire spectrum of loan products: e.g. housing loans, car loans, personal loans, consumer durable loans, education loans, loans against shares and financing against gold.

Customised banking products, such as Investment Advisory Services; photo-credit cards; cash Management services; Investment products and Tax Advisory services have already been introduced by a few foreign and private sector banks. A few banks have gone in to market mutual fund schemes. Eventually, the Banks plan to market bonds and debentures, when allowed. Insurance peddling by Banks will be a reality soon. The recent Credit Policy of RBI announced on April 27, 2000 has further facilitated the entry of banks in this sector. Banks also offer advisory services termed as 'private banking' to "high relationship value" clients.

The bank of the future has to be essentially a marketing organisation that also sells banking products. New distribution channels are being used; more & more banks are introducing services like disbursement and servicing of consumer loans, Credit card business. Direct Selling Agents (DSAs) of various Banks go out and sell their products. They make house calls to get the application form filled in properly and also take your passport-sized photo. Home banking has already become common. Now, you can order a draft or cash over the phone or internet and have it delivered home. ICICI was the first among the new private banks to launch its net banking service, called Infinity. It allows the user to access account information over a secure line, request cheque books and stop payment, and even transfer funds between ICICI Bank accounts. Citibank has been offering net banking to customers.

Products like credit cards, debit cards, flexi deposits, ATM cards, personal loans including consumer loans, housing loans and vehicle loans have been introduced by a number of banks.

4. ADVANTAGES FOR CORPORATES:

Corporates are also deriving profits from the increased variety of products and competition among the banks. Certificates of deposit, Commercial papers, Non-convertible Debentures (NCDs) that can be traded in the secondary market are gaining popularity. Recently, market has also seen major developments in treasury advisory services. With the introduction of Rupee floating rates for deposits as well as advances, products like interest rate swaps and forward rate agreements for foreign exchange, risk management products like forward contracts, option contracts and currency exchange are offered by almost every authorized dealer bank in the market. This list of services is still growing.

5. CONCLUSION:

Unfortunately, several concerns related to the banking sector still remain. The chief among these is the matter of ownership and control. In the near future, India will be forced to apply the norms of developed countries to the Banking Industry. Consequently, many Indian banks (including some of the biggest) will show very poor return ratios and dozens of banks will go bankrupt. Thus, it becomes imperative that the Banking Industry should streamline itself and become more compatible with global norms in the fields of operation and services

Indian Banks have huge financial resources at their disposal. We started with aggregate deposits of about 5000 Crores in the Sixties which increased to 10 Lakh Crores this millennium. This denotes a 200-hundred-fold growth in three decades. A major tool which we have at our disposal is our knowledge capital - something which is being grossly underutilized currently. This is an extremely valuable type of capital. In banking we are short of intangible assets. Our knowledge capital is quite crucial to the success of banking in India. This we cannot garner from outside; neither can we go in for a public issue to mobilise intangible assets. Therefore banking employees have to embrace the need for higher learning and better knowledge. Banking in India has immense potential given the population figures in our country. With a little effort, careful planning and timely legislation this industry can be brought on par with the best banks in the world. Banks are deploying technology for implementing differentiated strategy and risk management frameworks. Increasing IT investments in these areas will also bring a proactive and transparent monitoring and compliance environment within Banks.

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