

ROLE OF TECHNOLOGY IN ENHANCING QUALITY OF CUSTOMER SERVICE IN BANKS.



FORUM
OF FREE ENTERPRISE

ROLE OF TECHNOLOGY IN ENHANCING QUALITY OF CUSTOMER SERVICE IN BANKS

by

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*"Free Enterprise was born with man and
shall survive as long as man survives".*

- **A. D. Shroff**
1899-1965
Founder-President
Forum of Free Enterprise

Banking system thrives on customer confidence. Hence, a qualitative customer service is a prerequisite for developing a vibrant banking system. Looking to the changing landscape of banking and increasing role of technology, I thought it appropriate to share some of my thoughts on "**Role of Technology in enhancing quality of customer service in Banks**". Banks are actively engaged in the seamless integration of technology with banking delivery platforms for providing quality and convenient service to the customers.

The genesis of significance of customer service in banks is as old as the banking system itself. Mobilizing savings from the customers for the purpose of lending and investment is the core function of banks. In my view the quality of customer service in banks has three dimensions. One is the accessibility of banking services through location of bank branches and now also through virtual presence; second, availability of a range of liability/asset products and

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services and the and third most important is the human element, which processes and delivers the service to the customers. With the induction of technology in banks, there is gradual multi-dimensional improvement in the range of customer service.

With the diversification in the consumer needs, heightened competition, banking system has transformed into a responsive service entity committed to serve the customer with care and concern. As a part of bringing improvement in the customer service, various measures were taken by the banks, Reserve Bank of India, Indian Banks' Association and more significantly the initiatives of social forums like All India Bank Depositors' Association (Mumbai), Forum of Free Enterprise, Indian Merchants' Chamber, M.R. Pai Foundation and many such welfare centric organizations. They all work in unison to bring about customer friendly reforms in various forms of service of which banking is one. Their involvement and role work like a systemic force to bring qualitative transformation. Similarly, several expert committees formed by Reserve Bank of India have also worked tirelessly and offered recommendations and contributed to enhance quality of service. Therefore in the current context of intensified competition, customer centricity has been the focus of every bank. Among the support systems, technology has become the epicenter of such transformation.

I would like to touch upon some of the key customer centric developments, which touch every customer in one-way or

other. But before elaborating the nuances of role of technology in enhancing quality of customer service, let me put forth some of the connected developments to set the right tone to the context.

1. Evolution of Banking System in India:

Banking in India has a long history and it has evolved over the years passing through various phases. The period leading up to Independence was a difficult period for Indian banks. A large number of small banks sprang up with low capital base. This period saw the two World Wars and the Great Depression of the 1930s. Many banks failed during the period. Apart from global factors, several other factors were also at play. Partly to address the problem of bank failure, the Reserve Bank of India was set up in 1935. At the time of independence, the entire banking was in the private sector. The banking scenario in the early independence phase raised three main concerns: (i) bank failures had raised concern regarding the soundness and stability of the banking sector; (ii) there was large concentration of resources in a few business families; and (iii) the share of agriculture in total bank credit was miniscule. Although the issue of bank failure was addressed, two or three major issues at the time of independence continued to raise concern.

Accordingly, with a view to aligning the banking system to the needs of planning and economic policy, the policy of social control over the banking sector was adopted in 1967, which marked the beginning of the next phase. Fourteen

major banks were nationalised in 1969 and six in 1980. With this, the major segment of the banking sector came under the control of the Government. The next big change came with the entry of banking sector reforms introduced on the recommendations of Narasimham Committee (1991). This marked the entry of unprecedented competition in the banking space with the debut of new generation private sector banks, more branches of foreign banks, spurt in capital market activities, entry of mutual funds, exacerbated commodities market and heightened activities of Non-bank finance companies. In the milieu of these changes banking system has flourished well serving its customers with innovative ideas. This led to significant performance of banks. The growth parameters will help us understand the various dimensions of growth and resultant dynamics of facilities to customers and enhanced commitment to provide value to customers in the form of 'Quality Service'.

2. Performance of Banking System:

Banking system in India is made up of Public Sector Banks (PSBs), Private banks, Foreign banks, Regional Rural Banks and Cooperative banks. Among them, the share of PSBs accounted for 72.6% of total advances of all Scheduled commercial Banks (SCBs) as on 31st March 2008. PSBs have rapidly expanded their footprints after nationalization of banks in India. Moreover, the post reform period in banks witnessed speedy entry/expansion of private sector banks and foreign banks in India. These

developments have created a systemic force to set a new benchmark for customer service standards in banks. PSBs have quickly fallen in line with their private sector peers showing a high degree of resilience.

As a result, SCBs in India have shown an impressive growth in deposits mobilization over the years. (Total deposit grown at Compounded Annual Growth Rate CAGR of 19.6% from FY03-FY08). Among the group of banks, private sector and foreign banks deposits have grown at a higher CAGR of 26.7% and 22.5%, respectively from FY03 to FY08. Deposit as a percentage to GDP has increased steadily to 67.8% by FY08 mainly due to rapid expansion by PSBs, entry of private and foreign banks and growing financial literacy among people with respect to savings habit. The appetite for banking has increased the number of customers logging in. But still financial inclusion ratio in India is low.

3. Significance of customer service in Banks:

Customer service has great significance in the banking industry. The banking system in India today has perhaps the largest outreach for delivery of financial services and is also serving as an important conduit of financial intermediation. While the coverage has been expanding day by day, the quality and content of dispensation of customer service also have been getting aligned to the expectations of the customers.

The vast network of branches spread over the entire country with millions of customers, a complex variety of products

and services offered, the varied institutional framework - all these add to the enormity and complexity of banking operations in India giving umpteen opportunities to banks to make constant improvement in the services. Any initiatives for betterment of service needs a thorough understanding of the customer perceptions, their needs and changing aptitude of consumers. Such efforts of banks are evidenced by a series of studies conducted by various committees such as the Talwar Committee, Goiporia Committee, Tarapore Committee etc. to bring in improvement in performance and procedure involved in the delivery of hassle-free improved customer service.

In the whole process of improving customer service, the efforts of banks were adequately supplemented by Reserve Bank, as the regulator of the banking sector. It has been actively guiding, supporting and is actively engaged from the very beginning in the review, examination and evaluation of customer service in banks. It has constantly brought into sharp focus the need for quality and introduced framework to ensure that banking services are available to common people. It also stressed the need to benchmark the current level of service, review the progress periodically, enhance the timeliness and quality, rationalize the processes taking into account technological developments, and suggest appropriate incentives to facilitate change on an ongoing basis through its directives. Thus the role of Reserve Bank of India has been a critical catalyst in improving customer service in banks. Thus depositors' interest forms the focal

point in evolving policies for better customer service in banks. I would also discuss the impact of competition in shaping up customer service in banks.

4. Impact of competition:

We have seen that reforms in the banking sector over the last sixteen years have gradually heightened competition in banks. Improvement in the quality of customer service received top most priority and emerged as the key business differentiator to compete. Right from customization of products to suit the customer appetite, expansion of range of products/services, wider use of technology to make banking more accessible at customer's call, right up to the minute customer needs have received bank's attention. The rigorous homework of banks to improve the face of banking is visible in the bank branches. The transformation in the approach and attitude of the employees towards customers is evident. PSBs too fast changed their service delivery model/style to compete with their private peers.

Technology which was hitherto making inroads in a small way suddenly picked up pace to gain a strategic position as a business enabler in shaping up banking services. It did not take much time for even bank employees to realize how technology could make their life more comfortable at work place. Thus technological innovation not only enabled a broader reach for consumer banking but also enhanced its capacity to create more value for the customers. Now we come to a detailed discussion on how technology could change the landscape of the banking service.

5. Institutionalizing better customer service systems:

At the instance of Reserve Bank of India, banks have set up internal customer grievances redressal mechanism at Branches and controlling offices. A four-fold structure is put in place in banks. Board level Customer Service Committee for policy formulation, standing committee to review customer service, nodal department/nodal officer for liaisoning with various authorities, the bank and branch level customer committees. The revised Banking Ombudsman scheme - 2006 has been made more customer friendly by increasing the areas covered under the scheme. It now entertains email complaints and provides for an appeal against the decision of Ombudsman. In 2003, Reserve Bank of India had issued the Fair Practices Code for Lenders, which required banks, and FIs to provide a copy of loan agreement. Customers can also sign in for National Do Not Call Registry to avoid unsolicited phone calls from banks' sales outfits.

Banking Codes and Standards Board of India (BCSBI) has been set up in 2006 to promote good banking practices by setting up minimum standards, increasing transparency, achieving higher operating standards and promoting cordial bank customer relationship. Most member banks of BCSBI are committed to provide information about interest rates, fees and charges applicable to various products. Specific time frame is fixed for disposal of loan applications and disbursement of loan proceeds, granting collateral free loans wherever the schemes provide for. It lays down policy of

banks for collection of dues/cheques, compensation and grievance redressal. A separate department of Customer Service is set up in Reserve Bank of India to oversee the compliance of standards set by it.

6. Entry of Technology in global banking:

The rapid advancement in Information and Communication Technology (ICT) has had a profound impact on the banking industry and the wider financial sector over the last two decades and it has now become a tool that facilitates banks' organizational structures, business strategies, customer services and other related functions. The recent "IT revolution" has exerted far-reaching impacts on economies, in general, and the financial services industry, in particular.

Within the financial services industry, the banking sector was one of the first to embrace technology and benefit significantly from IT development. Tracing the genesis, we can observe that technological revolution in banking started in the 1950s, with the installation of the first automated bookkeeping machines at banks. This was well before the other industries became IT savvy. Automation in banking became widespread over the next few decades as bankers quickly realized that much of their labor-intensive information-handling processes could be automated with the use of computers. The first Automated Teller Machine (ATM) is reported to have been introduced in the USA in 1968, and it was only a cash dispenser. The advent of ATMs helped both to improve customer convenience and reduce costs. ATMs enabled facilities of withdrawing funds,

accounts inquiries and transferring funds between accounts making face-to-face interaction between bank staff and customers as optional.

7. Technology in Indian banking system:

The foundation for large-scale induction of IT in the banking sector was provided by the recommendations of the committees headed by Dr. C. Rangarajan, in 1984 and 1989. Subsequently, in 1994, the Reserve Bank constituted a committee on 'Technology Upgradation in the Banking Sector'. The committee made a number of recommendations covering payment systems including setting up of an autonomous centre for development and research in banking technology. The Institute for Development and Research in Banking Technology (IDRBT), Hyderabad, was created as a sequel. It has established and operates the INdian FInancial NETwork (INFINET), conducts research in banking technology and provides consultancy services apart from providing educational and training facilities for the banking sector. It plays the role of an incubator for bringing innovation in banking technology.

8. Pace of Technology adoption in banks:

The stand alone IT infrastructure in banks in early 2000 began to migrate to core banking platform for integration of banking transactions among bank branches to provide the facility of access to bank account from any where. Thus going beyond the gathering, processing, analyzing and providing service at the counters locally within the bank, IT

moved to provide anywhere any time banking. The big change came from the move from localized banking to universalisation of banking service through core banking solution, which provided the ultimate comfort to customers.

Accordingly, in order to provide global standard of service, most Banks have migrated to Core Banking Solution and introduced e-banking products and set up on-site and off-site ATMs. Currently, 67% of Bank branches are on CBS mode, while around 35000 ATMs are located off-site. The service charges on use of other bank's ATMs have been dispensed with.

Core banking solution refers to a common IT solution wherein a central shared database support the entire banking application. Business processes in all the branches of a bank update a common database in a central server located at Data centre, which gives a consolidated view of the bank's operations. Branches function as delivery channels providing services to the customer of the bank. Core Banking Solution is an integrated application that supports real time, multi-banking and multi-channel strategies. The single biggest achievement of implementing the Core Banking Solution is that each customer is truly the customer of the Bank and not just the customer of the Branch, where his / her account is maintained.

Benefits of *Integrated* CBS Operations

- Customer data is stored in a centralized location, more time is available to the branches for front office activities

like attending to customers, product promotion, marketing, business expansion and cross selling of products. This benefits customers as they get more attention of banks.

- Single window service for the varied needs of the customers is made available at the branches. This enhances the quality and speed of customer service at the branch.
- There is a uniform approach to the branch rules / operations for handling customer needs.
- Branches can innovate methods to better satisfy the customers by customizing services.
- A look alike internal ambience and layout of branches is possible at the end state so that customers feel good to experience the enhanced services.
- Branches are not to spend their time in attending to trouble shooting of systems, database and servers. They serve customers with a full service orientation as service stations.
- Anywhere / anytime branch banking is available to the customers.
- As multiple delivery channels are facilitated, Internet banking, online access to all ATM network, tele-banking facility, bill payment facility etc. are made available to the customers.

- Customers need not necessarily visit branches as the multiple e-delivery channels enable them to transact basic banking even from the comfort of home 1 office.
- Availability of MIS at a central location enhances the decision support to help modify products/services for better customer satisfaction.
- There will be effective control and monitoring of branch banking and surveillance of customer service quality is improved.
- Faster introduction of customer centric products from the central location ensures sustained efforts to bring improvements.
- Data on the nation wide payment system enables further development and security systems in operating the electronic payment infrastructure.

As such the visible benefits of IT in day-to-day banking are quite well known. There is 'Anywhere banking' through core banking systems, 'Anytime Banking' through new 24x7 delivery channels such as Automated Teller Machines (ATMs), and Net and Mobile banking in some banks. In addition, IT has enabled the efficient, accurate and timely management of the increased transaction volume that comes with a larger customer base. It has also facilitated the movement from class banking to mass banking and removed the limitations of PSBs known more as mass bankers. They are now fast attaining global standards and emerging as quality bankers.

Thus, the Core Banking concept to a great extent emerged as a centralization process. The Banks have also undergone a massive change in terms of improvement in the IT communication network, which has greatly facilitated, not only the networking of the internal communication processes, but the integration with the external payment system gateways as well. CBS is also capable to process customer relationship management, treasury, ATM application, electronic banking, management information system, internet banking, mobile banking, smart card operations, biometric ATMs, chip based electronic purse and such other customer convenient electronic devices.

We have also seen the developments in the communication network and messaging system in India as a whole in the form of Indian Financial Network (INFINET), Structured Financial Messaging System (SFMS), VSAT connectivity, cable and leased line connection, fiber optics channels, etc. There have been marked improvements in the Indian payment and settlement systems in the form of popularizing and strengthening of Real Time Gross Settlement (RTGS), Centralised Fund Management System (CFMS), Electronic Clearing System (ECS), National Electronic Fund Transfer (NEFT), Cheque Truncation, National Financial Switch (NFS), developments and initiatives at Clearing Corporation of India Limited (CCIL) platform, ATMs, electronic banking channels etc. to name a few.

However, despite the use of electronic methods of payments, the use of cheques will continue for some more

years. In order to improve efficiency, reduce operational risk and time taken for cheque processing, the Reserve Bank has initiated steps to introduce a Cheque Truncation System (CTS) whereby scanned images of cheques will travel to their destination in the place of physical cheques. A pilot project has commenced in the National Capital Region in Delhi where processing volumes have picked up substantially and about 70% of the cheques are being routed through the CTS. They are now expanding the CTS to other centres. Ultimately the whole country would be connected through 6 or 7 Grids. The next grid is planned for Chennai covering the southern centers. The stabilization of cheque truncation facility will benefit the customers immensely.

Another significant break-through in remittances is the introduction of the Real Time Gross Settlement (RTGS) and NEFT system which has been introduced in 51000 Bank branches at more than 10000 centres to provide state of the art technology to customers for speedier and secured fund transfer mechanism.

ECS - Debit / ECS - Credit is introduced to facilitate execution of electronic standing instructions for timely settlement of payments. Banks are also in the process of shifting most of the back-office activities to remote processing centres, so that branches are in a better position to attend to customer needs. These trends indicate that technology will be able to hive off many of the branch activities to a different location to enable branch employees

to move in the market and satisfy the customer needs. Technology has thus, come to be a strategic business enabler. The customers too have begun to enjoy the blend of technology in banking services.

9. Advantages of technology in improving banking services:

Overall, technological innovation has brought about speedy processing and transmission of information, easy marketing of banking products, enhancement of customer access and awareness, wider networking and, regional and global links on an unprecedented scale. IT development has thus changed the product range, product development, service channels and type of banking services, as well as the packaging of such services, with significant efficiencies not only in the banks, but also the ancillary and feeder services to banks. The financial services industry has thus become virtually dependent on IT development. Most banks make visible efforts to keep up with new systems and processes and thus deliver improved services to customers.

Further development of multi-functional ICT has also enabled banks to provide more diversified and convenient financial services, even without adding many physical branches as hitherto. The present day ATMs can be scaled up into sophisticated machines that can scan the identity of customer and like a bank teller, accept cash or cheques, facilitate deposit of funds in loan accounts and can be developed to allow for face-to-face discussion with a service

representative via video. Remote connectivity with the call centers can make these services possible.

The development of Internet services, which is an extensive, low-cost and convenient financial network, has facilitated delivery of banking services to customers, anywhere and anytime. Along with Internet and Web-based services, a need for changing core-banking architecture has emerged. The introduction of new core banking systems by some banks and their links with the improved telecommunication network has enabled banking transactions to be done on-line, in contrast to the batch-processing mode used earlier. The integration of e-trading with internet banking and banks' websites is also a notable feature. These IT advancements have enabled banks to gradually replace manual work by automated procedures with on-line real time processing. Banks in India started from a disparate IT infrastructure in general and moved over to consolidation and virtualization of databases and servers gradually over the years in order to achieve efficiency, better customer service.

Use of technology in a large way provides relief in the form of more effective work processes, capacity building to handle larger volume of transactions with remarkable ease. There is no pressure of incremental rise in the volume of transactions and number of customers / users, would not feel the presence of such large number of transactions unlike in the manual mode where the physical queue always poses discomfort.

Such increased use of technology led to delivery of neat and accurate banking service to the customers. Computerized pass book printing, statement of accounts, auto printing of standard letters to customers, quick access to information on personal computers provided a huge value and satisfaction to the customers who were struggling to read different handwritings of bank employees manning the counters. Though technology was introduced as a customer convenience tool, it began to become a cost cutting tool by transforming human intensive banking to technology intensive banking.

Thus taking the help of technology, banks are fast moving from 'brick and mortar' banking to virtual banking though physical presence is going to stay in India due to the unique nature of Indian banking and varied Indian democratic structures. Personal touch and relationship management in banks in India continues to hold significance as a value proposition to customers despite the massive automation of banking services.

10. Reaching out to more - financial inclusion:

Despite the massive expansion of banking system, majority of people still bank on indigenous moneylenders in villages leading to a low financial inclusion ratio. More inclusive growth leads to improvement in the economy and pooling financial resources in the form of savings of large number of people strengthens bank's capability to lend more. Hence, of late banks have been working to improve the financial inclusion ratio, which involves the provision of banking

services to the vast multitude of population so far excluded from such services. As far as increasing the scope and coverage of financial inclusion is concerned, some of the challenges which need to be effectively addressed include lack of adequate infrastructure in rural areas, relatively low volumes of transactions, comparatively higher transaction costs, and other factors such as low literacy levels of targeted customers.

Technology offers an excellent tool to effectively address the above challenges. Lack of infrastructure is being addressed in a variety of innovative ways and existing technology levels are to be fully leveraged. Some of these include use of computer systems which do not require uninterrupted electric power supply, networking using radio frequency and other non-conventional methods, centralization of processing systems leading to lower processing costs, provision of home-grown customized systems such as the low cost, multi-lingual ATM - all of which provide an impetus towards greater financial inclusion. Technology thus helps banks to serve more customers.

11. Rising customer expectation:

While banks are moving towards attaining higher standards of customer service, the customer needs too are increasing because of globalizing environment. As a result, banks have to chase moving target in meeting customer aspirations. While the technology brings sophistication and speed, the element of human relationship holds more value in strengthening business ties. PSBs provide the much needed

personal service to customers respecting the age and profile of customers. Banks are gearing up to provide a suitable service environment to different class of customers. Setting up of specialized branches is a step to meet customer expectations.

12. Challenges for banks in integrating IT:

Banks enhance the quality of customer service by providing IT enabled services but in the process have to confront several challenges, which have a direct bearing on the performance of banks.

Banks have to increasingly address certain challenges relating to providing IT related infrastructure in the branches, resolve the software and hardware glitches and tackle obsolescence of technology, which, if not addressed, can result into tremendous loss and operational risk. It can precipitate into a threat to provide hassle-free customer service at the branches.

Identifying right vendors / IT providers, who are capable to operate on global best practices and who can deliver affordability, availability, reliability, adaptability, convenience and operational comfort is of paramount importance. Inadequate alignment of IT platforms with business requirements, system failures, connectivity, backup support, data mining, unauthorized access, malicious activities like hacking, phishing, cost overruns and data integrity among others, are some of the issues to be addressed.

Making customers comfortable in using technology based products and services will be yet another challenge to educate

customers to shift transactions from manual mode to technology mode to enable optimum use of IT infrastructure. Unless customers extensively use technology platform, there is absolutely no pay back for banks. In the environment of subdued usage, banks will not be encouraged to bring further improved technology. Since technology suffers from fast obsolescence, replacement has to be fast and hence pay back is essential. Those using technology centric services in banks should become partners in spreading education on usage of electronic banking.

The cost of a bank transaction on manual mode is estimated to be in the range of Rs.45 to Rs.50 while it is around Rs.15 on ATM and Rs.4 on e banking. Banks will get mileage only if more and more transactions are handled through electronic mode. In the long term interest and convenience, migrating to electronic banking services is a good option.

Information technology and infrastructure technology are the two vital pillars, which can be utilized to effectively increase access to the masses. One creates capability to serve the customers and the other provides information for qualitative improvement of services.

Banks have to focus on data quality and application driven planning and budgeting for better-cost management to bring about more customer centric products / services.

13. Future prospects of IT centric customer service:

The future of banks rests on the development of virtual banking facilities creating new business models on

improved delivery channels like more intensive use of internet banking, mobile banking, phone banking, ATMs, Smart card and bio-metric ATMs. Presently 67 per cent of bank branches operate on CBS mode while the number of fully computerized branches has touched 93.7%, thus putting most banking services on computerized mode. But this percentage of CBS branches will further rise up shortly. Manual operations in banks will soon become history with customers enjoying the electronic banking in a big way. The future of banks will belong to tech-savvy bankers as well as users.

With Reserve Bank of India freeing banks to set up off-site ATMs, customers can look for more number of biometric enabled ATMs in their neighborhood, if not a full-fledged branch and mobile banking will help more people to access banking services on call. The use of smart cards/electronic purse will be more dominant in the hinterland where setting up a branch may not be cost effective.

Soon the bank customers will be able to access the services through a friendly business correspondent available in a near radius so that routine-banking needs could be accessed without visiting a branch.

The volume of electronic payment transactions routed through ECS- debit, ECS - Credit, EFT/NEFT, Credit cards, debit cards will rise more significantly with awareness spreading fast among customers. Informal NGOs can also help in the spread of financial literacy to carry the message

that use of banking system will be beneficial to create the depth needed to create volumes. More volumes will drop the transaction cost, which will eventually pass on to the customers in some form or the other.

The volume of transactions of remittances is also poised to increase with the popularization of RTGS/NEFT services set to promote a paperless settlement of payments among beneficiaries. The time lag in providing credit in the accounts is too short and hence good to the beneficiaries. The more use of electronic remittances will reduce issue of cheques. The available data indicates that the daily average large value of payments through RTGS is about 38000 transactions involving remittances of around Rs 115600 crores, which is a sign of acceptability of the mode of remittances.

So far the focus of IT spending was on creating architecture for providing any wherelany time banking for better customer services and products. It resulted in increased customer delivery channels, improved the quality of customer service and brought product innovation. The next phase will work on more automation of back office function, improving systemic controls and rationalization of MIS to enhance overall operational efficiency.

Information technologies and the innovations are strategic tools for enhancing the value of customer relationship. They reduce the cost of financial transactions, improve the allocation of financial resources and increase the competitiveness and efficiency of financial institutions.

Even as the achievements of IT in the banking sector are impressive, banks have a big agenda on the way forward. Current financial sector leaders still need to take greater advantage of new technologies and information-based systems and expand the coverage of the Indian banking and financial system.

The potential of IT in extending banking services to under-served markets in rural and semi-urban areas is enormous. The use of Smart Card technology, mobile ATMs, coverage of post offices under electronic payments networks in out-of-reach areas - all could play significant roles in providing financial services to more people and thereby move towards financial inclusion.

There is tremendous potential for the business growth of financial institutions on the one hand and the inclusive growth of India on the other. We have already seen banks using innovative approaches such as solar power and mobile technology-based connectivity for branches. A variety of options are available which enable extended reach of such services. Banks have identified the technological model that is right for them.

India is experiencing an explosion in the use of mobile communication technology. And this is a development that the financial sector will use more. Mobile phone users belong to all strata of society, spread across metropolitan centres, towns and villages. Customers can take advantage of this expanded reach of telecom if they use services through this medium. The phone's integrated chip can

function as a multi-application smart card, thus making banking services available to virtually every mobile phone owner. This holds substantial promise as the delivery vehicle of the future; there is huge potential and an exciting value to customers.

These ICT dependent developments will enable building up differentiation in customer service;

- Will facilitate Customer Relationship Management (**CRM**) based on available information, which will be stored and retrieved from data warehouses for improving customer service;
- Will enhance compliance with anti-money laundering regulations in the best interest of customers.

14. Conclusion:

The quality of customer service in banks has significantly improved due to multiple factors of which entry of IT is a critical one. Moving banking from manual mode to any where electronic banking environment of today has been a tectonic shift creating value proposition that reflects the resilience of banks to adopt to fast changes. The bank account now moves with customers transcending the limitations of distance across the country removing the hassles of movement of funds. The customers can access e-banking or can draw funds from any ATM from any where free of charge any time.

Customers using such sophisticated mode of technology should propagate the benefits of using e-channels and help

banks shift transactions from manual mode to electronic mode. Such shift will enable banks to not only cut costs but in the long run can upgrade the range of e-banking services. I have chosen the role of IT in improving customer service with a dual purpose. While we have tried to deliberate on the sequence of developments in banking services, the other purpose was to invite you to be a partner in taking these services to more number of customers. Bank customers can look forward to more exciting, innovative and technology-based products. Customers who can enjoy the use of computers can do most of the banking at home/office and experience the benefits of virtual banking. The emerging pattern of banking can help customers to manage their time better and banking can be an integral part of their routine activities. With call centers coming up in the next stage, even talking to a banker on call round the clock will also be soon possible. Nevertheless, banks hold value of personal relationship much more significant than the computer driven services. We assure the right blend of both.

The views expressed in this booklet are not necessarily those of the Forum of Free Enterprise.

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"People must come to accept private enterprise not as a necessary evil, but as an affirmative good".

- Eugene Black

FORUM

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