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## BFSI Edge in the context of Banking

**Dr. V.M. Tidake,**

*Asso. Prof., Sanjivani COE & MBA, Kopergaon.*

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### I. BACKGROUND

***BFSI sector edges out information technology to become top paymaster.***

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As notified by the Team Lease Jobs and Salaries Primer, BFSI has emerged out to be the highest salary hike Indian Industrial sector. In achieving the same BFSI has ruled out more than four years monopoly of remaining unbeaten as the wholesome leader in salary hikes as noticed by the Sreeradha Basu. Alone BFSI has shown almost 11.2 % salary increments in the past Financial year with the injection of new products viz.

- E commerce and
- Education services.

One of the Washington based author in his article on, “*BFSI road ahead*” says that 2016 has remembered as the Nation’s most explosive economic bombing called Demonetization. Almost every economic species got drastic impacts of its ill effects leading to a short term huge retardation in terms of-

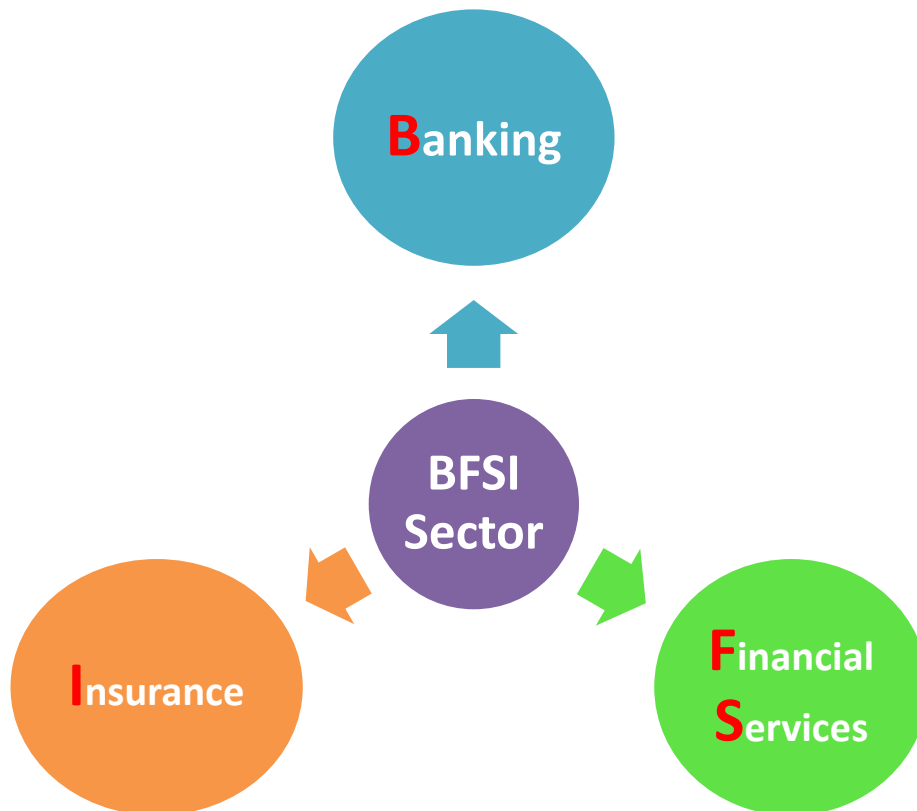
- **New Business Generation,**
- **Revenue,**
- **Profitability,**
- **Market Growth,**
- **GDP Contribution etc.**

However, Nation will get paid for sustaining in these bad times in terms of-

- **Increased Transparency,**
- **Economic Ferity and**
- **Nation Value.**

In spite of such bad times, BFSI has done its best in ensuring the minimum impact and sustaining. This inherent ability of BFSI to sustain the economic pressure makes it interesting to understand the BFSI functionality.

## II. INTRODUCTION:



## III. BANKING

Banking is the methodology of transferring the Money from those who have its abundant availability to those who actually needs it. Accordingly, banking is a function of transferring funds from Fund Reservoirs to the weaker sectors of the society.

Banking includes-

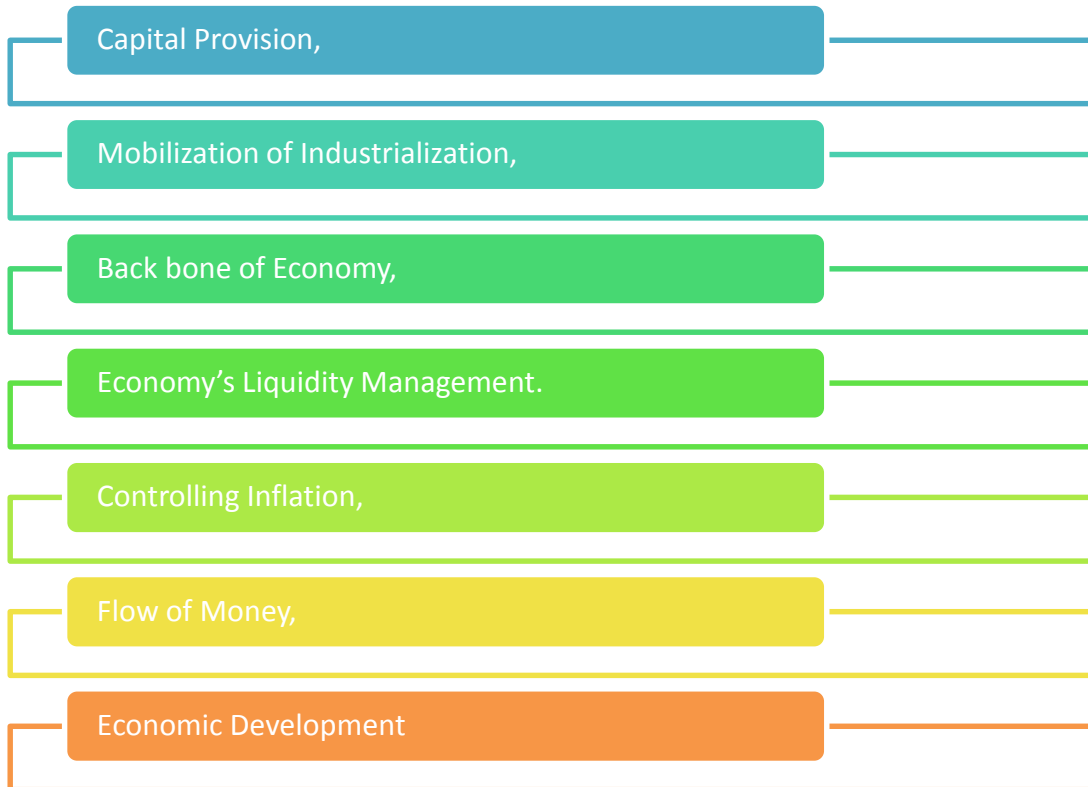
- National Banking,
- Commercial Banking,
- Regularity Banking (RBI),
- Cooperative Banking,
- Patsanstha Banking,
- Schedule Banking,
- Non Schedule Banking
- Payment Banking etc.



The banking in India has emerged out to be the largest growing sectors with +12% growth rates since past 05 years and still growing. The contribution of Indian banking to the GDP has always stood as only largest contributor with two digit contribution.

**Need/Advantages/Utility of Banking:**

- Capital Provision,
- Mobilization of Industrialization,
- Back bone of Economy,
- Economy's Liquidity Management.
- Controlling Inflation,
- Flow of Money,
- Economic Development etc.



*Fig. Need/Advantages/Utility of Banking*

Banking as an important ingredient in the Country's Economic Development needs a special care to ensure the expected results and key to the same is Branch Banking.

**Branch Banking:**

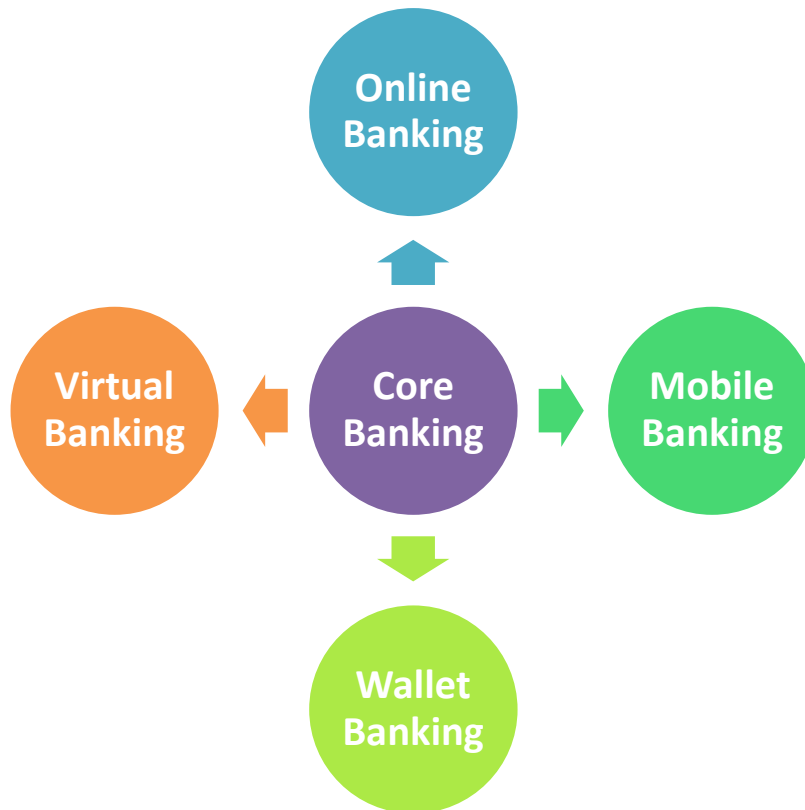
Branch Banking has emerged out as the largest growing Industry in the Indian Economy as rightly reflected through its contribution to the Indian GDP (Almost 7.3%).

The Banking in the past decade has focused on to setting up of number of Branch Banking Locations amongst the rural periphery in order to acquire large Customer Base under the purview of Banking. State Bank of India being the Giant banker amongst nationalized players have even surpassed the world's largest Branch Banking Organization via establishments of plus 15000 branches all over the India.

Recent Technological Changes incorporated by Banking Industry in the form of-

1. Core Banking,
2. Online Banking,
3. Mobile Banking,
4. Wallet Banking and
5. Virtual Banking

has proved out to be the major contributor in the Banking Growth.



However, technological banking has also emerged out to be the major driver behind the Banking Robbery in terms of-

- Forced Money Swapping,
- ATM Money Hacking,
- Online Money Transfer Scamming etc.

Thus at one end, Customer is getting attracted towards branch Banking because of Ease in Banking due to Technological Adoption and at the same time more witnessing of Banking Robbery due to Technology Hacking.

**Branch Banking Rubric:**

To provide the sound basis with a view to ensure the Branch banking Efficiency one must understand the Interlinking between CSM effectivity and its Outcome Rubric.

Branch banking be measured by mapping outcome based micro variables though the CSM Rubric Model as shown below-



#### IV. CUSTOMER RETENTION

As rightly said by Steve Jobs-

***“Get closer as ever to your Customers. So close that you tell them what they need, well before they realize it themselves”***

The key to Effective CSM lies in the fact that, you go as closer to them that it will create the unbreakable bonding of faith and justice between you and the God i.e. Customer. Once it happens it hardly matters how the Technological and Computational changes hit the Industry, Your Customer is yours for sure. This is how CSM reflects in Customer Retention.

##### a. Customer Acquisition:

Effective CSM leads in Acquiring new Customers. Branch Banking needs newer and newer Customers to get targeted as majority of the Banking Products have a midterm to longer lives with lesser frequency. Example: Consider the case of availing the Home Loan Product by Customer A for a period of 20 years. Now it will result in certain situations as follows-

- The possibility of same person to avail Home Loan became negligible or highly disappeared.
- The possibility of same person to avail Home Loan from some other Branch or Bank also got disappeared at least for a period of next Twenty Years.

Thus acquiring New Customers continuously is the utmost necessity of Branch Banking, irrespective of its age of experience.

**b. Satisfactory Index:**

Satisfactory Index or more popularly CSI is the outcome of an Effective CSM been exercised by Branch Banking.

The key to achieve higher value of CSI is a combined effect of following parameters-

- Ease of Operations,
- Transparency and
- Accuracy.

**c. Revenue Generation:**

Success of the Branch Banking or any other Service Industry can perfectly be narrated through its Revenue Generation and Effective CSM is the perfect tool to ensure the same. Moreover even CSM again can only be ensured if Branch has sufficiency of Funds availability and hence Revenue Generation perfectly constitutes the purpose of mapping effectivity CSM.

**d. Cost Reduction:**

The strategy of gaining Competitive Advantage in Branch Banking can be ensured by one of the following-

- Revenue Generation and
- Cost Reduction.

However, Revenue Generation has to witness following inherent limitations-

- Competition limits the Price Rise Strategy,
- Competition also limits the new acquisition.

Hence, the other variable i.e. Cost Reduction comes in picture. Cost Reduction is a scientific approach to strive for better and Innovative technology for the purpose of cost reduction.

**e. Service Quality:**

One more Branch Banking variable i.e. Service Quality also emerges out of one's past. Hence it becomes necessary to map Service Quality which is an Indicator of Effective CSM.

**f. Service Time:**

Service Time is the Time taken by a Bank branch employee while rendering the Banking services. Every service prone Industry stays in the competition via maintenance of Service Time, and hence this factor cannot be easily reduced.

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