

## EVOLVING OF STRATEGIES FOR THE GROWTH AND DEVELOPMENT OF BANKING SECTOR IN FUTURE

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### ABSTRACT

*The ability of the organization to mobilize and exploit its intangibles has become more decisive than investing in and managing of physical resources. It is rightly said that anything which can be measured can be controlled. Measuring organizational performance has been an important area and it has undergone continuous development and modification. Since the inception of the concept, management experts as well as academicians have been trying to develop advanced method of measuring it. Traditional financial ratios have worked as important tools of measuring organizational performance in the bygone years. It has, however been felt that the leading indicators of business performance cannot be found in financial data alone. The structural changes and emerging trends associated with the new open environment have rendered the traditional financial performance measures which concentrate only on financial performance (ignoring the non-financial aspect) ineffective. Visualizing the scenario in the years ahead. success would crucially depend on strategically effective and intelligent management of marketing and customer relationship.*

**Keywords:** *Growth and Development, Banking Sector, Customer Relationship.*

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### Introduction

Managements have been trying to change their organization's/institution's performance measurement system to track non-financial measures in the process. In the light of above developments and apparent challenges in the Indian banking industry, it is interesting to see how the banks have performed and what are their parameters of performance measurement? True performance can be measured only by using financial and non-financial key performance indicators (KPIs) or key result indicators (KRIs). There is a need to examine whether the Indian banking sector is responding to these important developments in the area of performance measurement systems or not?

### Intensively Competitive Market

The market has changed drastically and has become largely customer centric. The key to success in this changed competitive environment will be one's ability to reach the client at his door step and meet his requirements of product and services in a customized manner. This development is indeed welcome as it has immense potential for growth of banking business in future but it has its own draw back as there could be adverse selection of customers.

### Need-based Technology

Technology is increasingly finding its use in banking by way of convenience in product delivery and access, managing productivity and performance, product design adapting to market and customer needs, and access to customer market. For the Indian Banking Sector, these developments are of significant interest in the future. The ability to access and share information will contribute in improving efficiency and value adding, moreover; focus on e-banking will open new business potential and opportunities for banking sector-14.

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**Consolidation through Mergers**

Globalization has brought severe competitive pressures to bear on Indian banks, from international banks. In order to compete with these entities effectively, Indian commercial banks need to possess matching financial strength, as fair competition is possible only among equals. Size, therefore assumes criticality even in these days of virtual banking. Mergers and acquisition, route provides a quick step forward in this direction offering opportunities to share synergies and reduce the cost of product development and delivery.

**Customer Relationship Management**

The process of relationship banking which has been ushered in on the Indian banking scenario would become sharper and widespread. The competencies required from a banker in the future include expertise in information technology and functional knowledge. This would warrant that the banks have to be careful in selection of personnel as regards to their skills, as the requirement of job would be to take decisions based on risk-reward paradigm rather than process - based administration. The training and skills up gradation system is also required to be aligned to desired competencies.

**Delivering Customer Delight**

It is a method which can pro-actively monitor customer satisfaction, identifies the areas where most beneficial improvements can be implemented and suggest the uses *Oji* web to market measurable improvements to a wide audience. It is a revolutionary and cost-effective approach to link customer satisfaction with internal improvements, performance and increased business. Delight results from exceeding the expectations of satisfied, customers. Meeting only current needs 'locks a firm into the present' but to move beyond the threshold of satisfaction, one must tap into the unmet or even to the domain of unimagined needs of the customer. Hence, the only key that can unlock the door to delight is new ways of thinking and working.

**Imparting Good Governance**

The road ahead for the banking industry will be entirely different from the track traversed hitherto. Banks will be compelled to concentrate more on how to improve performance with regard to capital adequacy, asset quality, management performance, earnings capacity, liquidity, and systems and controls, while capital adequacy, asset quality and profitability can be ascertained from balance sheet management, systems and controls will involve subjective evaluation.

**Corporate Social Responsibility**

Corporate Social Responsibility is the continuing commitment by business to achieve commercial success in ways that honor ethical values, address legal issues and contribute to economic development will improving the quality of experience of the workforce and their families as well as the local community and society at large.

**Efficient Customer Service**

In the future competitive pressures will become more intensified in the banking environment in India and the markets will get changed drastically, with the focus on being customer centric. The key to success in the changed environment will be the banks' ability to reach the client at his door step and meet his requirements of product and services in a customized manner leading to customer delight and customer ecstasy.

**Appropriate HR Policies**

It has become imperative that for meeting the challenges and opportunities in future, there will be great need for changes in mindset in the human resource available within the Bank. Training and Development in updating the skills is essential to face the emerging challenges. In a service industry like banking, human resources will occupy the pivotal part for making the bank services enduring. With the entry of new private banks and foreign banks, the system of hire - and - fire will become unavailable. Security and age-old practices of conducting traditional banking will undergo revolutionary changes.

**Management of NPAs**

In future, the non-performing assets will become the major causes of banks concern. Imbibing the credit management skills will become all the more important for improving the bottom line of the banking sector. It becomes essential to master the expertise for monitoring exposure levels, industry sceneries and timely action in respect of troubled industries. Skills of NPA management, which include working out negotiated settlements. Companies, constituting active settlement advisory committees, compromise, constituting active settlement advisory committees. Restructuring and rehabilitation, effective recourse to suitable legal remedies, etc., are to be supplemented with most suitable legal reforms by the banks to recover dues well in time so that the financial soundness of the banking sector will not be undermined.

### Product Re-engineering Strategy

The growth in disposable incomes, changing lifestyles, global changes and their impact on the economy will result in ever changing and diversified needs of the customers. Banks in future will have to understand the dynamic needs of a changing society through detailed market survey and structure innovative products so as to canalize the savings of the community, and also to satisfy the credit requirements of various sectors to the economy.

### Conclusion

For a successful banking business management and analysis of large data and information play key roles in devising new strategies, products and services, with the cost of technology falling and their capacities increasing day-to-day, data warehousing has become affordable. Banks should set up their own intranets and extranets, which will be soon to both employees and customers, spread over wide geographic locations. We are in an era where technology is all-pervasive. However, in service like banking due-care has to be taken while embracing technology and transforming traditional touch points to electronic ones, so that human touch with customers is not lost. In the end, it can be rightly said that productivity and efficiency will be the watch words in the banking industry in the years ahead. Strategizing organizational effectiveness and operational efficiency will govern the survival and growth of 'profits changes in the mindset of the employees is imperative with the changing times. Continuous quest for skill up gradation at all levels, development of vision and mission and commitment are some of the aspects which required urgent attention by the banking sector in future.

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