

Speech

Functions of Banks : Some Current Concerns

- C Rangarajan

Articles

Strategic Approach for Sustainable Competitive Advantage : A Model for Public Sector Banks

- V V S Siva Prasad

Indian banking sector has passed through the two distinct stages, from class banking to mass banking and now, is passing through the phase of competition. In the present competitive era, mere continuation of product selling techniques may not yield desired results. In order to be able to withstand the competition and remain as performers, banks need to develop well-planned marketing strategies involving all the four Ps of marketing. While evolving such strategies, it is imperative that aspects like product innovation, service quality, technology application, systems and procedures and manpower development be given due weightage. Perhaps, time has come for banks to run to stay in the same place. A strategic approach for sustainable competitive advantage, particularly in regard to PSBs, therefore, is the need of the hour.

Emerging Issues of Cost, Convenience and Compatibility in Retail Banking

- S B Singh

Although the concept of retail banking is not new, the changing market environment has forced the banks to aggressively market retail products. Interestingly, the retail market itself is growing at a much faster rate due to tax incentives, increasing consumerism, rising levels of disposable income and bulging middle-class population. The developments in retail banking offers several advantages to both lenders as well as borrowers/customers. Nevertheless, to take full advantage of the emerging retail market, as also to ensure better risk-return relationship, banks should read the retail market right and position products and services and continue to control costs.

Retail Financing : The Engine for Growth in Lending

- Prahlad Sabnani

It is an acknowledged fact that retail advances, particularly housing loans have contributed significantly for the growth of advances of banks in recent years. While the growth rate in retail finance is rather rapid, at the aggregate level the penetration of retail finance is quite low. According to available estimations, the retail market is going to grow at a much faster rate in the years to come. However, in order to be able to cater to the growing needs of the retail customers, banks need to look into the other side of the retail banking. It is high time that banks gear themselves to tackle issues like ALM, evolve proper framework for managing credit and operational risk as also supervision and monitoring. Intensifying competition in the retail market also calls for appropriate strategies on the part of banks to retain/increase the market share.

Consultative Marketing at Bank Branch Level

➤ Atul Bhatt

Integration of Marketing Management - Operations Management and Human Resource Management - is required to implement Marketing in Banks and Financial Institutions. A marketing view of banking would regard its customers buying activities as financial problem-solving ones. Dealing with 'Money' is a sensitive matter. Consultative marketing provides bankers with an alternative to 'hard' or 'door to door' type of selling. Hard selling is not applicable to banking and finance. Promotional activity in an aggressive form is 'inappropriate' in banking and finance. Consultative marketing is conducting business without misrepresentation or high pressure. Bankers who will practise consultative marketing to provide a 'package' to solve customer's financial problems - to satisfy his/her financial needs - will be the winner in the future competitive market.

Reverse Mortgage

➤ S Rajan

Thanks to cutthroat competition in the housing finance market - the home-buyers are in a vantage position insofar as access and availing of housing loans from banks and HFCs are concerned. However, the owners of the residential properties are left with only two options, i.e., sale of house or borrowing against housing property to meet their financial requirements. Most of the house owners who are above fifty may not be able to borrow, as they may not have the ability to pay installments. Reverse mortgage, if introduced, may be useful to these 'house-rich' and 'cash-poor' individuals on the one hand, and on the other, a profitable lending option for cash-rich banks.

Biometrics : Implications to Financial Transactions

➤ A K Trivedi & Salil Acharya

While there is an increasing dependency of the financial intermediaries on technology, the conventional methods like passwords and PINs are fast becoming a hazard and thereby requiring an enhanced method of security. The Security and Access Control in regard to financial transactions are becoming more important than ever before. Biometrics has emerged as one of the important approaches for the identification or verification of a person based on physiological and/or behavioural characteristics. Though the prospects of application of biometrics in banking are quite bright, one cannot remain oblivious to the limitations of such technologies. In order to take fullest advantage of the biometrics, it is imperative that aspects such as the type and source, cost-benefit and perhaps, more importantly ability to absorb the technology are to be dealt with utmost seriousness.

Collapse of GTB : Pre - and Post-Merger Scenario

➤ V S Kaveri

The recent collapse of Global Trust Bank is worth analyzing from the available news-reports. Various lessons can be drawn from the deficiencies as noticed in its work culture, corporate governance, internal control and compliance of norms of lending, investment and prudential guidelines. The subsequent merger of the bank with Oriental Bank of Commerce is equally interesting to understand about the combined strength of the two organizations. The article attempts to record developments that took place during pre- and post-merger periods.

Booknotes

➤ Bibha Ganguly