

SBI PROBATIONARY OFFICERS

GENERAL AWARENESS

CHANGING ROLE OF BANKS IN INDIA

Role of banks in India has changed a lot since economic reforms of 1991. These changes came due to liberalization, privatization and globalization policy being followed by the government of India. Since 1991, then most traditional and outdated concepts, practices, procedures and methods of banking have been changed drastically.

Banks in India today have become more customer – focused and service-oriented than they were before 1991. The banks in India now give a lot of importance to their rural customers.

★ **The following points briefly highlight the changing role of banks in India**

1. Better customer service
2. Mobile banking facility
3. Bank on wheels scheme
4. Portfolio management
5. Issue of electro-magnetic cards
6. Universal banking
7. Automated Teller Machine (ATM)
8. Internet Banking
9. Encouragement to bank amalgamation
10. Encouragement to personal loans
11. Marketing of mutual funds
12. Social banking, etc.

★ The above – mentioned points indicate the role of banks in India is changing. Now let's discuss how banking in India is getting much better day after day.

Better Customer Service:

Before 1991, the overall service of banks in India was very poor. There were very long queues to receive payment for cheques and to deposit Cash. The banks were restricted to provide the better customer service in those days. Banks in India have now become very customer and service focus. Their service has become quick, efficient and customer - friendly. This positive change is mostly due to rising competition from new private banks and initiation of Ombudsman Scheme by RBI.

Mobile Banking:

Under mobile banking service, customers can easily carry out major banking transactions by simply using their cell phones or mobiles. Using secret credentials and registered phone, customer can now comfortably and securely, find his bank balance, transfer money from his account to another, ask for a cheque book, stop payment of a cheque, etc.

★ Today, almost all banks in India provide a mobile –banking service.

Bank on Wheels:

The 'Bank on Wheels' scheme was first introduced in the North – East Region of India. Under this scheme, banking services are made accessible to people staying in the remote areas of India. This scheme is a generous attempt to serve banking needs of rural India.

Portfolio Management: In this portfolio management, banks do all the investments work of their clients.

- ★ Banks invest their clients' money in shares, debentures, fixed deposits, etc. They first enter a contract with their clients and charge them a fee for this service. Then they have the full power to invest or disinvest their clients' money. However, they have to give safety and profit to their clients.

Issue of Electro – Magnetic Cards

Banks in India have already started issuing Electro – Magnetic Cards to their customers. These cards help to carry out cash –less transactions, make an online purchase, avail ATM facility, book a railway ticket, do shopping online etc. Banks issue many types of electro-magnetic cards like Credit Cards, Debit Cards, Charge Cards, Kisan Credit Cards etc.

Universal Banking:

In India, the concept of universal banking has gained recognition after year 2000. The customers can get all banking and non-banking services under one roof. Universal bank is like a super store. It offers a wide range of services, including banking and other financial services like insurance, merchant banking, etc.

Automated Teller Machine (ATM):

There are many advantages of ATM. As a result, many banks have opened up ATM centres to offer convenience to their customers. Now banks are operating ATM centres not only in their branches (on site ATM) but also at public places like airports, railway stations, hotels, bazaars (off site ATM). Some banks have joined together and agreed upon to set up common ATM centres all over India.

Internet Banking

Internet banking is also called as an E – banking or net banking. Customer can do banking transactions through the medium of the internet or world wide web (WWW). The customer need not visit the bank's branch. Through this facility, the customer can easily inquiry about bank balance, transfer funds, request for a cheque book, etc. Most large banks offer this service to their tech-savvy customers.

Encouragement to Bank Amalgamation:

Failure of banks is well-protected with the facility of amalgamation. So depositors need not worry about their deposits. When weaker banks are absorbed by stronger banks, it is called amalgamation of banks.

Encouragement to Personal Loans:

Today, the purchasing power of Indian consumers has increased dramatically because banks give them easy personal loans. Generally, interest charged by the banks on such loans is very high. Interest is calculated on reducing balance. The documentation is less and processing is fast in these loans.

Marketing of Mutual Funds:

A mutual fund collects money from many investors and invests the money in shares, bonds, short-term money market instruments, gold assets; etc. Mutual funds earn income by interest and dividend or both from its investments. It pays a dividend to subscribers. These funds are not insured like other bank deposits. There are different types of funds such as open-ended funds, closed-ended funds, growth funds, balanced funds, income funds, etc.

Social Banking:

The government uses the banking system to alleviate poverty and unemployment. Many social development programmes are initiated by the banks from time to time. The success of these programmes depends on financial support provided by the banks. Banks supply a lot of finance to farmers, artisans, scheduled castes (SC) and scheduled tribe (ST) families, unemployed youth and people living below the poverty line (BPL) under social banking.

Model Questions

1. If the customer can do all transactions only in a branch and the branch has no online access, it is called
 - 1) Online Banking
 - 2) Internet Banking
 - 3) Virtual Banking
 - 4) Brick and Mortar Banking
 - 5) None of these
2. As a part of financial inclusion, Bank on Wheels is a banking kiosk in a mobile van which goes to various rural villages as per the predetermined schedule to provide the banking services to the rural Indians. This Vehicle Tracking through GPRS. GPRS stands for
 - 1) General Packet Radio Service
 - 2) General Packet Running Service
 - 3) Gross Packet Radio Service
 - 4) Gain Packet Radio Service
 - 5) General Packet Radio Store
3. A collection of investment tools such as stocks, shares, mutual funds, bonds, cash and so on depending on the investor's income, budget and convenient time frame. The art of selecting the right investment policy for the individuals in terms of minimum risk and maximum return is called as
 - 1) Portfolio management
 - 2) Credit creation
 - 3) Amortized management
 - 4) Zero account
 - 5) None of these
4. Which bank has launched the country's first contactless debit and credit cards on 7th January 2015?
 - 1) HDFC
 - 2) SBI
 - 3) ICICI
 - 4) Union Bank of India
 - 5) Yes Bank
5. On 7th May 2015, RBI said with effect from September 1st, 2015 all new cards issued – debit and credit, domestic and international – by banks shall be EMV chip and pin based cards. EMV stands for
 - 1) Europay, Mastro and Visa.
 - 2) Euro, Master Card and Visa.
 - 3) Europay, Master Card and Visulas.
 - 4) Entitlement of Master Card and Visa.
 - 5) Europay, Master Card and Visa.
6. Which is the first bank to get ISO certificate?
 - 1) Corporation Bank
 - 2) UBI
 - 3) Canara Bank
 - 4) Syndicate Bank
 - 5) ICICI

7. Kisan Credit Card (KCC) scheme introduced in has emerged as an innovative credit delivery mechanism to meet the production credit requirements of the farmers in a timely and hassle – free manner.
- 1) 1998 2) 2000 3) 2001
4) 1991 5) 2004
8. To make KCC a Smart Card cum Debit Card, Government of India had constituted a Working Group under the Chairmanship of
- 1) C. Ranga Rajan 2) Chanda Kocchar
3) Arundhathi Bhattacharya 4) D. Subba Rao
5) T.M. Bhasin
9. In 2014, Competition Commission of India probed the merger between regional rural banks sponsored by Punjab National Bank and
- 1) Andhra Bank 2) Union Bank of India
3) State Bank of India 4) Syndicate Bank
5) None of these
10. A personal loan is a kind of unsecured loan which can be used for any purpose that the borrower deems necessary. The loan backed only by promise to repay, and for this reason the personal loan also called.....
- 1) Signature loans 2) Secured loans 3) Priority sector loan
4) Transfer loan 5) None of these
11. AMFI is dedicated to developing the Indian Mutual Fund Industry on professional, healthy and ethical lines and to enhance and maintain standards in the industry. AMFI stands for
- 1) Association of Mutual Funds in India 2) Authority of Mutual Funds in India
3) Amalgamation of Mutual Funds in India 4) Association of Mutual Finance in India
5) None of these
12. Providing Gas subsidy, government pensions, providing scholarships etc through banks called as
- 1) Social Banking 2) Area Banking 3) Royal Banking
4) Visual Banking 5) None of these
13. Which bank bagged the Core Banking System Initiative Award for the year 2014 at the Asian Banking and Finance – Retail Banking Awards 2014?
- 1) SBI 2) ICICI Bank 3) Bharathiya Mahila Bank
4) Standard Bank 5) None of these
14. In the IBA Banking Technology Awards 2014, Best Financial Inclusion Initiative award among Public Sector bank conferred on
- 1) SBI 2) Corporation Bank 3) Andhra Bank
4) Bank of Baroda 5) IOB

15. Which of the following banking does not come under Social Banking?

- 1) Crediting the LPG subsidy in the beneficiary bank account
- 2) Offering Jan Dhan Scheme accounts
- 3) Allowing students to credit their scholarships through No-frill accounts
- 4) Allowing the subsidy loan to disadvantage sections of the society
- 5) All of the above banking operations come under social banking

ANSWERS

1-4; 2-1; 3-1; 4-3; 5-5; 6-3; 7-1; 8-5; 9-4; 10-1; 11-1; 12-1; 13-3; 14-4; 15-3.

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